

HARIA EXPORTS LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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BOARD OF DIRECTORS

Mr. Kantilal L. Haria

Chairman & Managing Director

Mr. Manish K. Haria

Joint Managing Director

Mr. A. K. Shah

Mr. Premjit Singh

SECRETARY

Mr. N. Ramasastry

AUDITORS

Sunderji Gosar & Co.

BANKERS

State Bank of India

Bank of India

**REGISTERED
OFFICE**Haria Centre,
8, Subhash Road,
Vile Parle (East),
Mumbai - 400 057.

Tel : (91-22) 838 88 81-90

Fax : (91-22) 8367053/54

**CORPORATE &
ADMINISTRATIVE
OFFICE**Plot No. 345/359.
G.I.D.C., Silvassa Road,
Vapi - 396 195.

Tel : (02638) 31317/18

Fax : (02638) 32168

PLANTS

1)

Vapi

Unit No. 1

345/358, G.I.D.C.
Silvassa Road, Vapi,
Gujarat.

Unit No. 2,

278-280, G.I.D.C.,
Silvassa Road, Vapi,
Gujarat.

2)

KANDLA

Free Trade Unit No. 1,
157-160, K.F.T.Z.,
Gandhidham, Kutch,
Tel : (02836) 52237Free Trade Unit No. 2,
167-168, K.F.T.Z.,
Gandhidham, Kutch,
Fax : (02836) 52655**LIASION OFFICE**1-B, Kam Tong Court,
47 A, Elgin Street,
Central Hong Kong,**INVESTOR
SERVICE CELL**REGISTERED
OFFICE**CONTENTS**

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NOTICE

NOTICE is hereby given that Twenty Eighth Annual General Meeting of HARIA EXPORTS LIMITED will be held on Wednesday, the 30th September, 1998 at 3.30 P.M. at the Registered Office of the Company, Haria Centre, 8, Subhash Road, Vile Parle(East), Mumbai-400 057 to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt Annual Accounts for the year ended 31st March, 1998 together with Directors Report and Auditors Report thereon.
- (2) To declare Dividend on Equity Shares.
- (3) To appoint a Director in place of Mr. Premjit Singh who retires by rotation and being eligible offers himself for re-appointment.
- (4) To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS**APPOINTMENT OF SHRI. KANTILAL L. HARIA AS MANAGING DIRECTOR**

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

"RESOLVED THAT pursuant to Section 198,269,309, 310 Schedule XIII & other applicable provision if any of the Companies act 1956 that the company hereby accords its approval to the appointment of Mr.Kantilal L.Haria as Managing Director of the Company with effect from 18th Feb 1998 upon the terms and conditions set out in the draft agreement placed before the meeting and for the purpose of identification signed by the chairman thereof which agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and/or vary the terms and conditions of the said appointment within the limits prescribed in the Act and/or any schedules thereto."
- (6) To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, that the Articles of Association of the Company be altered in the following manner:

(A) Insert the following Article as Article 12A after Article 12

12A Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms & conditions, and subject to such approvals, as may be permitted by the law.'

(B) Insert the following Heading and Article as Article 29 A after Article 29**'DEMATERIALISATION OF SECURITIES****29A 1. For the purpose of this Article:-**

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and 'Security' means such security as may be specified by SEBI from time to time.

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.



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4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- 5 (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

(7) AUTHORITY TO BUY-BACK OF SHARES

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

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance being promulgated in this regard for the time being in force) and subject to such other approvals, permissions, and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed thereon or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "Board"), the Board be and is hereby empowered to buy-back, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the odd lots, being smaller than market lots and/or through negotiation or other arrangement, the shares or such other securities having such voting rights as may be prescribed by the Central Government or any other regulatory authority from time to time (hereinafter referred to as "Securities") of the Company, from out of its free reserves, securities premium account or the proceeds of a prior issue made specifically for the aforesaid purpose, or from such other sources as may be permissible by Law on such terms and conditions and in such manner as may be prescribed by Law from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and to deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING AT THE REGISTERED OFFICE.
2. An Explanatory Statement relating to Item Nos. 5 to 7 set out in the Notice is Annexed hereto, pursuant to Section 173(2) of the Companies Act, 1956.
3. The Book closure date of the Company will be from 24/09/98 to 30/09/98 (both days inclusive).
4. Dividend, if sanctioned at the Meeting, will be payable to the Members on whose names are on Company's Register of

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Members on 30th September, 1998 and Dividend Warrants will be sent to them on or after 30th September, 1998.

