HARIA EXPORTS LIMITED

FORTIETH ANNUAL REPORT
2009 - 2010

BOARD OF DIRECTORS	Mr. Kantilal L. Haria	Chairman & Managing Director
	Mr. Manish K. Haira	Joint Managing Director
	Mr. Kanitlal L. Maru	Director
	Mr. Lalit J. Kothari	Director
	Mr. O.S. Agarwal	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) 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	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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NOTICE

NOTICE is hereby given that **Fortieth** Annual General Meeting of the members of **HARIA EXPORTS LIMITED** will be held on **Tuesday**,**7th September 2010, at** 9.30 a.m at Gomantak Seva Sangh, Utkarsh Mandal Chowk Malvia Marg, Vile Parle (East), Mumbai-400 057 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2010 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. Kantilal Maru who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Lalit Kothari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and authorise the board to fix their remuneration.

By Order of the Board

(KANTILAL L. HARIA)
Chairman & Managing Director

Date: 31st May, 2010
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 REGEISTERED OFFICE.
2. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 1st September 2010** to **Tuesday, 7th September 2010** (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: 31st May, 2010
Place: Mumbai

DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 40th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS :

The Financial Results of the Company for the year ended 31st March, 2010 are summarized as under:

	Year Ended (Rupees in Lacs)	
Particulars	**31st March, 2010**	31st March, 2009
Sales and other Income	**696.61**	247.07
Increase/(Decrease) in stock	**(48.80)**	80.91
Less: Expenditure	**570.73**	254.48
Profit Before Depreciation	**77.08**	73.49
Less: Depreciation	**64.78**	68.58
Profit Before Tax	**12.31**	4. 91
Less: Provision for Tax	**1.90**	0.51
Profit After Tax	**10.41**	4. 40
Less: Prior period Expenses	**1.72**	0.75
	8.69	3.65
Add: Deferred Tax	**(23.74)**	3.13
Net Profit	**(15.05)**	6.78
Add: Balance Brought Forward	**206.87**	200.09
Balance Available for Appropriation	**191.82**	206.87
Less: Proposed Dividend for the year	**NIL**	NIL
Less: Transfer to General Reserve	**NIL**	NIL
Balance Transferred to Balance Sheet	**191.82**	206.87

1. DIVIDEND :

The Directors do not recommend any Dividend for the year 2009 – 2010.

2. MANAGEMENT ANALYSIS :

2.1 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 trades 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 pre-condition 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 re-imposed 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.

2.2 Manufacturing of Note -Books :

The company has set up plant for 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.

2.3. 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 which has not yet been exploited. India already enjoys a significant competitive advantage in terms of labour cost per hour over developed countries like USA, EU, and Hong Kong, Taiwan Singapore etc. India is rich in traditional workers adept at value adding tasks such as embroidery, minor work, and 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 takes 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 costs little more.

2.4 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 my prevent industry from sustaining this competitive advantage and may negatively affect our profit margins.

2.5 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.

2.6 Financial Analysis :

BALANCE SHEET

(RUPEES IN LACS)

	31/03/2010	31/03/2009
1. Share Capital	574	574
2. Reserve & Surplus	1289	1304
3. Loans (Secured)	19.27	26.73
4. Unsecured Loans	1464	1299
5. Provision for Taxation	1.90	0.50
6. Net Fixed Assets	542	523
7. Net Current Assets	2803	2680

2.7. 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.

3) 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.

4) Directors:

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

5) 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, 2010; 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 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 31st March, 2010 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, 2010 have been prepared on a going concern basis.

6) 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 2009 - 2010. 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.

7) 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"

8) 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.

9) 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 authorise the board to fix their remuneration.

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

As regards Auditor's remark in note no."P" of notes to Account it is self explanatory and 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: 31st May, 2010
Place: Mumbai

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 2009 - 10	Previous Year 2008 - 09
1. Electricity		
a) Purchased		
Units (000 KWH)	27940	12845
Total Amount (Rs.)	121940	62172
Rate per Unit (Rs.)	4.36	4.84

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	Current Year 2009 - 10	Previous Year 2008 - 09
1. Garments Pieces		
a) (i) Production (Pieces)	398615	58650
(ii) Note book (dozen)	184571	26771
b) Power (Units KWH)	27940	12845
c) Consumption per unit (KWH)	0.05	0.15

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.

