



# **HARIA EXPORTS LIMITED**

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**32nd ANNUAL REPORT**  
**2001- 2002**

**BOARD OF DIRECTORS**

Mr. Kantilal L. Haria  
 Mr. Manish K. Haria  
 Mr. A. K. Shah  
 Mr. Premjit Singh  
 Mr. Kantilal L. Maru  
 Mr. Nitin P. Shah  
 Mr. O. S. Agarwal

Chairman & Managing Director  
 Joint Managing Director

**SECRETARY**

Mr. Manish R. Shah

**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 8881-90  
 Fax (91-22) 836 7053/54  
 e-mail : hariaexports@vsnl.com

**CORPORATE & ADMINISTRATIVE OFF**

Plot No. 345/359  
 G.I.D.C. Silvassa Road,  
 Vapi-396 195

Tel : (0260) 431317/430316  
 Fax : (0260) 432168  
 e-mail : vapi@hariagroup.com

**INVESTOR SERVICE CELL**

Registered Office

**PLANTS****1) Vapi :**

Unit No. 1  
 345/358, G.I.D.C.  
 Silvassa Road, Vapi,  
 Gujarat.

Unit No. 2,  
 279-280, G.I.D.C.,  
 Silvassa Road, Vapi,  
 Gujarat.

Unit No. 3,  
 (100% E.O.U.)  
 278, G.I.D.C.,  
 Silvassa Road, Vapi,  
 Gujarat.

**2) Kandla**

Free Trade Unit No. 1,  
 157-160, K.F.T.Z.  
 Gandhidham, Kutch

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**HARIA EXPORTS LIMITED**

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**NOTICE**

**NOTICE** is hereby given that Thirty Second Annual General Meeting of HARIA EXPORTS LIMITED WILL BE held on Monday, 30th September, 2002 at 03.00 p.m. at the Registered Office of the Company, at 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, 2002 together with Directors Reports and Auditors Report thereon.
- (2) To declare Dividend on Equity Shares.
- (3) To appoint a Director in place 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 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 & 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**

- (6) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. O. S. Agarwal be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- (7) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Kantilal L. Maru be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- (8) To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
**"RESOLVED THAT** pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Nitin P. Shah be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**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. The Book Closure date of the company will be from 25.09.2002 to 30.09.2002 (both days inclusive).
3. Dividend, (subject to tax) if sanctioned at the Meeting, will be payable to the Members as follows:
  - a) In respect of shares held in physical form, to all those Members whose names appear on the Register of Members of the company on 30<sup>th</sup> September, 2002.
  - b) In respect of shares held in electronic (Demat) form, to all those Members whose names appear in the Statement of Beneficial Ownership furnished by the National securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of business hours on 24<sup>th</sup> September, 2002.
  - c) Members entitled receive dividend exceeding Rs. 1000/- without deduction of tax at source, should submit their declaration in Form No. 15G in duplicate on or before 24<sup>th</sup> September, 2002.
4. Members holding shares in dematerialised form, may please note that while opening a depository account with Depository Participant (DP) they have given their bank account details, which will be printed on their dividend warrants. However, if members want to change/correct the bank account details, they should communicate the same immediately to the concerned Depository Participant (DP). Members are also requested to furnish the MICR code of their bank to their Depository Participant.
5. Members desiring any information as regards to Accounts are requested to write in advance to the Company at least 15 days before the date of meeting to enable the Management to keep the necessary information ready.
6. The members who have so far not encashed their dividend warrants for the financial years ending on 31<sup>st</sup> March 95, 96, 97, 98, 99, 2000 & 2001 may claim or approach the company for the payment as the same will be transferred as and when due to the Investor Education and protection fund of the Central Govt., pursuant to the introduction of Section 205C by the Company (Amendment) Act 1999.
7. Ballot Paper is enclosed and the members can make use of it, in case they are not in a position to attend the AGM.
8. Address all correspondence to the Registered Office of the Company.



## HARIA EXPORTS LIMITED

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### ANNEXURE TO NOTICE

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

##### ITEM NO.6

The agenda item No.6 of the Notice relates to the appointment of Shri. O.S.Agrawal as a Director, liable to retire by rotation.

Sri.O.S.Agrawal was appointed by the HARIA EXPORTS LIMITED as additional director on the Board of the company on 29<sup>th</sup> January, 2002.

In terms of provisions of Section 260 of the Companies Act, 1956, Shri.O.S.Agrawal shall hold office of Director upto the date of ensuing Annual General Meeting (AGM). The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the said Act, proposing the candidature of Shri.O.S.Agrawal for the office of Director.

