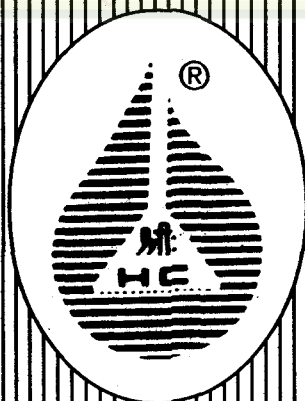


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ANNUAL REPORT
2004-2005



SHREE HARI
CHEMICALS EXPORT LTD.

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
 Shri S. K. Sultania
 Shri V. N. Gupta
 Shri Mahesh Bajaj
 Shri Arvind Chirania

Director
Chairman & Executive Director
Managing Director
Director
Director
Director
Director
Director

BANKERS**STATE BANK OF INDIA**

Backbay Reclamation Branch,
 Raheja Chambers, Nariman Point,
 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)

ADMINISTRATIVE OFFICE

103/104, Unique Tower,
 Near Kamat Club,
 S. V. Road, Goregaon (W),
 MUMBAI - 400 062.

REGISTRAR & SHARE TRANSFER AGENTS**MONDKAR COMPUTERS PVT. LTD.**

21, Shakil Niwas, Mahakali Caves Road,
 Andheri (E), MUMBAI 400093.

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SHREE HARI CHEMICALS EXPORT LIMITED**Regd. Office:** A/8, M.I.D.C. Industrial Area, Mahad, Dist. Raigad (Maharashtra)**NOTICE**

Notice is hereby given that the **EIGHTEENTH** Annual General Meeting of the members of **SHREE HARI CHEMICALS EXPORT LIMITED** be held at A/8, M.I.D.C. Industrial Area, Mahad, Dist. Raigad (Maharashtra) on Friday, September 30, 2005 at 1.00 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Kailash Chand Ramuka who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To appoint Director in place of Shri Santosh Kumar Sultania, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
5. To appoint Director in place of Shri Virjanand Gupta, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
6. To appoint Director in place of Shri Mahesh Bajaj, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
7. To appoint Director in place of Shri Arvind Chirania, who was appointed as an Additional Director by the Board of Directors and who holds office upto the date of the ensuing Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the appointment of Shri Kishori Lal Ramuka as Executive Director of the Company for a period of five years with effect from October 01, 2004 on the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the explanatory statement which statement be and it is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed between the Board and Shri Kishori Lal Ramuka.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Kishori Lal Ramuka's term of office as Executive Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the Explanatory Statement as the minimum remuneration.

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RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the Company hereby approves the appointment of Shri Bankesh Chandra Agrawal as Managing Director of the Company for a period of five years with effect from March 01, 2005 upon the terms and conditions including the terms as to remuneration approved by the remuneration committee and as set out in the Agreement dated 05.03.2005 entered into between the Company and Shri Bankesh Chandra Agrawal and placed before this Meeting which agreement be and is hereby specifically approved with liberty to the Board of Directors of the Company to alter or vary or modify the terms and conditions of the said appointment and/ or the Agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board and Shri Bankesh Chandra Agrawal.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Shri Bankesh Chandra Agrawal's term of office as Executive Director the remuneration payable to him shall be as per the minimum remuneration prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites set out in the said agreement as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at item Nos. 4 to 9 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 23, 2005 to Friday, September 30, 2005 (both days inclusive) for the purpose of Annual General Meeting.
5. Members are requested to notify promptly any change in their addresses to the Company's Registrar and Share Transfer Agents, Mondkar Computers Private Limited, 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093.
6. Members are requested to bring their copy of Annual Report as extra copies will not be supplied at the Annual General Meeting.

Registered Office:

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

By the Order of the Board
BANKESH CHANDRA AGRAWAL
Managing Director

DATED : 26th August, 2005.

SHREE HARI CHEMICALS EXPORT LIMITED**Regd. Office:** A/8, M.I.D.C. Industrial Area, Mahad, Dist. Raigad (Maharashtra)**ANNEXURE TO NOTICE****Explanatory Statement under Section 173(2) of the Companies Act, 1956****Item No. 4 to 7:**

Shri Santosh Kumar Sultania, Shri Virjanad Gupta, Shri Mahesh Bajaj and Shri Arvind Chirania were appointed as Additional Directors of the Company by the Board of Directors on January 29, 2005. By virtue of Section 260 of the Companies Act, 1956; they hold office upto the date of the ensuing Annual General Meeting of the Company. Notices alongwith the necessary deposit have been received from the members under Section 257 of the Companies Act, 1956 proposing the names of Shri Santosh Kumar Sultania, Shri Virjanad Gupta, Shri Mahesh Bajaj and Shri Arvind Chirania for the office of Director.

The Board commends your approval to the said appointments.

Shri Santosh Kumar Sultania, Shri Virjanad Gupta, Shri Mahesh Bajaj and Shri Arvind Chirania are interested in the respective resolution as it relates to their own appointment.

