



HARIA EXPORTS LIMITED

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39th ANNUAL REPORT 2008 - 09

HARIA EXPORTS LIMITED**THIRTY NINTH ANNUAL REPORT 2008-09****BOARD OF DIRECTORS**

Mr.Kantilal L. Haria
 Mr.Manish K. Haira
 Mr.Kanitlal L. Maru
 Mr.Lalit J. Kothari
 Mr. O.S. Agarwal

Chairman & Managing Director
 Director
 Director
 Director
 Director

AUDITORS

M/s Sunderji Gosar & Co.
 Chartered Accountants

BANKERS

Punjab National Bank & Others

REGISTERED OFFICE

8, Subhash Road,
 Vile Parle (East),
 Mumbai – 400 057.

Tel. : 91-22-40973000
 Fax : 91-22-40973030
 email : accounts@hariagroup.com

INVESTOR SERVICE CELL

1) Registered Office

2) Registrar & Transfer Agent
 M/s Link Intime India Pvt. Ltd.,
 C-13, Pannalal Silk Mills Compound,
 L.B.S.Marg, Bhandup,
 Mumbai 400 078.
 Tel : 25963838 Fax : 25946969
 Email : isrl@vsnl.com

PLANTS

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

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

2) Kandla :
 Unit No.50
 Kandla Special Economic Zone,
 Gandhidham,
 Kutch 370 230.

3) Bhiwandi :
 Prerna Complex, A-5, Gala No.5-8
 AnjurPhata, Dapoda Road,
 Bhiwandi, Dist.Thane-421302

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HARIA EXPORTS LIMITED**THIRTY NINTH ANNUAL REPORT 2008-09****NOTICE**

NOTICE is hereby given that **Thirty Ninth** Annual General Meeting of the members of **HARIA EXPORTS LIMITED** will be held on, **13th August, 2009** at 9.00 a.m. at Gomantak Seva Sangh, Utkarsh Mandal Chowk, Malvia Marg, Vile Parle (E), Mumbai – 57. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2009 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. Manish K Haria who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. O S Agarwal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and authorise the board to fix their remuneration.

SPECIAL BUSINESS:

1. **To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution:-**

RESOLVED THAT subject to the provisions of Section 81(1) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or reenactment thereof) and in accordance with the provisions of the Memorandum and Articles 8 of the Articles of Association of the Company and applicable regulations and guidelines of the Securities and Exchange Board of India ("SEBI"), and subject to such approvals, consents, permissions and sanctions as may be necessary from SEBI, the Stock Exchanges, the Reserve Bank of India and all other appropriate statutory, governmental and other authorities and departments (hereinafter referred to as "the Authority") in this regard and subject to such conditions and modifications as may be prescribed by the Authority while granting such approvals, sanctions, consents and permissions, the Board of Directors of the Company (hereinafter called, "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this Resolution), be and are hereby authorized to issue to individuals, companies, banks, financial institutions, employees, QIB's, NRI's, FII's and other persons, whether resident in India or otherwise and whether they are members or promoters of the Company, as may be decided by the Board of Directors in consultation with its Merchant Bankers such that the aggregate numbers of Equity Shares shall not exceed **86,10,000 (Eighty Six Lacs Ten Thousand)** Equity Shares of Rs. 10 each for cash at par on rights basis to the existing Equity shareholders of the Company in the ratio of 3 : 2 held as on record date aggregating to **Rs. 8,61,00,000 (Rupees Eight Crores Sixty one Lacs Only).**

RESOLVED FURTHER THAT fractions entitlement(s), if any, will be rounded off to the next higher integer. The additional entitlement shall be made available out of the entitlement of one of the promoters. The adjustment will be made in the composite application form so as to ensure that the allotment is made within the issue size.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by any authority while according consent or sanction to the proposed right issue of the said Equity shares and take such consequential action thereon, including the authority to revise the quantum of Equity Shares

RESOLVED FURTHER THAT the board of directors of the company be and is hereby authorised to disposed off the unsubscribed portion, if any, out of the rights issue to any person(s) including promoter group at such time and such manner by the board of directors in their absolute discretion as they may deem fit and proper

RESOLVED FURTHER THAT the new Equity Shares arising out of this issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company save and except that the said new Equity Shares shall be entitled to such dividend as may be declared at any time during the financial year 2009 – 10 after allotment thereof on the amount paid up thereon on prorata basis.