5. Members desiring any information as regards to Accounts are requested to write in advance to the Company atleast 15 days before the date of meeting to enable the Management to keep the necessary information ready.
6. Address all correspondence to the Registered Office of the Company.
7. The Bank Mandate form is enclosed with the Annual Report. Members are requested to fill the same and forward it back to the Registered Office. This will ensure safety from frauds, theft etc. of dividend warrants.
8. The amount of the Unclaimed Dividend for the Financial Year ended 31st March 1995, will be transferred within a period of 3 Months, to the General Revenue Account of the Central Government, in terms of the provisions of Section 205-A of the Companies Act, 1956. The Members who have not encashed their dividend warrants for the said period, may immediately contact the Company for issue of Payorder/Demand Drafts of their dividend warrants.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement as required under Section 173 of the Companies Act, 1956, sets out material facts concerning the Business mentioned under Item Nos. 5 to 7 of the accompanying Notice.

ITEM NO.5

The Board of Directors in their Meeting held on 20th February, 1998 passed a Resolution appointing Mr. Kantilal L. Haria Managing Director of the Company with effect from 18th February 1998. The above appointment is subject to approval of the Company in the General Meeting under section 269 and other applicable provisions of the Companies Act 1956. The appointment is made on the following terms & conditions which are same in all respect as they were before.

1. Salary : Rs.40000/- per month.
2. Commission : 1% of net profits of the Company subject to a ceiling of 50% of the salary.
3. Perquisites : Perquisites shall be restricted to an amount equal to Annual Salary or Rs.450000/- per annum whichever is less. The perquisites are classified into following three (A,B,C) categories.

CATEGORY A

HOUSING

- a) The expenditure by the company on hiring furnished accommodation for the Managing Director and expenditure on hiring the same will be subject to a ceiling of sixty percent of salary over and above 10 percent payable by the Managing Director.
- b) In case the accommodation is owned by the company, 10 percent of the salary of Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to a ceiling mentioned in (a) above.

MEDICAL REIMBURSEMENT : Expenses incurred for the Managing Director and his family subject to a ceiling of one months salary in a year or three months salary over a period of three years.

LEAVE TRAVEL CONCESSION : For the Managing Director and his family once in a year incurred in accordance with the rules specified by the company.

PERSONAL INSURANCE : On and amount the premium of which shall not exceed Rs.4000/- p.a.

CLUB FEES : Fees of clubs subject to a maximum of two clubs.

CATEGORY B

PROVIDENT FUND/SUPERANNUATION FUND : Contribution to Provident Fund, Superannuation Fund or Annual 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 : Gratuity at the rate not exceeding half a month's salary for each completed year of service.

CATEGORY C

CAR : Provision of car for use on Company's business. Personal use of car for private purposes shall be billed by the Company to the Managing Director.

TELEPHONE : Provision of telephone at residence. Personal long distance calls on telephone shall be billed by the company to



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the Managing Director.

The draft of the agreement entered into by the Company with Mr.Kantilal L.Haria is available for inspection of the members at the Registered Office of the company between 11.00 a.m.to 1.00 p.m.on all days,except Saturdays,Sundays and Public holidays.

Mr.Kantilal L.Haria being himself and Mr.Manish K.Haria being his son are interested in the Resolution.

This explanatory statement should be treated as an abstract U/S 302 of the Companies Act,1956 of the agreement to be entered into between the Company and Mr.Kantilal L.Haria Managing Director.

ITEM NO.6

At present, the Companies Act, 1956, prohibits the Company from purchasing its own shares and securities. It is proposed to introduce a new Article 12A in the Articles of Association as set out in the Resolution at Item No.6 to enable the Company to purchase its own Ordinary Shares or securities as proposed in the Resolution at Item No. 7 in the event if it is permissible by law.

With the introduction of the Depositories Act,1996, and the Depository System, some of the provisions of the Companies Act,1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company. It's securities can be dematerialised and it is, therefore, proposed that the Articles of Association of the Company be suitably altered, as set out in Resolution No. 6(B) to reflect the provisions introduced by the Depositories Act, 1996, and to spell out the rights of the beneficial owner of the securities in such a system.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except as the Members of the Company.

ITEM NO.7

The present Companies Act, 1956 does not allow buy-back of shares and other securities convertible into equity shares. The Companies Bill, 1997 had a provision allowing companies to buy-back its own shares and other securities. No Law, however, has been promulgated in this regards. However, it is expected that, in due course of time, the law would be amended to allow such buy-back.