Item No. 8

The Board of Directors of the Company at its meeting held on October 1, 2004 had appointed Shri Kishori Lal Ramuka as Executive Director of the Company for a period of five years with effect from October 1, 2004 on the terms and conditions including the terms as to remuneration approved by the remuneration committee.

The terms of his appointment as Executive Director are as under:

1. Appointment of Shri Kishori Lal Ramuka as Executive Director of the Company for a period of five years with effect from October 1st, 2004
2. Remuneration:
 - a) Salary : Rs. 25,000/- per month subject to the ceiling limit of Rs.1,00,000/- per month as may be fixed by the Board from time to time.
 - b) Commission : Commission on Net Profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.
 - c) Perquisites : In addition to the aforesaid Salary and commission the Executive Director shall be entitled to the following perquisites :
 - i) Free Furnished residential accommodation or House Rent Allowance together with utilities therefor such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.
 - ii) Reimbursement of Medical Expenses incurred for self and family and medical/ accident insurance.
 - iii) Personal Accident Insurance in accordance with the rules specified by the Company.
 - iv) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - v) Fees of clubs/ annual membership fees for professional bodies.

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The above perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Executive Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Executive Director, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

- d) The Executive Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :
- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Executive Director shall be entitled to encash leave at the end of his tenure as Executive Director.
 - iv) Provision for Car and Telephone at the residence of the Executive Director shall not be treated as perquisites.

The Board commends the approval by the members of the appointment Shri Kishori Lal Ramuka of Executive Director and payment of remuneration to him.

Shri Kishori Lal Ramuka is concerned or interested in the said Resolution at item no. 8 of the accompanying notice as it relates to his own appointment. Shri Kailash Chandra Ramuka is also interested or concerned in the said resolution as the relative of Shri Kishori Lal Ramuka.

Item No. 9

The Board of Directors of the Company at its meeting held on March 01, 2005 appointed Shri Bankesh Chandra Agrawal as Managing Director of the Company for period of 5 years with effect from March 01, 2005 on the remuneration and terms and conditions as contained in the Agreement dated 05.03.2005 entered into between the Company and Shri Bankesh Chandra Agrawal.

The terms of his appointment as contained in the said Agreement dated 05.03.2005 for his appointment as Managing Director are as under:

1. Appointment of Shri Bankesh Chandra Agrawal as Managing Director of the Company for a period of five years with effect from March 01, 2005
2. Remuneration:
 - a) Salary : Rs. 25,000/- per month subject to the ceiling limit of Rs.1,00,000/- per month as may be fixed by the Board from time to time.
 - b) Commission : Commission on Net Profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.
 - c) Perquisites : In addition to the aforesaid Salary and commission the Managing Director shall be entitled to the following perquisites :
 - i) Free Furnished residential accommodation or House Rent Allowance together with utilities therefor such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.

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- ii) Reimbursement of Medical Expenses incurred for self and family and medical/ accident insurance.
- iii) Personal Accident Insurance in accordance with the rules specified by the Company.
- iv) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
- v) Fees of clubs/ annual membership fees for professional bodies.

The above perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

- d) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.
 - iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.
 - iv) Provision for Car and Telephone at the residence of the Managing Director shall not be treated as perquisites.

The Board commends the approval by the members of the appointment of Shri Bankesh Chandra Agrawal as Managing Director and payment of remuneration to him.

Shri Bankesh Chandra Agrawal is concerned or interested in the said Resolution at item no. 9 of the accompanying notice as it relates to his own appointment. Shri Ramu Raman Agarwal is also interested or concerned in the said resolution as the relative of Shri Bankesh Chandra Agrawal.

The Agreement dated 05.03.2005 referred to in the Resolution at Item no. 9 of the accompanying Notice is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

Registered Office:

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

By the Order of the Board
BANKESH CHANDRA AGRAWAL
Managing Director

DATED : 26th August, 2005

SHREE HARI CHEMICALS EXPORT LTD.**SHREE HARI CHEMICALS EXPORT LIMITED**

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

DIRECTORS' REPORT*To the Members,*

The Directors have pleasure in presenting the Eighteenth Annual Report together with the Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	2004-2005 (In Rupees)	2003-2004 (In Rupees)
Sales & Other Income	38,44,51,222	31,72,96,755
Profit before Depreciation	1,11,51,265	1,03,07,317
Less : Depreciation	71,67,565	61,57,732
Profit After Depreciation	39,83,700	35,49,585
Less : Provision for Income Tax	13,00,000	12,45,000
Less / (Add) : Provision for Deferred Tax (Assets) / Liability	(2,12,757)	2,86,668
Less: Short Provision for Income Tax for earlier years	1,79,049	---
Profit c/f to Balance Sheet	27,17,408	20,17,917

OPERATION :

Your Directors are pleased to inform you that the company was able to achieve the Sales of Rs. 3844.51 lakhs against 3172.96 lakhs in previous years showing an increase of 21.16% . The net profit for the current year is Rs.27.17 lakhs as compared to Rs. 20.17 Lakhs in the previous year showing an increase of 34.66 %

As the company has already completed the modernization of its plant and improved its process by latest technology. Directors are hopeful to have better results in the coming years.