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RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the Equity Shares and the utilisation of the issue proceeds as it may deem fit and to give such directions and / or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, appoint lead managers, banks or other authorities or agencies concerned or as the Board may *suo moto* decide in its absolute discretion in the best interests of the Company without being required to seek any further consent or approval of the Members and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and to do all such acts, deeds, matters to do things whatsoever, including settle any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorized herein, and that all or any of the powers conferred on the Board vide this resolution may exercised by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate to a Committee of Directors or any Director all or any of its powers or authorities or discretion vested in it in terms of this resolution as permitted in Law.

By Order of the Board

(KANTILAL L. HARIA)
Chairman & Managing Director

Date : 30th June, 2009

Place: Mumbai

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 ADMINISTRATIVE OFFICE.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 2009 to 13th August, 2009 (both days inclusive).
3. Members who hold shares in dematerialized form are requested to bring their ID and DPID numbers for easy identification of attendance at the Meeting.
4. 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.
5. Members are requested to intimate to the Company's Registrar and Transfer Agents.

M/s. Link Intime India Pvt. Ltd. C – 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078 for changes if any, in their registered address at an early date and quote their Folio Numbers / Client ID / DPID in all their correspondence.

By Order of the Board

(KANTILAL L. HARIA)
Chairman & Managing Director

Date : 30th June, 2009

Place: Mumbai



EXPLANATORY STATEMENT pursuant to Section 173(2) of the Companies Act ,1956

Item No. 1:

- a. **Object of the issue of Rights shares:** The Company proposes to make investments in the new line of activities viz Note Book manufacturing and balancing equipment in the Hosiery manufacturing facilities . This will involve an estimated capital outlay of upto Rs.2.60 Crores. Further Company intends to repay the bridge loan and unsecured loan to further strengthen the Company's financial position, as also to meet the working capital requirements of the Company, It is proposed to issue equity shares, on a record date to be fixed by the Board of Directors in consultation with the Merchant Bankers, to the holders of the existing equity shares of Rs. 10 each for cash at par as referred to in the resolution set out at item No. 1 of the accompanying Notice.
- b. These programs which are expected to greatly strengthen the financial base of the Company and are economically justifiable would require financing from sources other than the Company's own accruals which have already been committed to finance the Company's existing expansion programs.
- c. The Directors have, therefore, decided to recommend the issue of rights shares, the proceeds of which will be applied largely to financing the programs as aforesaid. The Directors also believe that the proposed rights issue will strengthen the equity base of the Company for its growing activities.
- d. The Directors have, therefore, proposed to offer further equity shares to the holders of the existing equity shares. The proceeds of this rights issue are expected to amount to Rs.861 Lacs
- e. The Directors have further proposed that whole amount of the issue price of Rs.10/- shall be payable at the time of the acceptance of the offer.
- f. The rights issue will be offered to the holders of the existing equity shares whose names appear on the Register of the Company, on such date as the Directors may hereafter fix, in proportion of three further equity share for every Two existing equity shares of Rs. 10 each with the right to renounce the further equity shares, in whole or in part, in favour of any other person, the same may be or may be not a Member of the company. The Shareholders who accept the offer in full will also be given the right to apply for additional shares.
- g. The said 86,10,000 Equity Shares shall rank *pari passu* in all respects (including voting rights) with the existing equity shares except that the said new Equity Shares shall be entitled to such dividend as may be declared at any time during the financial year 2009-10 after allotment thereof on the amount paid up thereon on pro-rata basis.
- h. **Right of Renunciation:**
 - I. The shareholders will have the right to renounce the Equity Shares in favour of their nominee(s) subject to the authority of the Board to reject any such nominee(s) at their discretion. Such renouncee may also apply for additional Equity Shares.
 - II. The Offer shall be made with an option to the Shareholders to apply for additional Equity Shares provided that a shareholder who has renounced his right in whole or in part shall not be entitled to apply for additional shares. However, the Board of Directors will have the sole discretion to accept or reject any such application for the allotment of additional shares.
- i.
 - I. The unsubscribed portion, if any, out of the rights issue will be disposed off to any person(s) at such time and such manner by the Board of Directors in their absolute discretion as they may deem fit and proper.
 - II. Promoter Group mainly through Vilco Pharma Private Limited (a promoter group company controlled, owned and managed by the promoters as per the definition of Securities and Exchange Board of India Disclosure & Investor Protection Guideline 2000) have committed to subscribe the unsubscribed portion of the issue if any by converting their unsecured loan.



