



# **HARIA EXPORTS LIMITED**



**34th ANNUAL REPORT  
2003-04**

**HARIA EXPORTS LIMITED****THIRTY FOURTH ANNUAL REPORT, 2003-04**

<b>BOARD OF DIRECTORS</b>	Mr. Kantilal L. Haria Mr. Manish K. Haria Mr. Kantilal. L. Maru Mr. Nitin P. Shah Mr. Dhanraj V. Shah Mr. Lalit J. Kothari Mr. O. S. Agarwal	Chairman & Managing Director Joint Managing Director Director Director Director Director Director
<b>AUDITORS</b>	M/s Sunderji Gosar & Co.	
<b>BANKERS</b>	State Bank of India Bank of India	
<b>REGISTERED OFFICE</b>	United Mansion, 301/302, 3 <sup>rd</sup> Floor, Parsiwada, Andheri Sahar Road, Mumbai 400 099.	
<b>ADMINISTRATIVE OFFICE</b>	Haria Centre 8, Subhash Road, Vile Parle (E), Mumbai - 400 057.	Tel. : (91-22) 2838 8881-84 Fax : (91-22) 2836 7052/53 e-mail : info@hariagroup.com
<b>CORPORATE &amp; ADMINISTRATIVE OFF</b>	Plot No. 345/359 G.I.D.C. Silvassa Road, Vapi-396 195	Tel. : (0260) 2431317/2430316 Fax : (0260) 2432168 e-mail : vapi@hariagroup.com
<b>INVESTOR SERVICE CELL</b>	1) Registered Office	2) Registrar & Transfer Agent M/S.Intime Spectrum Registry Ltd. C-13 Pannalal Silk Mills Compound, L.B.S. Marg,Bhandup, Mumbai-400078.Phone No.25923837 fax:25672693 Email: isrl@vsnl.com
<b>PLANTS</b>	1) Vapi : Unit No. 1 345/358, G.I.D.C. Silvassa Road, Vapi, Gujarat. 2) Kandla Unit No.1, Kandla Special Economic Zone, Gandhidham, Kutch - 370 230.	Unit No. 2, 297-280, G.I.D.C., Silvassa Road, Vapi, Gujarat. Unit No. 3, (100% E.O.U.) 278, G.I.D.C., Gujarat. Tel: 02836-252237 Fax: 02836-252655

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**HARIA EXPORTS LIMITED****THIRTY FOURTH ANNUAL REPORT, 2003-04****NOTICE**

NOTICE is hereby given that **Thirty Fourth Annual General Meeting of HARIA EXPORTS LIMITED** will be held on Thursday, 30<sup>th</sup> September, 2004 at 3.00 p. m. 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 the Balance Sheet as at 31<sup>st</sup> March, 2004 and the Profit & Loss Accounts for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- (2) To appoint a Director in place of **MR. DHANRAJ V. SHAH** who retires by rotation and being eligible, offers himself for re - appointment.
- (3) To appoint a Director in place of **MR. LALIT J. KOTHARI** who retires by rotation and being eligible, offers himself for re - appointment.
- (4) To appoint **M/S.SUNDERJI GOSAR & CO.,** Chartered Accountants as Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN ITS BEHALF AND SUCH PROXY NEED NOT BE A MEMBER, PROXY 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 Register of Members and Share Transfer Books of the Company will remain closed from **25.09.2004 to 30.09.2004** (both days inclusive).
3. Members desiring of getting any information about the Accounts and operation of the Company are requested to address their queries/ questions in writing at least 15 days before the date of Meeting to enable the Company to keep the necessary information available at the Meeting.
4. Pursuant to the Provisions of Section 205A read with Section 205 C of the Companies Act, 1956, the amount of dividend remaining unpaid for a period of Seven years is required to be transferred to the Investor Education and Protection Fund. The members who have so far not encashed their dividend warrants for the financial years ending on 31<sup>st</sup> March 1996, 1997, 1998, 1999, 2000, 2001 and 2002 are requested to send their Claims at the earliest for the payment to the Registrar and Transfer Agents, M/s. Intime Spectrum Registry Limited, C - 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078. The Members may also note that once the unclaimed dividend is transferred to the said Fund, no claims shall lie in respect thereof with the Company.
5. Members who hold shares in dematerialized form, are requested to bring their ID and DP ID numbers for easy identification of attendance at the Meeting.
6. Members who wish to attend Meeting, are requested to bring attendance slip sent herewith, duly filled in and the copy of the Annual Report. Copies of the Annual Report will not be distributed at the Meeting.

