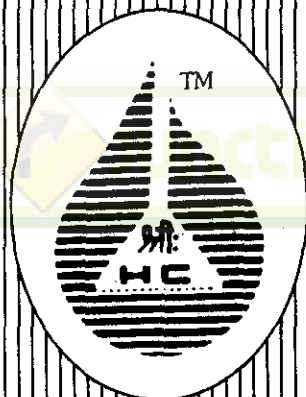


12th
ANNUAL REPORT
1998-99



SHREE HARI
CHEMICALS EXPORT LTD.

SHREE HARI CHEMICALS EXPORT LIMITED

BOARD OF DIRECTORS

Shri R. R. Agarwal

Shri K. L. Ramuka

Shri B. C. Agrawal

Shri K. C. Ramuka

Chairman

Vice Chairman & Managing Director

BANKERS

STATE BANK OF INDIA

Backbay Reclamation Br.

Mumbai - 400 021.

AUDITORS

KAILASH CHAND JAIN & CO.

Chartered Accountants

Mumbai.

REGD. OFFICE & WORKS

A/8, M.I.D.C. Indl. Area,

Mahad, Dist. Raigad

(Maharashtra)

Report  Junction.com

REGISTRAR & SHARE TRANSFER AGENTS

NIPAR FINANCIAL SERVICES (P) LTD.

5, Santosh, Plot No. 83, Suvamapuri,

Jetalpur Road, Baroda - 390 005

12th ANNUAL REPORT**NOTICE**

The TWELTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE **SHREE HARI CHEMICALS EXPORT LIMITED** will be held on Friday 24th September 1999 at 1.00 P.M. at A/8, M.I.D.C.MAHAD, Dist Raigad (Maharashtra) to transact the following business :-

1. To receive and adopt Audited Profit & Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and Directors' Report & Auditors Report thereon.
2. To appoint a Director in place of Mr.K.C.Ramuka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 269,309,198 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Mr.Kishori Lal Ramuka, as the Whole Time Director of the Company for a period of 5 years with effect from 1st April, 1999 and to his receiving remuneration, benefits and amenities and upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Kishori Lal Ramuka, a draft whereof is placed before the meeting and for purposes of identification, is initialled by the Chairman hereof, which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the

Board of Directors and Mr.Kishori Lal Ramuka provided however that the remuneration payable to Mr. Kishori Lal Ramuka shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulation or guidelines in force from time to time.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take all necessary steps for the aforesaid purpose and matters incidental thereto."

5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution.

"RESOLVED that Mr.Ramu Raman Agarawal who is eligible for appointment and in respect of whom the Company has received a notice in writing proposing for candidature for the office of Director pursuant to Sec.257 of the Companies Act, 1956 be and is hereby appointed as a Director liable to retirement by rotation."

6. To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution :

"RESOLVED that the equity shares of the Company listed at the Ahmedabad Stock Exchange and Jaipur Stock Exchange be delisted."

7. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution

" RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act 1956 for mortgaging and/or charging all its movable and immovable properties wheresoever situated both present or future and the whole of the undertaking of the Company in favour of any persons, banks and/or financial institutions

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for securing repayment of any loans, financial assistance, borrowings and facilities together with interest, cost, charges and expenses thereon.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the documents for creating the mortgages/hypothecation and /or giving effect to the above Resolution.

8. To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution

"RESOLVED that in terms of the provisions under section 293 (1)(d) of the Companies Act 1956, the approval is hereby accorded to the Board of Directors of the Company to borrow from time to time moneys for the purpose of the Company so however that total amount of such borrowings at any time will not exceed the amount of Rs.25 crores (RUPEES TWENTY FIVE CRORES ONLY) even if the money to be borrowed by the Company, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business will exceed the aggregate amounts of the paid up capital of the Company and its free reserves

i.e. to say, reserves not set apart for any specific purpose.