- j The shareholders are requested to authorize the Board of Directors to deal with any matter that may arise in connection with the issue of the said Equity Shares.
- k The Memorandum and Articles of Association of the Company are available for inspection of any Member of the Company at the Registered Office of the Company between the hours of 11 AM and 5.30 PM on any working day (*i.e.*, excluding Saturdays, Sundays, Public Holidays or any other day on which the office of the Company remains closed).
- l The Directors of the Company who are also the Shareholders of the Company are concerned or interested in the Resolution to the extent to which they will have the right to subscribe to the further Equity Shares in proportion to their shareholding on such date as the Directors may fix.
- m Your Directors commends the Resolution at Item No. 2 of the Notice for approval by the Members as Special Resolution.

By Order of the Board

(KANTILAL L. HARIA)
Chairman & Managing Director

Date : 30th June, 2009

Place: Mumbai

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HARIA EXPORTS LIMITED**THIRTY NINTH ANNUAL REPORT 2008-09****DIRECTORS' REPORT**

**TO,
THE MEMBERS,
M/S. HARIA EXPORTS LIMITED,
MUMBAI.**

Your Directors have pleasure in presenting their 39th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

The Financial Results of the Company for the year ended 31st March, 2009 are summarized as under:

**Year Ended
(Rupees in Lacs)**

Particulars	31st March, 2009	31st March, 2008
Sales and other Income	247.07	390.25
Increase/(Decrease) in stock Less:	80.91	(17.90)
Expenditure	<u>254.48</u>	<u>295.62</u>
Profit Before Depreciation	73.49	76.73
Less: Depreciation	<u>68.58</u>	<u>75.38</u>
Profit Before Tax	4.91	1.35
Less: Provision for Tax	0.51	0.14
Profit After Tax	4.40	1.21
Less: Prior period Expenses	0.75	0.28
Add: Deferred Tax	<u>3.13</u>	<u>(15.30)</u>
Net Profit	6.78	(14.37)
Add: Balance Brought Forward	<u>200.09</u>	<u>214.89</u>
Balance Available for Appropriation	<u>206.87</u>	<u>200.09</u>
Less: Proposed Dividend for the year	NIL	NIL
Less: Transfer to General Reserve	NIL	NIL
Balance Transferred to Balance Sheet	206.87	200.09

1. DIVIDEND :

The Directors do not recommend any Dividend for the year 2008-2009.

2. FURTHER ISSUE OF SHARES :

In order to fund the expansion programme of the Company, if required the Company proposes to issue Convertible Warrants to Company's Promoters or Person Acting in Concerts subject to compliance of SEBI DIP Guidelines and the standard Listing requirement of the Stock Exchanges where the Company's script is listed.

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

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 affects the quality, productivity and cost effectiveness. The textile and clothing are closely related with textiles providing major input to the clothing industry. International trade were regulated by the Agreement on Textiles and Clothing (ATC) at the multilateral level with various bilateral and regional



trade agreements. The ATC called for phasing out of quota restrictions by putting precondition to the formation of World trade Organization (WTO). The textile and clothing sector has become subject to the World Trade Organization (WTO), after removal of quotas from 1st January 2005. China has been reimposed with restrictions both from E.U. and the U.S.A. which helps India to further increase its presence in the global apparel industry. The Indian textile industry plays a vital role in the Indian economy by contributing to GDP, generating employment and earning foreign exchange. An estimated 38 million people are directly employed in the textile industry in India and contributes to 4% of GDP and 20% of total export earnings. India currently exports more than one hundred garment product categories and out of this, cotton apparel exports dominate, contributing nearly 76% by value and synthetic constitutes 12%. Indian textile exports is expected to grow from the current levels to US\$ 50 billion by 2010, consequent to quota removal, apparel being US\$25 billion.

