

**26<sup>th</sup>**  
**Annual Report**  
**2012 - 2013**



**SHREE HARI CHEMICALS EXPORT LIMITED**

# SHREE HARI CHEMICALS EXPORT LIMITED

### BOARD OF DIRECTORS

**Shri K. L. Ramuka**  
**Shri B. C. Agrawal**  
**Shri H. P. Ramuka**  
**Shri S. K. Sultania**  
**Shri A. D. Chirania**  
**Shri R. K. Dayma**  
**Shri V. P. Kedia**

**Chairman & Executive Director**  
**Managing Director**  
**Whole Time 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

#### **UNIVERSAL CAPITAL SECURITIES 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- SIXTH 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 Saturday, September 28, 2013 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, 2013 and the statement of Profit and Loss for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Santosh Kumar Sultania who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Arvind Chirania who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS:

5. 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, 309, Schedule XIII and other applicable provisions 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 payment of remuneration to Shri Bankesh Chandra Agrawal, Managing Director of the company for the residual period of his tenure with effect from 1st March, 2013 upto 28th February, 2015 and on the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits during the tenure of his appointment) as set out in the explanatory statement.

**FURTHER RESOLVED THAT** the Board of Directors or committee thereof of the Company be and are hereby authorised 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.

**FURTHER RESOLVED 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.”

6. 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, 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 Hanuman Prasad Ramuka as Whole time Director of the Company for a period of five years with effect from April 30, 2013 on the terms and conditions including the terms as to remuneration approved by the remuneration committee

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and as set out in the explanatory statement with liberty to the Board of Directors of the Company to alter or vary and modify the terms and conditions of the said appointment and remuneration so as the remuneration 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 Hanuman Prasad Ramuka.

**FURTHER RESOLVED THAT** in the event of loss or inadequacy of profits in any financial year of the Company during Shri Hanuman Prasad Ramuka's term of office as Whole time 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.

**FURTHER RESOLVED 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 Explanatory Statement pursuant to section 173 of the Company's Act, 1956 in respect of the business item nos. 5 and 6 as annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2013 to September 28, 2013 (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, Universal Capital Securities Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai – 400093, Share Transfer Agents of the Company quoting their Folio No.
6. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed or unpaid for a period of seven years from the date they became due for payment shall be credited to the Investor Education and protection Fund set up by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of the individual amounts once credited to the said funds.
7. Members are requested to bring their copy of Annual Report as extra copies will not be provided 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**

**B. C. Agrawal**  
Managing Director

Dated: August 12, 2013

## SHREE HARI CHEMICALS EXPORT LTD.

### ANNEXURE TO NOTICE

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

##### Item No. 5

The Board of Directors of the Company at its meeting held on February 12, 2013 approved the payment of remuneration to Shri Bankesh Chandra Agrawal, Managing Director of the company with effect from 1st March, 2013 for the residual period of his tenure from 1st March, 2013 to 28th February, 2015 on the following terms and conditions:

- a) Salary : Rs. 2,00,000/- per month including other perquisites or as may be decided by the Board of Directors of the Company 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.

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 except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as minimum remuneration.

The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:

- a) contribution towards 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 months salary for each completed year of service.
- c) Earned privilege leave at the rate of one month 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.

**Additional information required to be given alongwith a Notice calling General Meeting as per sub para (B) of para I 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                                   |

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| (4) | Financial performance based on given indicators            | 2008-09<br>(Rs. In lacs) | 2009-10<br>(Rs. in lacs) | 2010-11<br>(Rs. in lacs) | 2011-12<br>(Rs. in lacs) | 2012-2013<br>(Rs. in lacs) |
|-----|--|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
|     | Turnover   | 6340.24                  | 6935.98                  | 7337.80                  | 7029.76                  | 1548.21                    |
|     | Net profit (as computed under section 198)                 | (1437.48)                | 162.76                   | 160.21                   | (130.36)                 | (464.62)                   |
|     | Net profit/ (Loss) as per profit and loss account          | (221.27)                 | 85.22                    | 81.43                    | (211.96)                 | (501.52)                   |
|     | Amount of Dividend paid                                    | 44.46                    | 44.46                    | 44.46                    | -                        | -                          |
|     | Rate of Dividend declared                                  | (10%)                    | (10%)                    | (10%)                    | -                        | -                          |
|     | Earning before interest, depreciation & taxes              | 45.92                    | 542.48                   | 623.35                   | 156.36                   | (300.52)                   |
|     | % of EBIDT to turnover                                     | 0.72%                    | 7.82%                    | 8.50%                    | 2.22%                    | (19.41%)                   |
| (5) | Export performance and net foreign exchange collaborations | 2121.19                  | 1808.54                  | 1014.21                  | 557.26                   | -                          |
| (6) | Foreign investments or collaborators, if any.              | Nil                      | Nil                      | Nil                      | Nil                      | Nil                        |

### II. Information about the appointee:

|     |  |   |
|-----|--|---|
| (1) | Background details   | Name : Shri Bankesh Chandra Agrawal<br>Designation : Managing Director<br>Father's name : Late Shri Babulal Agrawal<br>Nationality : Indian<br>Date of Birth : 29.10.1951<br>Qualifications : B.Com, A ICWA<br>Experience : Over 39 years in Yarn and Chemical industry   |
| (2) | Past remuneration  | The gross remuneration paid to him in the year 2012-13 was Rs. 12,45,000/- per annum.   |
| (3) | Recognition or awards  | Nil   |
| (4) | Job profile and his Suitability  | The Managing Director is fully involved in the company and overseas the production and factory administration activities. Considering the above having regard to age, qualifications, ability and experience and looking to the business requirement 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.  |

