



**HARIA APPARELS LIMITED**

**3rd ANNUAL REPORT  
2013 - 2014**

**BOARD OF DIRECTORS**

Mr. Kantilal L. Haria  
 Mr. Manish K. Haria  
 Mr. Mohit Sudala  
 Mr. Nitin V. Oza

Chairman & Managing Director  
 Joint Managing Director  
 Director  
 Director

**AUDITORS**

M/s. Kanak Rathod & Co.

Chartered Accountants

**BANKERS**

HDFC Bank

**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**

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.

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## NOTICE

Notice is hereby given that the third Annual General Meeting of the Members of **HARIA APPARELS LIMITED** will be held on Monday, 29<sup>th</sup> September, 2014 at 10.00 a.m. at its Registered Office at 8, Subhash Road, 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 31<sup>st</sup> March 2014 and the Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and Auditor's there on.
2. To appoint a Director in place of Mr. Kantilal Haria (DIN: 00585400) Director of the Company, who retire by rotation, being eligible, offer himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit & Auditors) Rules, 2014, M/s. Kanak Rathod & Co, Chartered Accountants, (FRN: 104700W), retiring auditors of the Company be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Eighth (8<sup>th</sup>) Annual General Meeting of the Company, subject to ratification of the appointment by the Members of the Company at every Annual General Meeting, on such remuneration as may be agreed upon between the Board of Directors and the Statutory Auditors in addition to the reimbursement of service tax and actual out of pocket expenses incurred in relation with the audit of accounts of the Company.”

### **Special Business:**

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT,** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee of the Board, and subject to the approval of the members, consent of the Board be and is hereby accorded to the appointment of Mr. Pritul Sanghavi (DIN: 02661109) as a Whole-time Director designated as the Chief Executive Officer of the Company, for a period of 3 (Three) years with effect from 1<sup>st</sup> April, 2014, whose tenure of office shall not be liable to retirement of Directors by rotation on the terms and conditions including remuneration as per below details, with liberty to the Board of Directors on the recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

#### **A. Salary:**

Rs. 1,00,000/- per month with annual increment at such rate as may be approved by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee based on merit and taking into account the performance of the Company.

**B. Bonus:**

As may be decided by the Board of Directors.

**C. Perquisites & Allowance:**

- (i) In addition to the salary, Mr. Pritul Sanghavi will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; telephone expenses at residence, club fees and personal accident insurance ,accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs or such other perquisites and/ or cash compensation in accordance with the rules applicable to other senior executives of the Company. For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.
- (ii) Company's contribution to provident fund, superannuation fund and annuity fund to the extent these are, either singly or put together, not taxable under the Income tax act; gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included for the purpose of computation of the overall ceiling of remuneration.
- (iii) Car used on the Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

Any increment in salary and perquisite & allowance, as may be determined by the Board shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**D. Reimbursement of Expenses:**

Reimbursement of actual entertainment expenses, expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and, fuel expenses, insurance premium or other out of pocket expenses incurred in course of the official duties shall be reimbursed at actual and not considered as perquisites.

**E. NATURE OF DUTIES:**

- (i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

**F. TERMINATION:**

The office of Mr. Pritul Sanghavi will be terminated forthwith by notice in writing on the vacation of office of Director by virtue of the provisions of Sections 167,169 and other applicable provisions of the Companies Act, 2013 or by giving 6 months notice in writing by either party."



“**RESOLVED FURTHER THAT**, in the event of loss or inadequacy of profits in any financial year, the Company shall pay to Mr. Pritul Sanghavi the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Pritul Sanghavi.”

“**RESOLVED FURTHER THAT**, the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) Mr. Mohith Suddala (DIN: 05266111), Director of the Company whose office was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5 (Five) consecutive years.”

“**RESOLVED FURTHER THAT**, the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) Mr. Nitin Vasudev Oza (DIN: 02777627), Director of the Company whose office was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5 (Five) consecutive years.”

“**RESOLVED FURTHER THAT**, the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money on such security and on such terms conditions as the Board may deem fit, in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary



loans obtained/ to be obtained from the Companies Bankers in the ordinary course of business, shall not be in excess of Rs. 100 Crore ( Rupees One Hundred Crore) over and above the aggregate of the paid up share capital and free reserves of the Company that is to say the reserves not set apart for any specific purpose.”

