

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 H. P. Ramuka
Shri S. K. Sultania
Shri V. N. Gupta
Shri A. M. Kanodia
Shri A. D. Chirania
Shri R. K. Dayma
Shri V. P. Kedia

Whole Time Director
Chairman & Executive Director
Managing Director
Whole Time Director
Whole Time Director
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 400 020.

REGD. OFFICE & WORKS

A/8, M.I.D.C. Indl. Area,
MAHAD, Dist. Raigad
(Maharashtra) 402 309.

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 400 093.

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SHREE HARI CHEMICALS EXPORT LTD.

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 **TWENTY THIRD** 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 6, 2010 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Kailash Chand Ramuka who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri Santosh Kumar Sultania who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Shri Virjanand Gupta who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force and as approved by the Remuneration Committee, the Company in General Meeting hereby approves the re-appointment of Shri Bankesh Chandra Agrawal as Managing Director of the Company for a period of five years with effect from March 1, 2010 and on the terms and conditions and remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for a period of three years with effect from March 1, 2010 as set out in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to vary any of the terms of remuneration in consultation with Managing Director provided such variation is in accordance with the provisions in part II of Schedule XIII of the Companies Act, 1956 and/or the provisions of law as may be applicable thereto from time to time.

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FURTHER RESOLVED that the Board of Directors be and are 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 explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business item no. 7 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday August 30th, 2010 to Monday, September 06, 2010 (both days inclusive) for the purpose of Annual General Meeting and declaration of dividend.
5. Dividend if declared will be payable to those members whose names appear in the Register of Members on September 06, 2010. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership of shares as at the end of business hours on August 30, 2010 as per details furnished by the Depositories for this purpose.
6. 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 400093.
7. Members are hereby informed that Dividend which remain unclaimed over a period of 7 years have to be transferred by the company to the Investors Education & Protection Fund, constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956.
8. 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 Order of the Board

BANKESH CHANDRA AGRAWAL
Managing Director

Dated : 30th July, 2010.

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

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956

Item No. 7

The term of Shri Bankesh Chandra Agrawal as Managing Director of the Company was expired on 28th February, 2010. The Board of Directors of the Company has re-appointed Shri Bankesh Chandra Agrawal as Managing Director of the Company for a period of 5 years with effect from 1st March, 2010.

The terms of the remuneration for a period of first three years are as under :

- a) Salary** : Rs. 2,00,000/- per month including other perquisites.
- 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.

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 :

- a) 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.
- b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- c) 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.
- d) Provision of Car and Telephone at the Residence of the Managing Director shall not be treated as perquisites.

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.

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Additional information required to be given alongwith a Notice calling General Meeting as per sub para (B) of para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 is given hereunder:

I. General Information:

- (1) Nature of Industry : Chemicals Industry
- (2) Date or expected date of commencement of commercial production : The Company has been in the business since 1987
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. : Not Applicable
- (4) Financial performance based on given indicators: **2005-2006 2006-2007 2007-2008 2008-2009 2009-2010**
- | | | | | | |
|---|-----------|-----------|-----------|------------|-----------|
| Turnover | 404847029 | 682887790 | 812609410 | 633007114 | 693598765 |
| Net profit (as computed under section 198) | 4498995 | 50818212 | 55001424 | (14374823) | 16276397 |
| Net profit/ (Loss) as per profit and loss account | 3898995 | 47338212 | 48041424 | (22127168) | 8523397 |
| Amount of Dividend paid | - | 4500000 | 4500000 | 4446300 | 4446300 |
| Rate of Dividend declared | -- | (10 %) | (10 %) | (10 %) | (10%) |
| Earning before interest, depreciation & taxes | 26836832 | 101691043 | 103262424 | 4592246 | 54248592 |
| % of EBIDT to turnover | 6.63 % | 14.89 % | 12.70 % | 0.73 % | 7.82% |
- (5) Export performance and net foreign exchange collaborations 110679694 316096262 367876750 212119042 180854810
- (6) Foreign investments or collaborators, if any. Nil

II. Information about the appointee:

- (1) Background details
- Name** : Shri Bankesh Chandra Agrawal
Designation : Managing Director
Father's name : Late Shri Babulal Agrawal
Nationality : Indian
Date of Birth : 29.10.1951
Qualifications : B. Com, AICWA
Experience : Over 36 years in Yarn & Chemical Industry
- (2) Past remuneration
- The gross remuneration paid to him in the year 2009-10 was Rs. 22,80,000/-.