Mr. O. S. Agarwal is a senior practicing Chartered Accountant and he heads the Audit Committee. In view of the valuable contribution received by the Company from the experience of Shri. O. S. Agrawal, it will be in the interest of the Company to continue /appoint him as a Director of the Company retireable by rotation. The Board, therefore, recommends the Resolution for approval by the Members.

None of the Directors of the Company except Shri.O.S.Agrawal is in way concerned or interested in the resolution.

##### ITEM NO.7

The agenda item No.7 of the Notice relates to the appointment of Shri.Kantilal L. Maru as a Director, liable to retire by rotation.

Sri.Kantilal L.Maru was appointed by the HARIA EXPORTS LIMITED as additional director on the Board of the company on 29<sup>th</sup> January, 2002.

In terms of provisions of Section 260 of the Companies Act, 1956, Shri.Kantilal L.Maru shall hold office of Director upto the date of ensuing Annual General Meeting (AGM). The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the said Act, proposing the candidature of Shri.Kantilal L.Maru for the office of Director.

Mr. Kantilal L. Maru is the Senior Most Executive handling shipping Department of the company for a long period. The co. is going to gain immensely by his experience. In view of the valuable contribution received by the Company from the experience of shri.Kantilal L.Maru it will be in the interest of the Company to continue /appoint him as a Director of the Company reitrable by rotation. The Board, therefore, recommends the Resolution for approval by the Members.

None of the Directors of the Company except Shri.Kantilal L.Maru is in any way concerned or interested in the resolution.

##### ITEM NO.8.

The agenda item No.8 of the Notice relates to the appointment of Shri.Nitin P.Shah as a Director, liable to retire by rotation.

Sri.Nitin P.Shah was appointed by the HARIA EXPORTS LIMITED as additional director on the Board of the company on 29<sup>th</sup> January, 2002.

In terms of provisions of Section 260 of the Companies Act, 1956, Shri.Nitin P.Shah shall hold office of Director upto the date of ensuing Annual General Meeting (AGM). The Company has received valid notice and requisite deposit from a member of the Company under section 257 of the said Act, proposing the candidature of Shri.Nitin P.Shah for the office of Director.

Mr.Nitin P.Shah is an young M.B.A.The company made remarkable progress under Mr.Nitin Shah as an Marketing Executive. In view of the valuable contributin received by the Company from the experience of shri. Nitin P.Shah it will be in the interest of the Company to continue /appoint him as a Director of the Company retireable by rotation. The Board, therefore, recommends the Resolution for approval by the Members.

None of the Directors of the Company except shri.Nitin P.Shah is in any way concerned or interested in the resolution.

By Order of the Board

Date : 26th July, 2002  
Place : Regd. Office

**MANISH R SHAH**  
Company Secretary

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**Details of Directors seeking appointment/reappointment at the Annual General Meeting  
 (Pursuant to Clause 49 of the Listing Agreement with the stock Exchanges)**

Name of Director	Shri. O. S. Agarwal	Shri. Kantilal L. Maru
Date of Birth	28.08.1945	24.11.1950
Date of Appointment	29.01.2002	29.01.2002
Expertise in specific functional areas	Practicing Chartered Accountant	Shipping Dept.
Qualifications	F.C.A	S.S.C.
List of other Public Co's in which Directorship held as on 31.03.2002	NIL	Employment Management (I) Ltd.
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2002.	NIL	NIL
Name of Director	Shri. Nitin P. Shah	Shri. A. K. Shah
Date of Birth	26.03.1962	22.11.1944
Date of Appointment	29.01.2002	17.12.1993
Expertise in specific functional areas	Marketing Section	Reputed Businessman
Qualifications	B.SE, MBA	H.S.C.
List of other/Public Co's in which Directorship held as on 31.03.2002	NIL	1. Shah Paper Mills Ltd. 2. Shah Pulp & Paper Mills Ltd. 3. Shah Financial Services Ltd. 4. Haria Paper Ind.Ltd.
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2002.	NIL	NIL



## HARIA EXPORTS LIMITED

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### DIRECTOR'S REPORT

To,  
The Members,  
M/S. HARIA EXPORTS LIMITED, Mumbai

Your Directors have pleasure in submitting their 32nd Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2002.