It is proposed to buy-back, if permissible, shares or other securities from the existing security holders on proportionate basis and/or from the open market and/or from the odd lots, being smaller than market lots and/or through negotiation or other arrangement subject to such type of Law coming into force. The buy-back of shares shall be met out of its free reserves, and/or securities premium account and/or the proceeds of a prior issue made specifically for the aforesaid purpose, or from such other sources permissible by Law on such terms and conditions and in such manner as may be prescribed by Law from time to time.

The Board is of the opinion that it will be in the best interests of the Company if the shareholders approve the said resolution, subject to such Law coming into force. If approved, this Resolution will be operative for and given effect within a period of 15 months from the applicable date.

The Resolution is an enabling provision aimed at facilitating the Company to buy-back its shares after it is legally permissible.

The Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except as the Members of the Company.

By Order of the Board

Date : 25th Aug,1998
Place : Regd. Office

N. Ramasastry
Company Secretary

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DIRECTORS REPORTS

TO,

THE MEMBERS,

Your Directors have pleasure in submitting their 28th Annual Report together with Audited Accounts of the Company for the year ended 31st March 1998.

FINANCIAL HIGHLIGHTS

	Rs.in lacs	
	1997-98	1996-97
Sales and other Income	5844.49	4,087.93
Profit Before Interest, Dep & Tax	542.78	575.64
Less: Interest & Financial Charges	297.26	332.05
Depreciation	71.63	82.62
Profit Before Tax	173.89	160.97
Less: Provision for Tax	1.00	0.00
Profit After Tax	172.89	160.97
Less: Prior period Adjustments	0.00	6.38
Add: Balance of Profit for earlier year	1139.40	1,129.91
Profit available for Appropriation	1312.29	1,284.50
Appropriations		
Proposed Dividend	61.50	41.00
Corporate Tax on Dividend	6.15	4.10
General Reserve	75.00	100.00
Balance carried to Balance Sheet	1169.64	1,139.40
Total	1312.29	1,284.50

AUDITORS REPORT

The Notes referred to by Auditors in their Reports are self explanatory and hence do not require any explanation.

DIVIDEND

Your Directors recommend the payment of the Dividend of 15% free of Tax on the Paid-up Capital. The dividend on Equity Shares if approved would absorb Rs.61.50 lacs and will be paid to those members whose names appear on the Register of Members as on the record date i.e.30th September 1998. The Dividend has been increased to 15% from 10% of the previous year.

YEAR IN PROSPECT

The Company's has recorded better performance in income despite the recession in the international market. The income has increased from Rs.4087.93 lacs for the previous year to Rs.5844.49 lacs for the year under review. However the profit after tax has also increased but not in Correlation with the increase in Turnover since the margins on sales were lower due to competition. The profit after tax and depreciation have increased to Rs.172.89 lacs for the year from Rs.160.97 lacs of the previous year.

FUTURE PROSPECT

The Company expects to do better in the current year. The Company has achieved Turnover of Rs.877.59 lacs in the first quarter of the F.Y.1998-99. Further the position of sales orders on hand is also comfortable.

OPERATIONS

Your Company's manufacturing operations at the Kandla plant was affected due to the cyclone that hit Kandla coast. However the losses on account of damages done to the unit was very negligible. The Management took effective steps and the manufacturing operations was put back to normal in short span of time.



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DIRECTORS

Mr. Premjit Singh Director retires by rotation at 28th Annual General Meeting & being eligible offers himself for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information under section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure "A"

FIXED DEPOSIT

The Company has not accepted any Fixed Deposit from the Public.

PARTICULARS OF EMPLOYEES

Information as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report as Annexure "B"

AUDITORS

M/S Sunderji Gosar & Co. Chartered Accountants, Auditors of the Company will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. They have certified that their appointment, if made will be within the limits specified under section 224(1) of the Companies Act, 1956. The Directors now put before the members to appoint the auditors of the Company.

INDUSTRIAL RELATIONS

The industrial relations continue to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the excellent team work with which the workers and staff of the company at all level contribute for the better performance of the company.

INSURANCE

All the properties and insurable interest of the Company including buildings, plant and machinery, stock wherever necessary and to the extent required have been adequately insured.

APPRECIATION

Your Directors wish to place on record their deep and sincere appreciation for the contribution made by the workers, staff and executives to the successful performance of the Company. Your Directors wish to place on record their gratitude to various Government Authorities, Banks and other Agencies for the services rendered during the year and look forward to their continued support. The Directors also appreciate the trust and confidence reposed by the shareholders of the Company.

For and on behalf of the Board of Directors

Place : Regd. Office
Date : 25th Aug, 1998

Kantilal L. Haria
Chairman and Managing Director