EXPORT :

The company has achieved Export turnover of Rs.723.20 lacs for the year 2004-2005 as against Rs. 738.25 lacs in previous year.

EFFLUENT TREATMENT PLANT :

The Company strongly believes in pollution free environment and has its own full fledged Effluent Treatment Plant as per norms prescribed by the Maharashtra Pollution Control Board.

The Company is also a member of Common Effluent Treatment Plant (CETP) managed by Mahad Manufacturing Association (MMA) and has contributed Rs. 27.46 Lakhs.

LISTING :

The Equity Shares of the Company are listed at the Stock Exchange, Mumbai. The company has paid the Annual Listing Fees to the Stock Exchange, Mumbai for the year 2005-2006.

DIRECTORS :

Shri K. C. Ramuka would retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

Shri Santosh Kumar Sultania, Shri Virjanad Gupta, Shri Mahesh Bajaj and Shri Arvind Chirania were appointed as Additional Directors of the Company by the Board of Directors on January 29, 2005. By virtue of Section 260 of the Companies Act, 1956, they hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment.

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The Board of Directors has appointed Shri Kishori Lal Ramuka as Executive Director for a period of five years with effect from October 01, 2004. The Board of Directors has also appointed Shri Bankesh Chandra Agrawal as the Managing Director of the Company for a period of five years with effect from March 01, 2005. Necessary resolutions for approval of the appointment of Shri Kishori Lal Ramuka and Shri Bankesh Chandra Agrawal and payment of remuneration to them are being proposed for approval by the shareholders at the ensuing Annual General Meeting of the Company.

Brief resume of the above Directors, nature of their experience in specific functional areas and names of the companies in which they hold directorship and membership/chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with the stock Exchange are given in the section on Corporate Governance in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors' confirm:

- a) That in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis;

CORPORATE GOVERNANCE :

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance alongwith a certificate from the Auditors are attached hereto and forms part of this Annual Report

PARTICULARS OF EMPLOYEES :

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 :

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

AUDITORS :

M/s. Kailash Chand Jain & Co., Chartered Accountants, the Auditors of the company would retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint the Auditors and to fix their remuneration.

ACKNOWLEDGEMENT :

Your Directors would like to take this opportunity to convey their sincere appreciation to the Management, Employees, Central and State Governments, customers, suppliers, business associates, shareholders, Banks and Financial Institutions for their continued support and co-operation. Your Directors are also deeply grateful for the confidence and faith shown in them.

For and on behalf of the Board
KISHORI LAL RAMUKA
Chairman

DATED : 26th August, 2005

SHREE HARI CHEMICALS EXPORT LTD.**ANNEXURE (1) TO DIRECTORS' REPORT****CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY**

The Company's Philosophy of Corporate Governance is to protect the long-term interest of the shareholders while respecting interest of other stakeholders and society at large.

The Company is committed to good corporate governance and transparency in its dealings and lays emphasis on integrity and regulatory compliance.

2. BOARD OF DIRECTORS

The Board of Directors of the Company consists of persons with considerable professional expertise and experience in business and industry, finance, management, legal and marketing. The Board of Directors of the Company is entrusted with complete authority and responsibility to manage the affairs of the Company. The Board is entrusted with the task of managing the Company directly or through delegation of authority either partly or totally as may be found appropriate and reasonable to the Board (within the legal frame work of the Company).

COMPOSITION

The present strength of Board of Directors of your Company is eight Directors.

Composition and category of Directors and Attendance of each Director at the Board Meetings and last Annual General Meeting are as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including private Companies in India	No. of Committees in which Chairman/Member(other) than SHCEL	Member Chairman
Shri Bankesh Chandra Agrawal #	Managing Director	8	Yes	Shree Hari Finvest Ltd. Shubhlaxmi Syntex P.Ltd Shubhlaxmi Dytex P.Ltd.	NIL	NIL
Shri Kishori Lal Ramuka @	Executive Director	8	Yes	Shree Hari Finvest Ltd.	NIL	NIL
Shri Ramu Raman Agarwal	* N.E.D.	8	Yes		NIL	NIL
Shri Kailash Chand Ramuka	* N.E.D.	8	Yes	Shree Hari Finvest Ltd.	NIL	NIL
Shri Santosh Kumar Sultania \$	**I & N.E.D.	2	N. A.		NIL	NIL
Shri Virjanand Gupta \$	**I & N.E.D.	2	N. A.		NIL	NIL
Shri Mahesh Bajaj \$	**I & N.E.D.	2	N. A.		NIL	NIL
Shri Arvind Chirania \$	**I & N.E.D.	2	N. A.		NIL	NIL

Appointed as Managing Director on March 01, 2005.

@ Appointed as Executive Director on October 01, 2004.

\$ Shri Santosh Kumar Sultania, Shri Virjanand Gupta, Shri Mahesh Bajaj and Shri Arvind Chirania are appointed as Additional Directors with effect from 29.01.2005.

* N.E.D. - Non-Executive Director

** I & N.E.D. - Independent & Non-Executive Director