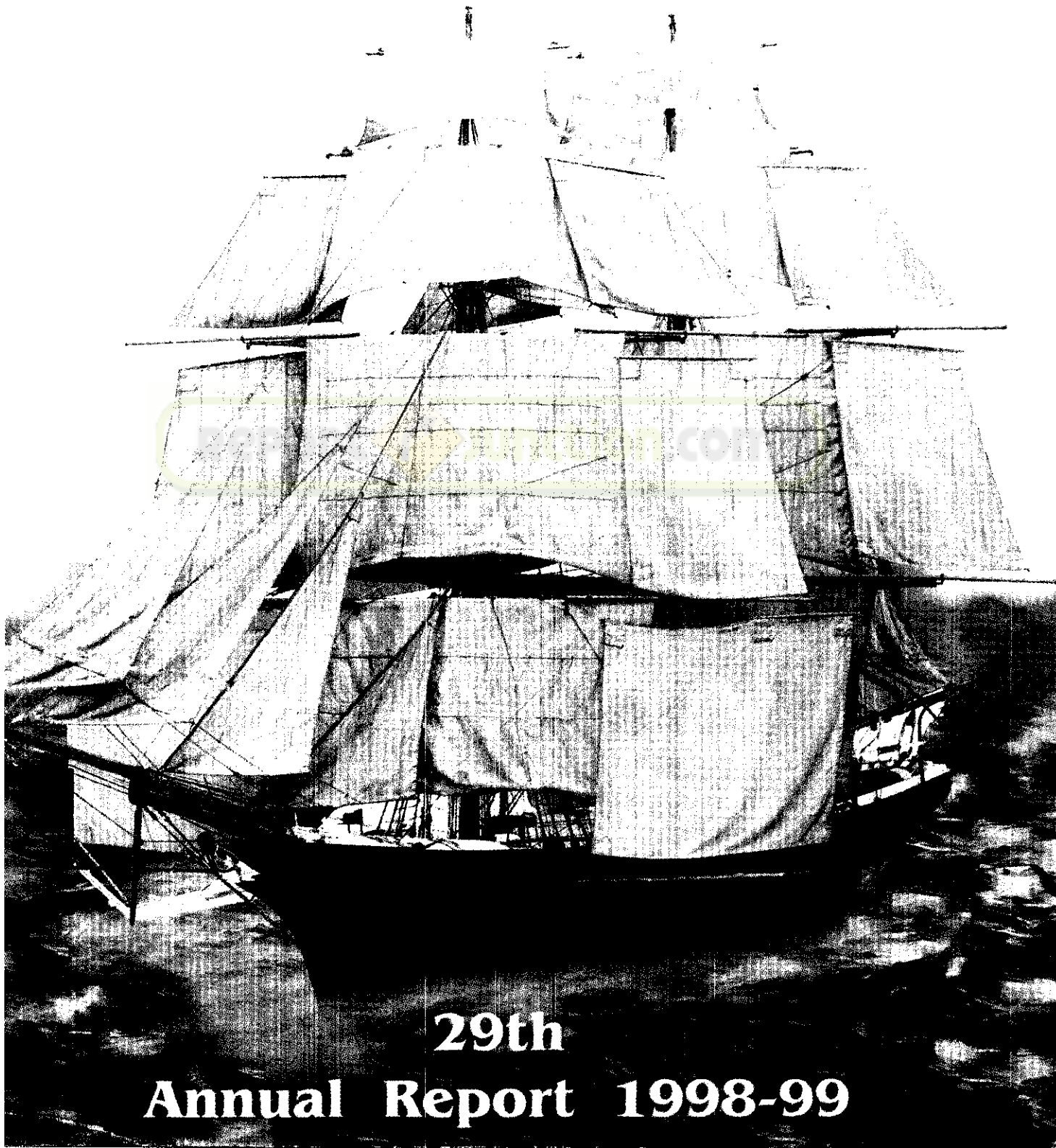




HARIA EXPORTS LTD



**29th
Annual Report 1998-99**

HARIA EXPORTS LIMITED

TWENTY-NINTH ANNUAL REPORT 1998-99

**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

M/s Sunderji Gosar & Co.

M/s Patel, Shah & Joshi

BANKERS

State Bank of India

Bank of India

**REGISTERED
OFFICE**

Haria Centre,
8, Subhash Road,
Vile Parle (E),
Mumbai - 400 057.