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7. Members are requested to intimate to the Company's Registrar and Transfer Agents, **M/s. Intime Spectrum Registry Limited**, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W.), Mumbai - 400 078, changes if any, in their registered address at an early date and quote their Folio numbers / Client ID / DP ID in all correspondence.

*By Order of the Board*

Date : 30<sup>th</sup> June, 2004.  
Place : Mumbai.

(KANTILAL L. HARIA)  
Chairman & Managing Director

**Registered Office :**

United Mansion,  
301/302, 3<sup>rd</sup> Floor,  
Parsiwada,  
Andheri - Sahar Road,  
Mumbai - 400 099.  
Dated: 30<sup>th</sup> June 2004

**Details of Directors seeking re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges).**

NAME OF DIRECTOR	MR. DHANRAJ V. SHAH	MR. LALIT J. KOTHARI
Date of Birth	06.12.1948	01.07.1950
Date of Appointment	01.07.2003	01.07.2003
Experience in specific area	Company Incharge of Kandla	Company Incharge of Vapi
Qualification	S. S. C.	B. Sc., G. C. D.
Other Directorship	NIL	NIL
Chairman /Member of the Committee	NIL	NIL

**HARIA EXPORTS LIMITED****THIRTY FOURTH ANNUAL REPORT, 2003-04****DIRECTORS REPORT**

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

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2004.

**FINANCIAL RESULTS :**

The Financial Results of the Company for the year ended 31<sup>st</sup> March, 2004 are summarized as under :

Particulars	YEAR ENDED (Rs. in Lacs)	
	31 <sup>st</sup> March, 2004	31 <sup>st</sup> March, 2003
Sales and other Income	7813.36	3295.44
Increase/(Decrease) in stock	(25.29)	(92.34)
Less: Expenditure	7784.06	3059.20
Profit Before Depreciation	4.01	143.90
Less: Depreciation	200.24	99.96
Profit Before Tax	(196.23)	43.94
Less: Provision for Tax	—	—
Profit After Tax	(196.23)	43.94
Less: Prior period adjustments	0.62	00.92
	(196.85)	43.02
Add: Prior period Tax Adjusts	164.68	14.98
	(32.17)	28.04
Add: Balance Brought Forward	1198.07	1230.68
Balance Available for Appropriation	1165.90	1258.72
Less: Proposed Dividend for the year	—	49.20
Less/(Add): Corporate Tax on Dividend (written back)	—	6.45
(Add): Proposed Dividend written back	(6.45)	—
Less: Transfer to Gen. Reserve	(49.20)	5.00
<b>BALANCE TRANSFERRED TO BALANCE SHEET</b>	<b>1221.55</b>	<b>1198.07</b>

**1. AUDITORS REPORT :**

The observations 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 :**

The Dividend @ 12% recommended by the Directors for the year 2002 – 2003 absorbing Rs. 49.20 Lacs and Dividend Tax thereon Rs. 6.46 Lacs which was approved by the Members at the Annual General Meeting could not be paid to the Members of the Company as the Banker of the Company had not permitted and allowed this Dividend payment. Therefore the said Dividend has been added back to the Accounts for the year ended 31<sup>st</sup> March, 2004.

The Directors do not recommend any Dividend for the year 2003 – 2004 mainly due to loss incurred by the Company and it desires to retain the available resources for its future expansion.

