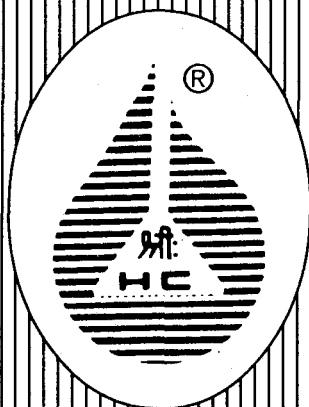


**19<sup>th</sup>**  
**ANNUAL REPORT**  
**2005-2006**

Report Junction.com



**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 Amar Kanodia  
 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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**19th ANNUAL REPORT****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 **NINETEENTH** 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 Monday, September 25, 2006 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, 2006 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 R.R. Agarwal who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri K.L. Ramuka who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To appoint Director in place of Shri Amar Kanodia, 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.

**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 Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 21, 2006 to Monday, September 25, 2006 (both days inclusive) for the purpose of Annual General Meeting.
4. 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.
5. 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, 2006.

**ANNEXURE TO NOTICE****Explanatory Statement under Section 173(2) of the Companies Act, 1956****Item No. 5:**

Shri Amar Kanodia was appointed as an Additional Director of the Company by the Board of Directors on November 25, 2005. By Virtue of Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting of the Company. Notice alongwith the necessary deposit have been received from a member under Section 257 of the Companies Act, 1956 proposing the name of Shri Amar Kanodia for the office of Director.

**The Board commends your approval to the said appointments.**

Shri Amar Kanodia is interested in the said resolution as it relates to his own appointment.

**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, 2006

**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 Nineteenth Annual Report together with the Statement of Accounts for the year ended 31st March, 2006.

**FINANCIAL RESULTS**

	<b>2005-2006</b> <b>(In Rupees)</b>	<b>2004-2005</b> <b>(In Rupees)</b>
Sales & Other Income	<b>40,48,47,029</b>	38,44,51,222
Profit before Depreciation	<b>1,59,14,277</b>	1,11,51,265
Less : Depreciation	<b>96,16,555</b>	71,67,565
Profit After Depreciation	<b>62,97,722</b>	39,83,700
Less : Provision for Income Tax	<b>9,70,000</b>	13,00,000
Less : Provision for Fringe Benefit Tax	<b>1,55,000</b>	---
Less/(Add):Provision for Deferred Tax (Assets) / Liability	<b>12,73,727</b>	(2,12,757)
Less: Short Provision for Income Tax for earlier years	--	1,79,049
Profit c/f to Balance Sheet	<b>38,98,995</b>	27,17,408

**OPERATION :**

Your Directors are pleased to inform you that the company was able to achieve the Sales of Rs.4048.47 lakhs against 3844.51 lakhs in previous years showing an increase of 5.30 % . The net profit for the current year is Rs 38.99 lakhs as compared to Rs.27.17 Lakhs in the previous year showing an increase of 43.50 %

**SOLVANT SYSTEM :**

During the year under report the Company has set-up Solvant Plant System ( which is the latest technology available in the world for the product ) , at its factory to increase the yield and improve the quality. Directors are hopeful that it will strengthen the overall image of the Company in the years to come.

**ISO 9001:2000 :**

The Company has been awarded Quality Management System ISO 9001:2000 by SWISO, Switzerland.

**EXPORT :**

The company has achieved Export turnover of Rs.1409.40 lacs for the year under report as against Rs. 723.20 lacs in previous year, registering a growth of 94.88%.

**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 Bombay Stock Exchange Ltd., The company has paid the Annual Listing Fees to the Stock Exchange, Mumbai for the year 2006-2007.

**19th ANNUAL REPORT****DIRECTORS :**

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

Shri Amar Kanodia was appointed as Additional Directors of the Company by the Board of Directors on November 25, 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.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to section 217 ( 2AA) of the Companies Act, 1956 your Directors confirm the following :

- 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 the directors 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 the directors 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 the directors 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.

**ACKNOWLEDGEMENT :**

Your Directors are pleased to place on record their sincere appreciation to all the employees of the Company whose entiring efforts have made achieving its goal possible. Your Directors wish to thank the Central and State Governments, customers, suppliers, business associates, shareholders, Banks and Financial Institutions for their continued support and for the faith reposed in your Company.

For and on behalf of the Board  
**KISHORI LAL RAMUKA**  
 Chairman

DATED : 26th August, 2006

**SHREE HARI CHEMICALS EXPORT LTD.****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to clause 49 of the Listing Agreement)

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting other obligations to the shareholders.

The Company is committed to learn and adopt the practices of corporate governance.