#### FINANCIAL RESULTS

#### YEAR ENDED

(Rs. in Lacs)

	2001-02	2000-01
Sales and Other Income	7244.49	10696.37
Increase/(Decrease) in stock	146.28	(300.62)
Less: Expenditure	7202.71	10032.33
Profit Before Depreciation	188.06	363.42
Less: Depreciation	87.76	89.67
Profit Before Tax	100.30	273.75
Less: Provision for Tax	5.00	25.00
Profit After Tax	95.30	248.75
Less: Prior period Adjustments	2.75	0.85
	92.55	247.90
Less: Prior period Tax Adjustments	15.24	0.50
	77.31	247.40
Add: Balance Brought Forward	1186.92	1171.77
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>	<b>1264.23</b>	<b>1419.17</b>
Less/(Add) Depreciation of prior year/(written back)	32.86	(3.30)
Less: Proposed Dividend for the year	41.00	123.00
Less/(Add): Corporate Tax on Dividend (written back)	(8.30)	12.55
(Add): Proposed Dividend written back	(82.00)	0.00
Less: Transfer to Gen. Reserve	50.00	100.00
<b>BALANCE TRANSFERRED TO</b>		
<b>BALANCE SHEET</b>	<b>1230.67</b>	<b>1186.92</b>

#### 1. 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 (a to c) of the notes to accounts the matter is under negotiations for settlement with the party concerned.

#### 2. DIVIDEND

Your Directors are pleased to recommend payment of dividend @ 10% (P.Y 30 %) subject to deduction of Tax at Source on the equity shares of the company. (However shareholders approved dividend of 10% for the previous year) The dividend on equity shares, if approved, would absorb Rs.41.00 lacs and will be payable to those members whose names appear on the Register of Members as on 30th September, 2002.

#### 3. MANAGEMENT ANALYSIS

##### 3.1. Industry Structure & Development:

M/s Haria exports Ltd. is a leading garment exporter in the country for the last 20 years. It is a Star Trading Company and has won the golden status certificate in the year 1999. The textile industry occupies a unique place in the economy of the country by virtue of its contribution to Industrial output, employment generation and Foreign exchange earnings. Even though

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the textile industry has the distinctive advantage in respect of raw material and skilled labour, the industry is suffering from technology obsolescence which in turn effect the quality , productivity and cost effectiveness. The high capital cost is impeding the process of Hi - Tech upgradation. Therefore, the Government of India, Ministry of Textile has launched Technology Upgradation Fund Scheme for Textiles & Jute Industries of Rs.25000.00 crores at a concessional rate of interest of appx.5%.

#### 3.2 Opportunities & Threats :

With the onset of liberalisation and globalisation in trade, it has become imperative for the textile industry to upgrade the technology to the level of "World Class". Quota systems will come to an end by 2004. Indian readymade garments will find additional markets in USA, CANADA and EUROPE besides new markets in several countries like SAUDI ARABIA, UAE, SOUTH AFRICA, SWITZERLAND, WESTINDIES, BRAZIL, PERU ETC.

#### 3.3 Segment Wise performance :

The Segments consist of Home Furnishing and garments. The companies business segments are organised around product lines, taking into account the nature of products and internal reporting systems.

The segment performance of the company for the year 2001 - 2002 is given below :

	BUSINESS SEGMENTS (RS. IN LACS)	
	HOME FURNISHING	GARMENTS
REVENUE		
NET SALES/INCOME	1803.64	5440.85
SEGMENT RESULT BEFORE		7224.49
INT.TAX AND UNALLOCABLE COST	128.97	130.03
		259.00

After deduction of Interest, Unallocable interest cost and provision for taxation, the company earned a Net Profit of Rs.95.31 lacs. For more information, please refer Notes to Account Note No:19.

#### 3.4. Future Outlook:

Bearing unforeseen circumstances the management is hopeful to achieve reasonable performance in the current Financial year 2002 - 2003. The company is taking adequate steps to nullify the negative aspects which effected the performance in the year 2001 - 2002.

#### 3.5. Risks and Concerns:

The industry is going to face severe competition from outside once the quota system is lifted. In order to compete with the outside world, we are paying attention to the application of technology, closely following up the fashion trends and improved product quality. In order to be more co-efficient your company has acquired latest machinery at cost of Rs.4.00 lacs(appx) which ascertains exact material consumption depending upon the style and pattern. The government policies, interest rates, export incentives etc may also effect the overall performance of the company.

#### 3.6. Internal Control System and their adequacy :

The company has established adequate control system in respect of major areas of operations. The Internal Audit Committee is headed by an experienced chartered accountants and various financial reports are discussed at the committee meetings and appropriate steps have been taken.

#### 3.7. Financial Analysis :

	BALANCE SHEET	
	31.03.2002	31.03.2001(IN IACS)
1. Share Capital	410	410
2. Reserve & Surplus	2486	2455
3. Loans (secured)	1041	1065
4. Provision for Taxation	5	25
5. Net Fixed Assets	758	848
6. Net Current Assets	3172	3067

#### 3.8. Human Resources :

The success of any business lies under the qualified, trained & motivated Human Resources. The company gives more importance to the development of Human Resources than any other resources. The company updates its HR policy in line with the changing system in the industry as a whole the company takes adequate steps for maintaining safety and healthy environment for the workers.