Tel : (91-22) 838 88 81-90
Fax : (91-22) 836 70 53/54

**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) 52237

Free Trade Unit No. 2,
167-168, K. F. T. Z.,
Gandhidham, Kutch,
Fax : (02836) 52655

LIAISON OFFICE

B-2, 15/F,
New Fortune House,
4-8 North Street,
Kennedy Town
Hong Kong,

**INVESTOR
SERVICE CELL****REGISTERED
OFFICE****CONTENTS**

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HARIA EXPORTS LIMITED

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NOTICE

NOTICE is hereby given that Twenty Ninth Annual General Meeting of **HARIA EXPORTS LIMITED** will be held on Thursday, 30th September, 1999 at 3.30 p.m. at the Registered Office of the Company, at Haria Centre, 8, Subhash Road, Vile Parle (E), Mumbai - 400 057 to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt Annual Accounts for the year ended 31st March, 1999 together with Directors' Report and Auditors Report thereon.
- 2) To declare Dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. Amritlal K. Shah who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint M/s. Sunderji Gosar & Company, Chartered Accountants as joint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
- 5) To appoint M/s Patel, Shah and Joshi, Chartered Accountants as Joint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

RE-APPOINTMENT OF SHRI MANISH K. HARIA AS JOINT MANAGING DIRECTOR

- 6) 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 provisions if any of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the re-appointment of Mr. Manish K. Haria as Joint Managing Director of the Company with effect from 1st July, 1999 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".
"RESOLVED FURTHER THAT in case of inadequacy of profits or no profits, the company may pay him remuneration by way of salary and perquisites not exceeding the limits mentioned in the draft agreement."

PROVISION OF CORPORATE GUARANTEE :

- 7) To consider and if thought fit to pass, with or without modification the following resolution as Special Resolution.
"RESOLVED THAT Pursuant to the provisions of section 370 and other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to provide Corporate Guarantee to North Kanara GSB Co-operative Bank Ltd. 361 V. P. Road, Girgaon (Branch), Mumbai - 400 004 for Rs. 42 lacs on behalf of M/s. Funscape Family Entertainment Centre on such terms and conditions as the Board of Directors deem fit."
"RESOLVED FURTHER THAT Shri Kantilal L. Haria and/or Shri Manish K. Haria, Director(s) of the Company be and are hereby authorised to sign all papers and do all such acts and deeds as they deem fit to carry out the aforesaid resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS BEHALF 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 No. 6 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 24/9/99 to 30/9/99 (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 Members on 30/9/99 and Dividend Warrants will be sent to them on or after 30/09/99.
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.

By order of the Board

Date : 31st May, 1999
Place : Regd. Office

N. Ramasastry
Company Secretary

HARIA EXPORTS LIMITED

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**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 No. 6 & 7 of the accompanying Notice.

ITEM NO. 6

The Board of Directors in their Meeting held on 31st May, 1999 had passed a Resolution re-appointing Mr. Manish K. Haria as Joint Managing Director of the Company with effect from 1st July, 1999. The above re-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 re-appointment is made on the following terms & conditions which are same in all respect as they were before.

1. Salary Rs. : 35,000/- 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. 4,50,000/- 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 Joint 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 Joint Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Joint Managing Director shall be entitled to house rent allowance subject to a ceiling mentioned in (a) above.

MEDICAL REIMBURSEMENT : Expenses incurred for the Joint 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 Joint Managing Director and his family once in a year incurred in accordance with the rules specified by the company.

PERSONAL INSURANCE : On an amount the premium of which shall not exceed Rs. 4,000/- p.a.

CLUB FEES : Fee 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 Joint Managing Director.

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

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

Mr. Manish K. Haria being himself and Mr. Kantilal L. Haria being his father 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. Manish K. Haria Joint Managing Director.

ITEM NO. 7

The North Kanara GSB Co-operative Bank Ltd. have sanctioned term loan of Rs. 42 lacs in favour of M/s. Funscape Family Entertainment Centre with which the Company proposes to enter into a partnership for setting and running up of an entertainment centre. The Bank requires a Corporate Guarantee. The resolution if carried out is likely to benefit the Company. Since the amount does not exceed 60% of the paid-up capital and reserves the permission of Central Government is not required.

The Board of Directors recommend passing of the said resolution as per item no. 7 of the Notice.

No Directors of the Company are interested in this resolution except K. L. Haria in the capacity of Karta of his personal HUF and M. K. Haria being the member of the said HUF.

By order of the Board

N. Ramasastry
Company Secretary

Date : 31st May, 1999
Place : Regd. Office



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DIRECTORS' REPORT

THE MEMBERS,
M/S. HARIA EXPORTS LIMITED
Mumbai.