## SHREE HARI CHEMICALS EXPORT LTD.

|     |  |  |
|-----|--|--|
| (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. |
|-----|--|--|

### III. Other information:

|     |  |  |
|-----|--|--|
| (1) | Reasons of loss or inadequate profits                              | Due to stoppage of manufacturing activity turnover has been affected and resulted into loss.   |
| (2) | Steps taken or proposed to be taken                                | As per the order of the Hon'ble Bombay High Court Company has allowed to restart its commercial production at 50 % of its capacity.            |
| (3) | Expected increase in productivity and profits in measurable terms. | With the curtailment in expenses and increase in the turnover the Company expects to make profit to the tune of approximately Rs. 200.00 lacs. |

### 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 the payment of remuneration to him.

Shri Bankesh Chandra Agrawal, Managing Director is concerned or interested in the said resolution at item no. 5 of the accompanying notice as it relates to him.

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

### Item No. 6

The Board of Directors of the Company at its meeting held on April 29, 2013 had appointed Shri Hanuman Prasad Ramuka as Whole time Director of the Company for a period of five years with effect from April 30, 2013 on the terms and conditions including the terms as to remuneration approved by the remuneration committee.

The terms of his appointment as Whole time Director are as under:

#### 1. Remuneration:

- a) Salary : Rs. 1,00,000/- per month including other perquisites or as may be decided by the Board of Directors of the Company from time to time.
- b) The Whole time 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 Whole time Director shall be entitled to encash leave at the end of his tenure as Whole time Director.
  - iv) Provision for Car and Telephone at the residence of the Whole time Director shall not be treated as perquisites.

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The Board commends the approval by the members of the appointment of Whole time Director and payment of remuneration to him.

Shri Hanuman Prasad Ramuka is concerned or interested in the said resolution at item no. 6 of the accompanying notice as it relates to him.

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 the Order of the Board**

Dated: August 12, 2013

**B. C. Agrawal**  
Managing Director



## 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 Twenty Sixth Annual Report together with the Statement of Accounts for the year ended 31st March, 2013.

#### FINANCIAL RESULTS

(Amount in Rupees)

|  | 2012-2013     | 2011-2012     |
|--|---------------|---------------|
| Sales & Other Income                                       | 15,48,21,263  | 70,29,76,148  |
| Profit before Depreciation & Tax                           | 3,46,56,199   | (33,79,762)   |
| Less : Depreciation  | 1,77,68,069   | 2,04,99,527   |
| Profit /(Less )After Depreciation                          | (5,24,24,268) | (2,38,79,289) |
| Less : Provision for Income Tax                            |               |               |
| Less/(Add) : Provision for Deferred Tax Liability/(Assets) | (22,71,837)   | (26,83,040)   |
| Less/(Add) : Short/(Excess) provision for Profit after tax | (5,01,52,431) | (2,11,96,249) |
| Balance Brought forwarded                                  | 7,20,17,254   | 9,32,13,503   |
|  | 2,18,64,823   | 7,20,17,254   |
| <b>Appropriation</b>                                       |               |               |
| Proposed Dividend  | -             | -             |
| Corporate Dividend Tax                                     | -             | -             |
| Balance Carried forwarded to Balance Sheet                 | 2,18,64,823   | 7,20,17,254   |
|  | 2,18,64,823   | 7,20,17,254   |

#### OPERATIONS:

The company's manufacturing activities had been discontinued since 28th February, 2012 as per the directions of Maharashtra Pollution Control Board. Then the company had filed a notice of motion with the Hon'ble High Court, Bombay. The High Court appointed the NEERI (National Environmental Engineering Research Institute) to inspect the plant. After the inspection of the plant NEERI recommended to operate the plant about 50% levels of production capacity for a period of three weeks for assessment of all polluting streams under the observations of MPCB. Further to that the Hon'ble High Court, Bombay vide order dated 29th July, 2013 has allowed the company to restart its commercial production at 50% of its capacity as per the recommendations of NEERI made so far and which may be made hereafter and upto 100% after satisfying the regulatory authorities.

Due to the closure of the company's manufacturing activity, your company could able to achieve a turnover of Rs. 1548.21 lacs as against Rs. 7029.76 lacs in the previous year. This resulted in a loss of Rs 501.52 lacs.

#### EXPORT :

The Export turnover of the year under review is Rs. NIL. lacs as against Rs. 968.07 lacs in previous year.

#### 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.

#### DIRECTORS :

Shri Santosh Kumar Sultania and Shri Arvind Chirania, would retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

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

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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 :**

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 loss 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.

### **COMPLIANCE CERTIFICATE :**

A Compliance Certificate under section 383A of the Companies Act, 1956 from the Practicing Company Secretary in respect of the financial year ended on March 31, 2013 is attached hereto.

### **PARTICULARS OF EMPLOYEES :**

The company does not have any employees 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.

### **LISTING:**

The Equity Shares of the Company are listed at the BSE Limited. The company has paid the Annual Listing Fees to the BSE Limited for the year 2013-2014.

### **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 fix their Remuneration.

For and on behalf of the Board

**KISHORI LAL RAMUKA**  
Chairman & Executive Director

Date: August 12, 2013