“**RESOLVED FURTHER THAT**, for the purpose of giving effect to this resolution , any Director or two or more of them together be and is/are hereby authorized to finalize ,settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary ,proper or desirable and to settle any question , difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act,2013, and rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge, in addition to the mortgage / charges created / to be created by the Company, in such form and manner and with such ranking as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement (s), Debenture Trust Deed(s) or any other document entered into / to be entered into and at such time and on such terms as the Board may determine ,all or any of the movable and / or immovable properties of the Company ,both present and future and / or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favor of the Lender (s) / Agents (s) and Trustee / Trustee (s), for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and Securities (comprising Fully / Partly Convertible Debenture and / or Non-Convertible Debentures with or without detachable or non-detachable Warrants and / or Secured Premium Notes and / or Floating Rates Notes / Bonds or other debt instruments ), issued / to be issued by the Company , from time to time ,subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest , Compound interest in case of default, accumulated interest, liquidated damages, commitment charges, remuneration of the Agent(s) / Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase between the Company and the Lender(s) / Agent(s) and Trustee / Trustee(s) ,in respect of the said loans / borrowings / debentures and containing such specific terms and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors thereof and the Lender(s) / Agent(s) / Trustee(s).”

“**RESOLVED FURTHER THAT**, for the purpose of giving effect to this resolution ,any Director or two or more of them together be and is/are hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary ,proper or desirable and to settle any question , difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.”

**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 14/08/2014**

**Kantilal Haria**  
**Chairman**



**NOTES:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy must be duly filled in all respect and should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such a representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer books of the Company will remain closed from Friday, 26<sup>th</sup> September, 2014 to Monday, 29<sup>th</sup> September, 2014 (both days inclusive).
5. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to notify any change in their address/ mandate/bank details immediately to the share transfer Agent of the Company- M/s Link Intime India Private Limited.
8. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours of all days except Friday and Public Holidays between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.
9. Poll will also be conducted at the Annual General Meeting and members who has not cast his/her vote through e-voting facility may attend the Annual General Meeting and cast his/her vote.

**10. VOTING THROUGH ELECTRONIC MEANS**

- In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 3<sup>rd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):
- The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members/ depositories as at closing hours of business, on 15<sup>th</sup> August, 2014.
- The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
- The Company has appointed Mr. Milind Nirkhe, practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make his report of the votes cast in favor or against and shall submit to the Chairman of the Meeting.
- The results of Annual General Meeting shall be declared within the prescribed time limits. The result of the e-voting will also be placed at the website of the Company viz. [www.hariagroup.com](http://www.hariagroup.com) and also on [www.cdslindia.com](http://www.cdslindia.com).



### Instructions of Voting through electronic mode

- The voting period begins on 22<sup>nd</sup> September, 2014 at 9.00 a.m. and ends on 24<sup>th</sup> September, 2014 at 5.00.p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 15<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

#### A. In case of members receiving e-mail:

- To initiate the voting process, log on to the e-voting website **www.evotingindia.com** during the voting period.
- Click on “Shareholders” tab
- Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</p> <p>* In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</p>

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also





used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (xi) Click on the EVSN on which you choose to vote.
  - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
  - (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xiv) above to cast vote.
- (B) The voting period begins on 22<sup>nd</sup> September, 2014 at 9.00 a.m. and ends on 24<sup>th</sup> September, 2014 at 5.00.p.m During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 15<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**For and on behalf of the Board of Directors**