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- | | |
|--|--|
| (3) Recognition or awards | Nil |
| (4) Job profile and his suitability | The Managing Director is fully involved in the day to day affairs of the Company, the production and factory administration activities. Considering the above and having regard to qualification, ability and experience and looking after the business of the company since incorporation. The reappointment and proposed remuneration is in the interest of the Company. |
| (5) Remuneration proposed | Salary Rs. 2,00,000/- per month including all other perquisites. |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin) | Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low. |
| (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. | The Managing Director is a promoter director of the company, He is concerned or interested as it relates to him and Shri Ramu Raman Agarwal is also interested or concerned being relative of Shri Bankesh Chandra Agrawal. |

III. Other information:

- | | |
|--|---|
| (1) Reasons of loss or inadequate profits | In view of the International Market condition the Company is still facing competition and inspite of the improved turnover of the Company, the profitability is effected and the overall profit was not adequate. |
| (2) Steps taken or proposed to be taken for improvement | Substantial marketing efforts and upgradation in technology is likely to increase in sales and profitability of the Company. |
| (3) Expected increase in productivity and profits in measurable terms. | With the cost effective measures and increase in the turnover the Company expects to make profit to the tune of approximately Rs. 300.00 lacs. |

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IV. Disclosures:

The remuneration of Shri Bankesh Chandra Agrawal and other details such as service contract, notice period etc. have been disclosed above. The Company does not have any scheme for grant of stock options.

The Board commends the approval by the members for re-appointment of Managing Director and payment of remuneration to him.

Shri Bankesh Chandra Agrawal, Managing Director, is concerned or interested in the said resolution at item no. 7 of the accompanying notice as it relates to him. Shri Ramu Raman Agarwal being relative of Shri Bankesh Chandra Agrawal is also deemed to be interested or concerned in the aforesaid resolution

The above may also be treated as an abstract referred to in Section 302 of the Act.

Registered Office:

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

By Order of the Board
BANKESH CHANDRA AGRAWAL
Managing Director

Dated : 30th July, 2010.

SHREE HARI CHEMICALS EXPORT LTD.

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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 Twenty Third Annual Report together with the Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	2009-2010 (In Rupees)	2008-2009 (In Rupees)
Sales & Other Income	69,35,98,765	63,30,07,114
Profit before Depreciation & Tax	3,65,13,137	(1,93,06,476)
Less : Depreciation	1,69,43,058	1,34,16,735
Profit After Depreciation	1,95,70,079	(3,27,23,211)
Less : Provision for Income Tax	10,00,000	-
Less : Provision for Fringe Benefit Tax	-	4,71,002
Less : Provision for Deferred Tax Liability/(Assets)	1,23,46,904	(1,10,67,045)
Less/(Add) : Short/(Excess) provision for		
Income Tax /F.B.T. for Earlier Year	(23,00,222)	-
Profit after tax	85,23,397	(2,21,27,168)
Balance Brought forwarded	8,69,51,192	1,142,80,309
	9,54,74,588	9,21,53,141
Appropriation		
Proposed Dividend	44,46,300	44,46,300
Corporate Dividend Tax	7,55,649	7,55,649
Balance Carried forwarded to Balance Sheet	9,02,72,639	8,69,51,192
	9,54,74,588	9,21,53,141

OPERATION :

Inspite of persistence of economic slow down your Company could able to overcome the same to the extent possible and has achieved turnover of Rs. 6935.99 lacs and profit before tax Rs. 195.70 lacs.

EXPORT :

The Export turnover of the year under review is Rs. 2139.92 lacs as against Rs. 2324.16 lacs in previous year.

DIVIDEND :

The Board of Directors of the Company, for the year ended 31st March, 2010 has recommended a dividend

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of Re. 1/- per share (10% per equity shares of face value of Rs. 10/- each) subject to the approval of the shareholders at the Annual General Meeting.

FIXED DEPOSIT :

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with companies (Acceptance of Deposits) Rules, 1975 made thereunder.

EFFLUENT TREATMENT PLANT :

The Company has its own full fledged Effluent Treatment Plant as per the norms prescribed by the Maharashtra Pollution Control Board. The Company is also a member of Common Effluent Treatment Plant (CETP) managed by the Mahad Manufacturing Association (MMA).

During the year under review the Company has invested Rs. 90.65 lacs for upgradation of Effluent Treatment Plant.

DIRECTORS :

Shri Kailash Chand Ramuka, Shri Santosh Kumar Sultania and Shri Virjanand Gupta would retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

The term of Shri Bankesh Chandra Agrawal as Managing Director has expired on 28th February, 2010. The Board of Directors of the Company has re-appointed him for a further period of five years with effect from 1st March, 2010. subject to the approval of the members in 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 are given in the section on Corporate Governance in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- a) That in the 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;