Your Directors have pleasure in submitting their 29th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	YEAR ENDED (Rs. in Lacs)	
	1998-99	1997-98
Sales and other Income	6852.16	6004.60
Less : Expenditure	6525.67	5759.08
Profit Before Depreciation	326.49	245.52
Less : Depreciation	66.34	71.63
Profit Before Tax	260.15	173.89
Less : Provision for Tax	3.00	1.00
Profit After Tax	257.15	172.89
Less : Prior period adjustments	20.87	Nil
	236.28	172.89
Add : Balance Brought Forward	1169.64	1139.40
Balance available for appropn.	1405.92	1312.29
Less : Proposed Dividend	123.00	61.50
Less : Corporate Tax on Dividend	12.30	6.15
Less : Transfer to Gen. Reserve	75.00	75.00
Balance transferred to Balance Sheet	1195.62	1169.64

AUDITORS' REPORT :

The observation made by the Auditors in their Reports are self explanatory and have also been further amplified in the notes to the Accounts. As regards Note m (b) & (c) of the notes to accounts the matter is under negotiations for settlement with the party concerned, thereafter approval of Reserve Bank of India shall be required under F. E. R. A., Management feels to add that your Company has lodged counter claim of Rs. 83.18 Crores against State Bank of India for their alleged negligence on the subject matter. (Refer note no. m (a) of notes to accounts.)

DIVIDEND :

Your Directors are pleased to recommend payment of final dividend of Rs. 3.00 per equity share as against Rs. 1.50 per equity share declared during the previous year. The dividend on equity shares, if approved, would absorb Rs. 1.23 crores and will be payable to those members whose names appear on the Register of Members as on 30th, September, 1999. The Corporate Dividend tax payable on the above dividend will be Rs. 12.30 lacs.

YEAR IN PROSPECT :

The Company has recorded better performance despite recession in the international market. The total income has increased from Rs. 6004.60 lacs of previous year to Rs. 6852.16 lacs for the year under review. The profit after tax stood

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at Rs. 257.15 lacs as against Rs. 172.89 lacs during the previous year mainly due to lower margin on sales & due to stiff competition.

FUTURE PROSPECT :

The Company expects to perform much better in the current year. The Book order position of the Company is very comfortable. The demand for your Company's products is increasing in the International market. Keeping in view the current scenario the Company should do very well in the current year.

Y2K COMPLIANCE :

The Company has taken adequate steps to ensure that all critical equipment, processes and systems are Y2K compliant by September 1999. The cost to the Company to ensure Y2K compliant is estimated at Rs. 25.00 Lacs. It has also developed contingency plans to minimise the risk of disruption.

DEPOSITS :

The Company has not accepted any deposit during the year.

DIRECTORS :

There has been no appointment or resignation of any directors during the year.

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".

PARTICULARS OF EMPLOYEES :

Information pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, are given in Annexure "B".

AUDITORS :

M/s. Sunderji Gosar & Co. and M/s Patel Shah & Joshi, Chartered Accountants, Mumbai, Auditors of the Company will retire at the conclusion of this Annual General Meeting and are eligible for reappointment. The Members are requested to appoint the Auditors and to fix their remuneration.

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.

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, Financial Institution 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.

On Behalf of the Board of Directors

Date : 31st May, 1999
Place : Mumbai

KANTILAL L. HARIA
Chairman & Managing Director



HARIA EXPORTS LIMITED

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ANNEXURE "A" TO DIRECTORS' REPORT

PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

FORM - A

A. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

The management is aware of the importance of energy conservation and reviews the measures taken for reduction in the consumption of energy from time to time.

Power & Fuel Consumption	Current Year 1998-99	Previous Year 1997-98
1. Electricity		
a) Purchased		
Units (000KWH)	4,74,283	5,27,126
Total Amount (Rs.)	25,69,960	29,90,184
Rate per Unit (Rs.)	5.42	5.67

B. CONSUMPTION PER UNIT OF PRODUCTION

Product	Current Year 1998-99	Previous Year 1997-98
1. Garments Pieces		
a) Production (Pieces)	8,17,588	8,64,182
b) Power (Units KWH)	4,74,283	5,27,126
c) Consumption per unit (KWH)	0.58	0.61

FORM - B

2. PARTICULARS WITH RESPECT TO TECHNOLOGICAL ABSORPTION

The technology involved in garment manufacture have been assimilated over a long period of time and it has not been found necessary to induct any new skills from abroad.

(I) RESEARCH AND DEVELOPMENT

- (a) Specific areas in which Research & Development is carried out by your Company :

The Research & Development activities of your Company are directed towards improvement in quality & development of new products.

- (b) Benefits derived as a result of above Research & Development : Improved range of products, technological improvements, improvement in quality & better utilisation of raw materials.