3.2. Manufacturing of Note Books:

The company has entered into new line of activity viz manufacturing of note books keeping in view the market as the product is highly used in the Consumer market and the company can avail the maximum benefits from this product. The company had commenced its production of note books in December, 2008 and also marketed the same during the said period. The sales had considerably reached to an higher extent in a very short period. Your company expects that the turnover of this product will still rise in the near future.

3.3. Opportunities & Threats:

After dismantling of quotas, India seems to benefit due to raw material, design skills and skilled labour advantages. India is the world's third largest producer of cotton, second largest producer of cotton yarn, third largest exporter of cotton fabric and fourth largest exporter of synthetic fabric. With the establishment of training institutions like National Institute of Fashion Technology (NIFT), many high quality designers, who are able to create modern designs and interact with the buyers, are emerging. This is a distinctive advantage that Indian companies have, and not yet exploited. India already enjoys a significant competitive advantage in terms of labour cost per hour over developed countries like USA, EU, Hong Kong, Taiwan Singapore etc. India is rich in traditional workers adept at value adding tasks such as embroidery, minor work, beading and at marketing complex garments. Apart from these, USA and EU imposed quotas on China recently, which would benefit India in consolidating its market share and good political relations with these two countries would further help. In spite of above advantages that India has, there would be pricing pressures in view of dismantling of quotas as new small and medium manufacturers would crop in not only within India but also from other countries where similar quotas were imposed earlier. Also India has geographical disadvantage which take little longer time to reach its products to the key markets. It seems the price has been, more or less, stabilized and the buyers are looking for quality manufactures, even if it cost little more.

3.4. Risks and Concerns:

The risk factor is that with the opening up of international markets, after removal of quota system, there may be pricing pressure on products due to various suppliers who will start competing for the same orders in the international markets.

Apart from the above the Industry is exposed to foreign currency risk. The Government of India has instituted several policies to promote the growth and these include interest rate subsidies, duty/tax reimbursement schemes etc. Withdrawal/ termination of any of these policies / schemes may adversely impact the profitability of the Company. Also wage costs in India have been significantly lower than the wage costs in the developed countries for skilled professionals in the textile industry, which has been our competitive strength. Wage increase in India may prevent industry from sustaining this competitive advantage and may negatively affect our profit margins.

3.5. Internal Control System and their adequacy :

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions. The minutes of Audit Committee would be reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

The Audit Committee periodically reviews audit plans, observations and recommendations of external auditors with reference to significant risk areas and adequacy of internal controls.

HARIA EXPORTS LIMITED**THIRTY NINTH ANNUAL REPORT 2008-09****3.6. Financial Analysis :****BALANCE SHEET**

(RUPEES IN LACS)

	31/03/2009	31/03/2008
1. Share Capital	574	574
2. Reserve & Surplus	1304	1297
3. Loans (Secured)	27	—
4. Unsecured Loans	1299	1062
5. Provision for Taxation	0.51	0.14
6. Net Fixed Assets	523	547
7. Net Current Assets	2680	2385

3.7. Human Resources:

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset are corner stones for the success of any organization. As in the past, the industrial relations continued to remain cordial at all factories / units of the Company.

4. DEPOSITS :

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits Rule) 1975 during the year under review.

5. DIRECTORS :

In accordance with the Articles of Association, Mr. Manish K. Haria and Mr. O.S. Agarwal. retire by rotation and being eligible, offer themselves for reappointment.

6. 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 31st March, 2009, 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 20 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, 2009 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, 2009 have been prepared on a going concern basis.

7. 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 2008 - 2009. The Certificate of M/s. Sunderji Gosar & Co. the Statutory Auditors of the Company regarding Compliance of the Corporate Governance Code is annexed here with. 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.



8. 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"

9. 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.

10. 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 reappointment. The Members are requested to reappoint the Auditors and to fix their remuneration.

Explanation u/s. 213(2) of the Companies Act, 1956 :

As regards Auditors remark in note no."Q" of notes to Account is self explanatory needs no further explanation.

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, Government of Gujarat, 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

(KANTILAL L. HARIA)
Chairman & Managing Director

Date : 30th June, 2009
Place : Mumbai