**I. BOARD OF DIRECTORS****A. Composition of Board**

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

Composition and category of Directors is 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	6	Yes	3	NIL	NIL
Shri Kishori Lal Ramuka @	Chairman & Executive Director	6	Yes	1	NIL	NIL
Shri Ramu Raman Agarwal	* N.E.D.	5	Yes	2	NIL	NIL
Shri Kailash Chand Ramuka	* N.E.D.	5	Yes	1	NIL	NIL
Shri Santosh Kumar Sultania	**I & N.E.D.	5	Yes	NIL	NIL	NIL
Shri Virjanand Gupta	**I & N.E.D.	5	Yes	NIL	NIL	NIL
Shri Mahesh Bajaj \$	**I & N.E.D.	-		NIL	NIL	NIL
Shri Amar Kanodia \$\$	**I & N.E.D.	-	Yes			
Shri Arvind Chirania \$	**I & N.E.D.	5	Yes	NIL	NIL	NIL

\$ Shri Mahesh Bajaj ceased to be a director with effect from 30.09.2005

\$\$ Shri Amar Kanodia was appointed as Additional Directors with effect from 25.11.2005.

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

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

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

**B. Non - Executive Directors Compensation:**

None of the non-executive directors is paid any remuneration other than sitting fee of Rs. 1500 each director for attending Board Meeting and Rs. 1000 for attending Committee Meetings.

Except the following of the Non-Executive Directors holds any share in the Company.

Name of the Director	No. of Shares Holding
Shri R. R. Agarwal	14,400
Shri K.C.Ramuka	60,000

**19th ANNUAL REPORT****C. Independent Directors:**

The independent Directors are not related to promoters or management at the Board level. They review at every board meeting legal compliance reports prepared by the company.

**D. Board Procedure**

Six Board Meetings were held during the year 2005-2006. The dates on which the said meetings were held are as follows :

30.04.2005, 05.08.2005, 26.08.2005, 29.10.2005, 25.11.2005 and 30.01.2006.

The Company has a process to provide the information to the Board as required under clause 49 which was followed.

All directors have made necessary disclosures about the committee positions they occupy in other companies.

**Details of Directors to be appointed**

The particulars of Directors who are proposed to be appointed/re-appointed at this Annual General Meeting, are given below, as required pursuant to clause 49 of the Listing Agreement:

<b>Name of Directors</b>	<b>Shri K.L.Ramuka</b>	<b>Shri R.R.Agarwal</b>	<b>Shri Amar Kanodia</b>
Age	57	57	43
Qualification	B.Com.	B.Com	B.Com
Nature of Expertise	Procurement & Production	Marketing	Marketing & Finance
Name of Other Companies in which holds Directorship	Shree Hari Finvest Ltd.	Shubhlaxmi Syntex P.Ltd Shubhlaxmi Industries Ltd.	NIL

**E Code of Conduct:**

The Board has laid down a code of conduct for Board members and senior management personnel of the company. The board members and senior management personnel have affirmed compliance with the said code of conduct.

**II. AUDIT COMMITTEE**

The Audit Committee comprised solely of Qualified, Independent & Non-Executive Directors. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 such as oversight of the company's financial reporting process; recommending the appointment / reappointment of statutory auditors; reviewing with the management annual financial statements; quarterly financial statements and other matters as covered under role of audit committee in clause 49. The audit committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the company as well as seek outside legal and professional advice.

The members of audit committee have knowledge on financial matters and majority of them have accounting or related financial management expertise. The Chairman of the audit committee is an independent director.

**SHREE HARI CHEMICALS EXPORT LTD.**

The statutory auditors and finance personnel are invited to the meetings of the audit committee.

The audit committee reviews all the information that are required to be mandatorily reviewed by it under corporate governance.

Five meetings of the Committee were held during the year 2005-2006. The dates on which the meetings were held are as follows:

30.04.2005, 05.08.2005, 26.08.2005, 29.10.2005 and 30.01.2006

Composition and category of Members is as follows:

<b>Name of Director</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Shri Virjanad Gupta	Chairman	5
Shri Arvind Chirania	Member	5
Shri Santosh Kumar Sultania	Member	5

**III. WHISTLE BLOWER POLICY**

The company has not framed any whistle blower policy. However, no personnel has been denied access to the audit committee.

The company has not adopted non - mandatory requirements of clause 49. However the particulars relating to remuneration committee are given in this report.

**IV. SUBSIDIARY COMPANY**

The company has no subsidiary company.

**V. DISCLOSURES****A. Related Party Transactions**

The Particulars of transactions between the company and its related parties as per Accounting Standard is set out in notes on accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company's interest.

**B. Risk Management**

The Board of Directors have been informed from time to time the business risks faced by the Company and the steps taken by the management to face them.

**C. Proceeds from Initial Public Offerings**

The Company has not made any IPO during the year.

The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties/ strictures have been imposed against the company during the last three years.