**Place : Mumbai  
Date : 14/08/2014**

**Kantilal Haria  
Chairman**


**Details of Directors seeking Appointment/ Re-appointment at the Annual General Meeting**

<b>Mr. Kantilal Haria</b>	
Date of Birth	19.11.1940
Date of Appointment	01.02.2011
Expertise in specific functional area	Experience of half a decade in Exports Business
Educational Qualification	FIBM (Fellowship of Institute of British Management)
Directorship held in other Indian Public Limited Companies	Haria Exports Limited
No. of shares held in the Company	7,84,873
Disclosure of Relationship	Mr. Kantilal Haria is related with Mr. Manish Haria being the father of the later.
<b>Mr. Pritul Sanghavi</b>	
Date of Birth	27.10.1970
Date of Appointment	01.04.2014
Expertise in specific functional area	Experience of more than twenty years in the field of Marketing
Educational Qualification	B.Com
Directorship held in other Indian Public Limited Companies	Nil
No. of shares held in the Company	Nil
Disclosure of Relationship	Nil
<b>Mr. Mohith Suddala</b>	
Date of Birth	08.05.1984
Date of Appointment	23.04.2012
Expertise in specific functional area	Experience of more than 5 years in the field of Finance
Educational Qualification	B.Com
Directorship held in other Indian Public Limited Companies	Nil
No. of shares held in the Company	Nil
Disclosure of Relationship	Nil
<b>Mr. Nitin Vasudev Oza</b>	
Date of Birth	12.07.1969
Date of Appointment	23.04.2012
Expertise in specific functional area	Marketing
Educational Qualification	B.Com
Directorship held in other Indian Public Limited Companies	Haria Exports Limited
No. of shares held in the Company	Nil
Disclosure of Relationship	Nil

**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 14/08/2014**

**Kantilal Haria**  
**Chairman**



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item No. 4:**

The Board of Directors of the Company, at its meeting held on 14<sup>th</sup> August, 2014 has, appointed Mr. Pritul Sanghavi as Whole-time Director designated as the Chief Executive Officer, for a period of 3 (three) years commencing from 1<sup>st</sup> April, 2014 whose tenure of office will not be liable to retirement of Directors by rotation subject to the approval of members at the ensuing Annual General Meeting, on such remuneration as recommended by the Nomination and Remuneration Committee of the Board & approved by the Board.

It is proposed to seek the member's approval for the re-appointment of and remuneration payable to Mr. Pritul Sanghavi as Whole-time Director designated as the Chief Executive Officer in terms of the applicable provisions of the Companies Act, 2013.

Mr. Pritul Sanghavi satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The Resolution No. 4 may be treated as a written memorandum setting out the terms of re-appointment of Mr. Pritul Sanghavi under Section 190 of the Companies Act 2013.

Brief resume of Mr. Pritul Sanghavi, nature of his expertise in specific functional areas, names of Companies in which he holds directorships are provided in the notice convening this meeting.

Mr. Pritul Sanghavi, may be deemed to be interested in the proposed Ordinary Resolution to the extent of the remuneration to be drawn by him but not otherwise.

Save and except the above, none of the other Directors of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed Ordinary Resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for the approval of shareholders.

**Item No. 5 & 6:**

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Securities and Exchange Board of India (SEBI) has also amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

In view of the same & based on the recommendation of the Nomination & Remuneration Committee, it is proposed to appoint Mr. Mohith Suddala & Mr. Nitin Oza as the Independent Directors under Section 149 of the Act to hold office for 5 (five) consecutive years for a term up to the conclusion of the 8<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

Mr. Mohith Suddala & Mr. Nitin Oza are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members' along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Mohith Suddala & Mr. Nitin Oza for the office of Directors of the Company.



The Company has also received declarations from Mr. Mohith Suddala & Mr. Nitin Oza that they meet with the criteria of independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Nomination & Remuneration Committee & the Board, Mr. Mohith Suddala & Mr. Nitin Oza fulfill the conditions for appointment as an Independent Directors as specified under the Companies Act, 2013.

Brief resume of Mr. Mohith Suddala & Mr. Nitin Oza, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships, are provided in the in the notice convening this meeting.

Mr. Mohith Suddala & Mr. Nitin Oza are interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice with regard to their respective appointments.

The relatives of Mr. Mohith Suddala and Mr. Nitin Oza may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 & 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed Ordinary Resolutions.

The Board recommends the Ordinary Resolutions set out at Resolution Nos. 5 & 6 of the Notice for the approval of shareholders.

**Item No. 7 & 8:**

Under the provisions of Section 180 of the Companies Act, 2013, the powers in respect of the Borrowings & creation of charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/ bonds, to secure the repayment of moneys borrowed by the Company. Thus, the Board of Directors of the Company can borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. up to 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company and to create mortgages/ charges/ hypothecation.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolutions mentioned at Item Nos. 7 and 8 of the Notice.