NOTES:-

- a) MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) The Register of member and share transfer books of the Company will remain closed from 21st september 1999 to 24th september 1999. (Both days inclusive)
- c) Members are requested to notify immediately any change in their addresses to the Company's Registrar and Share Transfer Agent.
- d) Members attending the meeting are requested to bring their copy of Annual Report.

By order of the Board

B.C. AGRAWAL

Vice Chairman & Managing Director

MUMBAI : 24th Day of August, 1999

EXPLANATORY STATEMENT

(PURSUANT OF SECTION 173 OF THE COMPANIES ACT, 1956)

Item No.4

Mr. Kishori Lal Ramuka, who had been advising the Company regarding procurement of raw material and strategic production planning during recession was appointed an additional Director by the Board with effect from 29th Oct. 1998. In view of Mr. K.L. Ramuka's vast and varied experience, the Board has decided to appoint him as Whole Time Director with effect from 1st April 1999 on the remuneration and the term and condition as set out below subject to the approval of the members and rules, regulation and guidelines issued by the Company Law Board. Pursuant to Section 257 of the Companies Act, 1956, the Company has received in writing from a member with requisite deposit

proposing the appointment of Mr. Kishori Lal Ramuka as Director of the Company.

1. **Period** : 5 Years from 1st April 1999
2. **Nature of Duties** : Shall devote whole time and attention to the business of the Company. He shall have control of and full executive responsibility for the general conduct and management of the business and affairs of the Company. He shall exercise all such powers as may be granted and entrusted to or required by him for the proper discharge of his duties. He shall at all times be subject to the superintendence, control and direction of the Board of Directors.
3. **Remuneration** : The Whole Time Director shall be entitled to the following emoluments,

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benefits and perquisites during the period of his employment subject to the ceiling limits laid down in Section 198, 309 and Schedule XIII of the Companies Act, 1956.

- (1) Salary : Rs.25000/-per month.
- (2) Commission : Commission will be allowed in addition to salary and perquisites, the amount of which, based on the net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and 309 of Companies Act 1956. The amount of Commission for each financial year or part thereof will be decided by the Board of Directors from time to time in its absolute discretion but shall not exceed an amount equal to salary for the relevant period. Commission may be payable prorata on a monthly basis at the discretion of the Board of Directors.
- (3) Perquisites : Perquisites will be allowed in addition to salary and commission restricted to an amount equal to the annual salary.
 - (i) Housing : The Company shall provide rent-free furnished residential accommodation to the Director or House Rent Allowance of 60% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules 1962.
 - (ii) Medical Reimbursement : Membership of and subscription paid to any hospital and/or schemes of an insurance company in India and all hospital and medical expenses incurred for self and family.
 - (iii) Leave Travel Concession : For self and family incurred in accordance with the rules specified by the Company.
 - (iv) Club Fees : Fees of clubs, subject to a maximum of two clubs, not includ-

ing admission and life membership fees.

- (v) Personal Accident Insurance: In accordance with rules specified by the Company.

For the above purposes, "family" means the spouse, dependent children and dependent parents of the Director.

Company's contribution to the Provident Fund and the Pension Fund as per the Company's Rules provided that the Company's contribution to the Provident Fund and the Pension Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity shall be paid as per the Company's rules and will not be included in the computation of the ceiling on perquisites. Encashment of leave at the end of the tenure will be permitted in accordance with the Rules of the Company and will not be included in the computation of the ceiling on perquisites.

The Company shall provide a car with driver and telephone facilities at the residence of the Director. Provision of a car for use on the Company's business and telephone at residence will not be considered as perquisites. personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to the Director.

4. Where in any financial year, the Company has no profits or its profits are inadequate, the Director shall be entitled to receive remuneration in accordance with the provision of Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be amended from time to time.

5. Other Terms :-

- (i) The Whole Time Director shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (ii) He shall be entitled to reimbursement of all actual expenses including on enter-

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- tainment and travelling incurred in the course of the Company's business.
- (iii) He shall be entitled to 30 days fully paid leave for every eleven months completed service.
 - (iv) The appointment may be terminated by the Company or by giving not less than three months prior notice in writing.
 - (v) The Agreement also sets out the mutual rights and obligations of the Company and the Director.