**3. MANAGEMENT ANALYSIS :****3.1. Industry Structure & Development :**

M/s. Haria Exports Ltd. is a leading garment exporter in the country for the last 22 years. It is a Star Trading Company

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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 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 up gradation. Therefore, the Government of India, Ministry of Textile has launched Technology Up gradation 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 Company's 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 2003- 2004 is given below :

	BUSINESS SEGMENTS		(RS.IN LACS)
	HOME FURNISHING	GARMENTS	
REVENUE			
NET SALES/INCOME	1232.16	6581.19	7813.35
SEGMENT RESULT BEFORE INTERST, TAX AND UNALLOCABLE COST	(46.12)	(14.88)	(61.00)

After deduction of Interest, Unallocable interest cost and provision for taxation , the company earned a Net loss of Rs.196.23 Lacs. For more information, please refer Notes to Account Schedule No. 19.

**3.4. Future Outlook:**

Baring unforeseen circumstances, the management is hopeful to achieve reasonable performance in the current Financial year 2004 – 2005. The company is taking adequate steps to nullify the negative aspects which effected the performance in the year 2003 - 2004.

**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 out side 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 cost efficient your company has acquired latest machinery 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 and is further in the process of updating the system. 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.

**HARIA EXPORTS LIMITED****THIRTY FOURTH ANNUAL REPORT, 2003-04****3.7. Financial Analysis :****BALANCE SHEET**

	31.03.2004	31.03.2003 (RS.IN LACS)
1. Share Capital	574	410
2. Reserve & Surplus	2318	2459
3. Loans (secured)	878	886
4. Provision for Taxation	-	-
5. Net Fixed Assets	1112	1300
6. Net Current Assets	2657	2454

**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. The Industrial relations continue to be cordial through out the year with no strikes or unrest either in factory or at office. Your Directors 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.

***Bonus Issues:***

The Directors are pleased to inform you that the company had rewarded the members by issuing 16,40,000 Equity Shares of Rs. 10/- each of Fully Paid up by way of Bonus Shares in the ratio of 2:5 on 20<sup>th</sup> March, 2004 all formalities in respect thereof have been complied with and completed. The paid up capital of the company as on 31<sup>st</sup> March, 2004 is Rs.574.00 (Rs.in lacs)

***Export Oriented Unit :***

In spite of the prevailing recession, the Export Oriented Unit of your Company has achieved encouraging performance/ growth during the year. Total income has increased from Rs.3295.44 Lacs of Previous year to Rs. 7813.35 Lacs for the year under review. The loss before tax stood at Rs.196.23 Lacs as against the Rs 43.94 Lacs Profit in the previous year. The Company has provided Rs. 200.24 Lacs (previous year – Rs.99.97) for Depreciation during the 2003 - 2004.

***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. Barring unforeseen circumstances, your company expects to continue its march towards profitability.

***Deposits :***

The Company has not accepted any deposit during the year.

***Directors :***

In accordance with the Articles of Association, Mr. Dhanraj V. Shah and Mr. Lalit J. Kothari retire by rotation and being eligible, offer themselves for re-appointment.

Members are requested to re appoint them.

***Directors' Responsibility Statement :***

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

- (1) That in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2004, 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.



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- (2) That such Accounting Policies as mentioned in Schedule 19 of the Annual Accounts has been selected and applied consistently and judgments 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 31<sup>st</sup> March, 2004 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 31<sup>st</sup> March, 2004 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 in Corporate Governance. The requirements of Clause 49 of the Listing Agreement has been complied by the Company in the financial year 2003 - 2004. 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 'B' 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 "A"

***Particulars of Employees :***

The Company does not have any Employee whose information are required to be given pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

***Auditors :***

M/s. Sunderji Gosar & Co., Chartered Accountants, Mumbai, Auditors of the Company will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. The Members are requested to re-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' 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 : 30<sup>th</sup> June, 2004.

Place : Mumbai.