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The Industrial relations continue to be cordial through out the year with no strikes or unrest either in factory or at office. Your director place on record their sincere appreciation for the excellent team work with which the workers and the staff of the company at all levels contribute for the better performance of the company.

### YEAR IN PROSPECT

Besides the prevailing recession throughout the globe, the terrorist attack on the World Trade Centre at New York on 11th, September 2001 has seriously effected our performance in the year under review. Export Orders worth appx. Rs.20.00 crores got cancelled. We also could not start production at our Kandla Unit which was severely damaged by earthquake due to the financial constraints. The company has not received any financial assistance either from the banks or from the government so far. The riots in Gujarat further added to our problems. As a result the company recorded negative growth. The company is making every effort to revive the Kandla Unit as early as possible.

The total income decreased from Rs.10696.37 lacs to Rs.7244.49 lacs. The profit after tax stood at Rs.95.30 lacs as against Rs.248.75 lacs during the previous year.

### Export Oriented Unit

In spite of the prevailing recession, the Export Oriented Unit of your company has recorded encouraging performance/ growth during the year. Total income has increased from Rs.196.42 lacs of previous year to Rs. 1803.63 lacs for the year under review. The Profit before tax stood at Rs.92.24 lacs as against the loss of Rs.6.73 lacs during the previous year. The company has provided Rs.25.43 lacs for depreciation during the 2001-2002.

### FUTURE PROSPECT

The Company expects to perform much better in the current year. The Book order position of the Company is very comfortable. 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. Your Company is going to concentrate on improving cost efficiencies and consolidate further on its image. Bearing unforeseen circumstances, your company expects to continue its march towards profitability.

### DEPOSITS

The Company has not accepted any deposit during the year.

### DIRECTORS

In order to have more transparency and better control, the following Non-Executive Directors have been appointed during the year.

- 1) Mr. Kantilal L. Maru.
- 2) Mr. Nitin P. Shah.
- 3) Mr. Omprakash S. Agarwal

They retire at the ensuing Annual General Meeting and their candidature has been proposed for re-appointment.

Mr. Amritlal K. Shah retires by rotation and being eligible offers himself for re-appointment.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- (1) That in preparation of the annual accounts for the year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any. However certain expenses including commission, quota sale and purchase are accounted on cash basis and not on accrual basis.
- (2) That such accounting policies as mentioned in Schedule 19 of the Annual Accounts has been selected and applied consistently and judgements and estimates that are reasonable and prudent are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2002 and of the profit of your company for that year.
- (3) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (4) That the annual accounts for the year ended 31st March, 2002 have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

Your Company is committed to achieving the best standards of corporate governance. To achieve this, Your Company is striving to adopt best practices incorporate governance. The requirements of clause 49 of the Listing Agreement has been complied by the

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Company in the financial year 2001-2002. The certificate of M/s Sunderji Gosar & Co. the Statutory Auditors of the company regarding Compliance of the Corporate Governance Code is annexed herewith. The Company has been complying with Corporate Governance to the extent and in the manner set out in Annexure 'A' forming part of this Report.

#### 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 "B"

#### 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 "C".

#### AUDITORS

M/s Sunderji Gosar & Co. & 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.

#### APPRECIATION

The Board wishes to record its appreciation of the efforts put in by the employees of the company, which has enabled it to grow impressively. The Directors thank the customers, vendors, investors, press and bankers for their continued support of your Company's growth.

Your Directors thank the Government of India, Government of Maharashtra, Director General of Foreign Trade, Apparel Export Promotion Council, Reserve Bank of India and other Governmental Agencies for their support during the year and look forward to their continued support.

On Behalf of the Board of Directors

Date : 26th July, 2002

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 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 2001-02	Previous Year 2000-01
<b>1. Electricity</b>		
a) Purchased		
Units(000KWH)	4,93,148.00	4,18,095.00
Total Amount (Rs.)	21,76,051.00	22,08,709.23
Rate per Unit (Rs.)	4.41	5.28

##### B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	CURRENT YEAR 2001-02	PREVIOUS YEAR 2000-01
<b>1. Garments &amp; Blind Pieces</b>		
a) Production (Pieces)	18,32,083	10,94,496
b) Power (Units KWH)	4,93,148	4,18,095
c) Consumption per unit (KWH)	3.71	2.62

#### 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 and 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.

(c) Future plan of action:

Strengthening the Research & Development activities with the View to have progressive indigenisation & improvement in quality of product & increase in product range.