In compliance with the applicable provisions of the Companies Act, 1956, Ordinary Resolutions in terms as set out in item 4 of the accompanying notice is now being placed before the members in the General Meeting for their approval. Mr. Kailash Chand Ramuka being a relative of Mr. Kishori Lal Ramuka and the latter are deemed to be concerned or interested in the said Resolution.

This Explanatory Statement is and should be treated as an abstract under Section 302 of the Companies Act, 1956, of the agreement to be entered into between Company and Mr. Kishori Lal Ramuka.

Item No.5

Taking into account the wide and varied experience of Mr. Ramu Raman Agarwal, the Directors at their meeting held on 29th October 1998 had appointed him as an additional Director. The Company has received from a member a notice proposing Mr. Ramu Raman Agarwal's candidature with requisite deposit pursuant to Section 257 of Companies Act, 1956. The Directors commend the resolution to the Share holders. None of the Directors except Mr. Bankesh Chandra Agrawal who is a relative of Mr. Ramu Raman Agarwal and the latter deemed to be concerned or interested in the said Resolution.

Item No. 6

The equity Shares of the Company had been listed at the stock exchanges at Mumbai, Jaipur and Ahmedabad in 1993. The majority of the Share holders are in the State of Maharashtra

and thinly dispersed in other States. There is hardly any trading in the shares of Company at the Stock Exchange at Ahmedabad and Jaipur. The Board has therefore decided to have Shares delisted at the Stock Exchange of Ahmedabad and Jaipur. The Shares will continue to be listed at Mumbai Stock Exchange. The Company will comply with the guidelines of SEBI for delisting of shares regarding exit opportunity to be given to any affected Shareholder. None of the Directors is deemed to be concerned or interested in the resolution.

Item No.7 and 8

With a view to conserve and augment long term resources of the Company, the Company proposes to raise borrowings by way of loans from banks, financial institutions on such terms and conditions as may be negotiated and found mutually acceptable between the lenders and the Company.

The said loans are proposed to be secured by a pari passu first or second mortgage/charge on the fixed assets of the Company and hypothecation of movables in favour of financial institutions (subject to the prior charge of the Bankers for working capital arrangements).

As the documents to be executed for securing the above mentioned borrowings may contain the power to take over the management of the Company in certain events, it is necessary for the shareholders to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956, for the creation of the mortgage/charge.

The Board commends resolution pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing not exceeding Rs. 25 crores.

For and on behalf of the Board

B.C.AGRawal

Vice Chairman & Managing Director

MUMBAI : 24th Day of August, 1999.

Regd. Office:

A/8, M.I.D.C. Industrial Area,
Mahad, Dist. Raigad
(Maharashtra)

12th ANNUAL REPORT**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Statement of accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	1998-99 (In Rupees)	1997-98 (In Rupees)
Sales & Other Income	15,88,89,652	17,19,31,886
Profit before Depreciation	57,96,022	1,57,27,921
Less : Depreciation	53,22,899	53,88,973
Profit After Depreciation	4,73,123	1,03,38,948
Less : Provision for Income Tax	-	12,75,000
Profit After Tax	4,73,123	90,63,948

DIVIDEND

Your Directors after careful consideration and looking to the profitability of Company are of the opinion that it is essential in the larger interest of the Company not to recommend any Dividend.

OPERATION

The production of H-Acid for the year was 974.036 MT against 770.055 MT in previous year. Due to constant monitoring of production cycle and installation of balancing equipments the production has increased by 26 % against which the manufacturing cost & expenses other than raw materials reduced about 27 %. However due to overall recession in international as well as domestic market the turnover for the year under review is Rs. 1588.90 lacs as against Rs. 1719.31 lacs in the previous year.

EXPORT

Export turnover is affected due to recessionary condition in globe market due to South East Asian crisis and recorded Rs. 514.95 lacs as against Rs. 1005.76 lacs in previous year. The management is making efforts to increase its share in export market.