(KANTILAL L. HARIA)

Chairman & Managing Director

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**HARIA EXPORTS LIMITED****THIRTY FOURTH ANNUAL REPORT, 2003-04****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 2003-04	Previous Year 2002-03
1. Electricity		
a) Purchased		
Units(000KWH)	347587	454216
Total Amount (Rs.)	1947828	2846444
Rate per Unit (Rs.)	5.60	6.27

**B. CONSUMPTION PER UNIT OF PRODUCTION**

PRODUCT	CURRENT YEAR 2003-04	PREVIOUS YEAR 2002-03
1. Garments & Blind Pieces		
a) Production (Pieces)	1005560	1647520
b) Power (Units KWH)	347587	454216
c) Consumption per unit (KWH)	2.89	3.62

**FORM - B****1. 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 and 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.

- (d) Expenditure on Research & Development:

	2003-04 (Rs. in lacs)
(i) Capital	1.10
(ii) Recurring	17.64
(iii) Total	18.74
(iv) Percentage of Research & Development expenditure of total turnover	0.24 %

**(2) FOREIGN EXCHANGE EARNINGS & OUTGO:**

The particulars of foreign exchange earned & utilised during the year in Notes to Accounts forming part of Balance Sheet

*On Behalf of the Board of Directors.*

Date : 30<sup>th</sup> June, 2004.  
Place : Mumbai.

(KANTILAL L. HARIA)  
Chairman & Managing Director

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**ANNEXURE "B "**  
**A REPORT ON CORPORATE GOVERNANCE**

**1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Haria Exports Limited is committed to good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosure and enhance shareholders value without compromising in any way in compliance with laws and regulations.

Your Company believes that good Governance brings about sustained corporate growth and long term benefits for the stakeholders. Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance as enunciated in the Listing Agreement and continuously endeavours to improve on these aspects on an ongoing basis.

**2) BOARD OF DIRECTORS:**

The Board of Directors of Haria Exports Ltd. formulates the strategy, reviews the performance, keep check on utilisation of resources and ensures that the corporate objectives are met on consistent and transparent basis.

The Board represents an optimum combination of Executive and Non- Executive Directors and is in conformity with the Provisions of Listing Agreement on Corporate Governance, Composition of the Board and the category of the Directors as well as details of their Directorship / Membership in other Companies / Committees including those of Haria Exports Limited and other Companies as on 31/3/2004 are given below :

Names of the Directors	Category	Number of Directorship in Public companies	Number of Chairmanship / membership in Board Committees
Mr.Kantilal L.Haria,Chairman & Managing Director.	Promoter & Executive Director.	2	1
Mr. Manish K.Haria,Jt.M.D.	-do-	2	1
Mr. Kantilal L.Maru	Non Executive & Independent Director	5	1
Mr. Nitin P.Shah	-do-	1	1
Mr. Dhanraj V. Shah	-do-	1	1
Mr. Lalit J. Kothari	-do-	1	1
Mr.O.S. Agarwal	-do-	1	1

Notes on Directors seeking appointment / re - appointment as required under Clause 49 (VI)(A) of the Listing Agreement entered into with the Stock Exchanges:

The Board of Directors consists of 7 (Seven) Directors, a Managing Director, Joint Managing Director and 5 Non – Executive Directors.

The Profile of Members of the Board of Directors being appointed / reappointed are furnished hereunder :

**(A) Mr. Kantilal L.Haria**

Shri Kantilal L. Haria, Chairman & Managing Director, FIBM (Fellowship of Institute of British Management), is highly versatile businessman of various activities ranging from business to Cultural & Social activities. He has built up World wide contacts in export trade and to name a few they consist of Heads of States of Uganda, Tanzania, Zambia and Kenya. His vast experience of business and capabilities of business Management has significantly contributed to the Company's growth. He was the Managing Committee Member of The Handloom Export Promotion Council, MADRAS, The Cotton Textiles Export Promotion Council, Mumbai, The Federation of Indian Export Organisations, Western Region, Mumbai and The Synthetic Textiles Export Promotion Council, Mumbai. He led the 5 member sales cum study team sponsored by The Handloom Export Promotion Council, Madras to African Countries.