**D. Remuneration Committee**

The Remuneration Committee comprising Shri Virjanand Gupta, Shri Santosh Kumar Sultania, and Shri Arvind Chirania was constituted to determine /review the remuneration of management personnel.



## 19th ANNUAL REPORT

The details of remuneration to all Directors for the year ended March 31, 2006 are as under:

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Others (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri B. C. Agrawal	300000	-	-	-	-	300000
Shri K. L. Ramuka	300000	-	-	-	-	300000
Shri R. R. Agarwal	-	-	-	-	7500	7500
Shri K. C. Ramuka	-	-	-	-	7500	7500
Shri S.K.Sultania	-	-	-	-	12500	12500
Shri V.N.Gupta	-	-	-	-	12500	12500
Shri Mahesh Bajaj (Upto 30.09.2005)	-	-	-	-	-	-
Shri Arvind Chirania	-	-	-	-	12500	12500
Shri Amar Kanodia (from 25.11.2005)	-	-	-	-	-	-

Non- Executive Directors are entitled to any remuneration other than the sitting fees.

The Company does not have a scheme for grant of stock options.

#### E. Management

A separate report on Management Discussion & Analysis which forms part of the report is annexed.

#### F. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors reconstituted the Shareholders' / Investors' Grievance Committee, comprising of Shri Virjanand Gupta, Shri Arvind Chirania and Shri Amar Kanodia. The Chairman of the Committee is Shri Virjanand Gupta. The Committee looks into redressing of shareholders and investors complaints like transfer of shares, non receipt of Balance sheet, non-receipt of declared dividend etc.

Shri Sanjay Kedia, Finance Manager has been appointed as Compliance Officer of the Company.

- 7 complaints were received and replied to the satisfaction of shareholders during the year under review. Outstanding complaints as on 31<sup>st</sup> March, 2006 were Nil. No requests for transfers were pending for approval as on 31<sup>st</sup> March, 2006.

#### G. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

Year	Venue	Day,	Date	Time
2002-2003	A/8, M.I.D.C. Industrial Area, Mahad, Dist.Raigad (Maharashtra)	Saturday	27.09.2003	1.00 p.m.
2003-2004	A/8, M.I.D.C. Industrial Area, Mahad, Dist. Raigad ( Maharashtra)	Tuesday	28.09.2004	1.00 p.m.
2004-2005	A/8, M.I.D.C. Industrial Area, Mahad, Dist.Raigad (Maharashtra)	Friday	30.09.2005	1.00 p.m.

No postal ballots were used for voting at these meetings.

#### H. Postal Ballot

The Company does not have any proposal for postal ballot this year.

**SHREE HARI CHEMICALS EXPORT LTD.****I. MEANS OF COMMUNICATION**

The half-yearly and quarterly results are regularly submitted to the Stock Exchange in accordance with the Listing Agreement and are published in newspapers like Free Press Journal and Navshakti. These are not sent individually to the shareholders. The Company does not have its own web-site.

Pursuant to clause 51 of the listing agreement the company files quarterly results, annual report, corporate governance report and the shareholding pattern statement on the Electronic Data Information Filing and Retrieval System (EDIFAR) website maintained by the National Informatics Centre (NIC). The information filed by the Company can be accessed in the EDIFAR website viz. [www.sebidifar.nic.in](http://www.sebidifar.nic.in) or through a link in the website of SEBI viz. [www.sebi.gov.in](http://www.sebi.gov.in)

There were no presentations made to the institutional investors or analysts.

**J. GENERAL SHAREHOLDER INFORMATION**

- |   |                                     |   |   |
|---|-------------------------------------|---|---|
| 1 | Annual General Meeting              | : |   |
|   | - Date and Time                     | : | September 25, 2006 at 1.00 p.m.   |
|   | - Venue                             | : | A/8, M.I.D.C. Industrial Area, Mahad,<br>Dist. Raigad (Maharashtra)                     |
| 2 | Financial Year                      | : | April to March  |
|   |                                     |   | First quarter results – last week of July*  |
|   |                                     |   | Second quarter results – last week of October*  |
|   |                                     |   | Third quarter results – last week of January*   |
|   |                                     |   | Fourth quarter results – last week of April*  |
|   |                                     |   | * Tentative   |
| 3 | Date of Book Closure                | : | Thursday, September 21, 2006<br>to , Monday September 25, 2006<br>(both days inclusive) |
| 4 | Dividend Payment Date               | : | Not applicable.   |
| 5 | Listing on Stock Exchange           | : | At the Bombay Stock Exchange Limited  |
| 6 | (a) Stock Code – Physical           | : | 524336 at BSE   |
|   | (b) ISIN Number in NSDL<br>and CDSL | : | ISIN No. INE065E01017   |