FOREIGN EXCHANGE EARNIGS & OUTGO:

The particulars of foreign exchange earned & utilised during the year are stated in Note to Accounts forming part of the Balance Sheet.

On Behalf of the Board of Directors.

Date: 31st May, 2010
Place: Mumbai.

(KANTILAL L. HARIA)
Chairman & Managing Director

ANNEXURE ' B '

A REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company is committed to achieving high standard of Corporate Governance recognising the fact that management is accountable to all stakeholders for good governance. Some of the essential elements of good governance are fairness, ethics, transparency accountability and responsibility. Consistent with this commitment yours company's practices and policies continue to meet the above attributes in all spheres of production operations and services. World over corporate governance structures are dynamic evolve over a period of time and keep changing in the light of new developments. Ours too is an ever-evolving process. We will make every effort in raising standard of corporate governance and will constantly review systems and procedures in order to keep pace with the changing economic environment.

2) BOARD OF DIRECTORS:

The Board of Directors of Haria Exports Ltd. formulates the strategy, reviews the performance, keeps 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 31/03/2010 are given below:

Name of the Directors	Category	Number of Directorship in Public Limited Companies.	Number of Chairmanship /Membership in Board Committees
Mr. Kantilal L. Haria, Chairman & Managing Director	Promoter & Executive Director.	1	1
Mr. Manish K. Haria, Joint Managing Director	Promoter & Executive Director.	1	1
Mr.Kantilal L. Maru	Non – Executive & Independent Director	1	1
Mr. Lalit J. Kothari	Non – Executive & Independent Director	1	1
Mr. O. S. Agarwal	Non – Executive & Independent Director	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 5 (Five) Directors, Chairman and Managing Director, 1 Executive Director and 3 Non – Executive Directors who are also Independent Directors.

The Profile of Members of the Board of Directors 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 engaged in 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 five member sales-cum-study team sponsored by The Handloom Export Promotion Council, Madras to African Countries.

(B) Mr. Manish K. Haria

Shri. Manish K. Haria, Director, is a Commerce Graduate from Bombay University. He is the key person in the company to look after factory operations and marketing related matters, Shri. Manish K. Haria is a dynamic young man with good execution capacity. He has widely traveled outside India for the purpose of Export Business of the Company and has developed good contacts with Foreign Buyers. At young age, Shri. Manish K. Haria has been handling the entire activities of Haria Group i.e. Marketing, Overseas Tours for Export promotion, controlling the Staff/Workers., etc. Mr. Manish K. Haria is Executive Committee member in the Handloom Export Council, setup by Government of India.

(C) Mr. Kantilal L. Maru

Mr. Kantilal L. Maru is the Senior Most Executive handling shipping Department of the Company for a long period. The Company 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. He is a member of the Audit Committee of the Board.

(D) Mr. Lalit J. Kothari :

Mr. Lalit J. Kothari is a Senior most General Manager since 1974 with Haria Group of Companies and also Incharge of Factory at Vapi looking after Production, HRD, Finance & Liaison with Government Authorities and also visited to Nepal, European Countries for Development of Group Business. In view of the valuable contribution received by the Company from the experience of Mr. Lalit J. Kothari, it will be in the interest of the Company to continue / appoint him as a Director of the Company. He is a member of the Audit Committee of the Board.

(E) Mr. O. S. Agarwal :

Mr. O. S. Agarwal is a Senior Practicing Chartered Accountant and he heads the Audit Committee. He gives valuable advice and suggestion in Accounts and taxation matters of the Company. In view of the valuable contribution received by the Company from the experience of Mr.O. S. Agarwal, it will be in the interest of the Company to continue as a Director of the Company.

Details of Attendance of the Directors at the Board Meetings held during the year 2009 -2010 and at the Last Annual General Meeting are given below:

Name of the Directors	Number of Board Meeting held while holding the Office	Number of Board Meeting attended while holding the Office	Attendance at Last AGM
Mr. Kantilal L. Haria	7	7	YES
Mr. Manish K. Haria	7	7	YES
Mr.Kantilal L. Maru	7	4	YES
Mr. Lalit J. Kothari	7	4	YES
Mr. O. S. Agarwal	7	4	YES

The Company follows financial year April to March. The Meeting of the Board of Directors of the Company were held on the following dates during the year 2009 – 2010.