EFFLUENT TREATMENT PLANT

Company is always committed to pollution free environment and its Effluent Treatment Plant is adequate to meet the norms prescribed by the Maharashtra Pollution Control Board. Whenever there are further direction/guidelines, it is always being implemented with top priority.

OUT LOOK FOR THE CURRENT YEAR

The recessionary trend in the market still exists but due to Company's prominence in H-Acid manufacturers, Company is able to achieve sales targets in quantitative terms. There are indications for improvement in demand of H-Acid during the rest of current year due to improvement in economic situation of Asian countries. The Board is hopeful that current year will be far better than the year under review. To optimise capacity utilisation and to reduce cost by implementing new process and to further improve quality of product. Company has undertaken project for modernisation of plant and to install balancing equipment during the year under review and the same will be completed

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by current year end. For this the Company has been sanctioned Term Loan of Rs. 120 lacs by SICOM Ltd. After completion of this project the profitability of the Company will further improve and it will reflect in the financial results in future.

Y2K COMPLETION :

The Company has taken adequate steps to ensure that all software and hardware system are Y2K complaint.

INDUSTRIAL RELATIONS :

Industrial relation at all the units of the Company continued to be cordial and pieceful. The Directors express there appreciation to all the employees for their dedication and support.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :

In accordance with the requirement of Sec.217(1) of the Companies Act 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 statement showing particulars, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed hereto and form a part of this report.

PARTICULARS OF EMPLOYEES :

In accordance with the provision of section 217(2A) of the Companies Act 1956, there is no employee drawing salary in excess of Rs. 3.00 lacs per annum or Rs. 25000/- per month.

DIRECTORS :

Mr. A.B.Aradye and Mr. Purusottam Sharma resigned from the Board of the Company. The Board appointed Mr. Kishori Lal Ramuka and Mr. Ramu Raman Agarwal as additional Directors of the Company with effect from 29th October, 1998. The Board appointed Mr. Kishori Lal Ramuka as Whole Time Director with effect from 1st April, 1999. The Board has also appointed Mr. Kishori Lal Ramuka, the Chairman of the Board and Mr. Bankesh Chandra Agrawal has been appointed Vice Chairman of the Board.

AUDITORS :

M/s. Kailash Chand Jain & Co., Chartered Accountants, the Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have given their consent to re-appointment for the current year. Members are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGEMENT :

Your directors place on record their sincere appreciation to all the employees of the Company whose untiring efforts have made achieving its goal possible. Your Directors also express their gratitude on behalf of the Company to SICOM Ltd and State Bank of India for their valuable support and co-operation.

For and on behalf of the Board

KISHORILAL RAMUKA

Chairman

MUMBAI : 24th Day of August, 1999.

12th ANNUAL REPORT**ANNEXURE TO THE DIRECTORS' REPORT**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo as required under Companies (disclosure of particulars in the report of Board of Directors) Rule 1988 and forming part of the report of the Board of Directors for the year ended 31st March, 1999.

A) CONSERVATION OF ENERGY :

Total energy consumption and energy consumption per unit of production is given in the prescribed form as below:

FORM A

Form for disclosure of particulars with respect to conservation of energy :

a) Power & Fuel consumption		<u>1998-99</u>	<u>1997-98</u>
i) Electricity :			
a) Purchased :			
Units (KWH)		22,76,317	21,13,816
Total Amount (Rs.)		85,36,356	77,83,566
Rate/Unit (Rs.)		3.75	3.68
b) Own Generation			
i) Through Diesel Generator		NIL	NIL
ii) Light Diesel Oil (L.D.O.)/Furnace Oil			
Qty. (K.Ltrs)		10,43,712	8,99,630
Total Amount (RS.)		59,73,444	61,80,247
Avg. Rate (Rs.)		5.72	6.87
c) Consumption per unit of Production :			
Product : Dye Intermediates (M.T.)		974.036	770.055
Electricity (KWH)		2336.99	2745.02
L.D.O./F.O.(K.Ltrs)		1071.53	1168.27