The Board commends the Resolutions at Item Nos. 7 and 8 of the Notice for approval of the shareholders by a Special Resolution.

**For and on behalf of the Board of Directors**

**Place : Mumbai  
Date : 14/08/2014**

**Kantilal Haria  
Chairman**

**DIRECTORS' REPORT**

To,  
The Members,  
Haria Apparels Limited

Your Directors hereby present the third Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2014.

**FINANCIAL HIGH LIGHTS :**

	<b>FORFY. 2013-14</b>	<b>FORFY. 2012-13</b>
Revenue from Operations	16,50,160	8,26,110
Other Income	1,59,80,385	1,83,67,017
<b>Total Income</b>	<b>1,76,30,545</b>	<b>1,92,18,841</b>
Operating Expenses	95,66,732	92,21,799
<b>Profit / (Loss) before Depreciation, Interest and Tax</b>	<b>80,63,813</b>	<b>(99,97,042)</b>
Depreciation	1,58,13,223	1,68,12,098
Interest	-	-
<b>Profit / (Loss) before Taxes</b>	<b>(77,49,410)</b>	<b>(68,15,056)</b>
<b>Tax Expenses:</b>		
Current Tax	-	-
Short / (Excess) provision for tax of earlier year(s)	-	-
Deferred Tax	<b>(4,48,581)</b>	43,88,151
<b>Profit/(Loss) for the period</b>	<b>(73,00,829)</b>	<b>(1,12,03,207)</b>

**DIVIDEND:**

In view of the losses suffered by the Company during the year under review, the Board of Directors of your Company do not recommend any dividend for the year ended 31<sup>st</sup> March, 2014.

**DIRECTORS:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 & in pursuance of the Articles of Association of the Company, Mr. Kantilal Haria retire by rotation, being eligible offer himself for re-appointment.

As per section 149(4) of the Companies Act, 2013, which came into effect from April 1, 2014, every listed company is required to have at least one-third of the total number of directors as Independent Directors. Accordingly, resolution proposing appointment of Mr. Nitin Oza & Mr. Mohith Suddala form part of the Notice of the Annual General Meeting and the Company has received requisite notice in writing under Section 160 of the Companies Act, 2013 in respect of their candidature.

The Company has also received declarations from all the Independents Directors of the Company confirming that they meet with the criteria of Independents as prescribed both under sub-section(6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**BUSINESS RESULTS :**

Due to unfavorable market condition and non remunerative realization your directors have decided to differ the commencement of manufacturing until required changes are implemented in the facilities so as to make it capable of producing garments more acceptable to the market and the operations viable as well. The management had envisaged revival in readymade garment business. Hence had identified machinery suppliers and obtained competitive quotes. As management was struggling to arrange finance from the financial institutions and bank market condition worsen during the period under consideration. Hence management chose to keep in abeyance ordering of machinery. The management expects revival in market condition in subsequent year and is planning to restart the operation.

**STATUS OF BUSINESS OPERATION :**

The company's design-driven international business strategy has proved most challenging due to the economic situation in the EU, the UK and the US. It was further de-stabilised by the sharp forex fluctuation. The Rupee depreciation has been neutralised greatly, due to pressure from customers to lower USD prices, and by stubborn inflation. The company has met with some success in its business negotiations in its hitherto smaller markets, as well as entering some new markets, which show early promise. However the scale of committed business from buyers does not justify set up of the planned project. Rigorous efforts are underway to approach as many buyers as possible and being the Committed Business above critical mass.

**CURRENT MARKET SENARIOS & CHALLENGES :**

The export of clothing from India (all fibres) declined during the financial year 2013 to USD 12.7 bn from USD 13.4 bn in the previous year, a decline of 5.5% in USD terms. However, in Rupee terms, the total exports were Rs.69,000 crore vs. Rs.64,341 crore the previous year, an increase of approximately 7% due to INR depreciation.

With the economic problems faced by the Euro Zone continuing, the serious decline in demand is of concern. In a futile attempt to induce volume growth, the retail prices offered to end consumers in the EU for like-to-like products (albeit of lower quality) have been reduced considerably, despite the brands and retailers enjoying healthier margins.

The demand situation in the US, although somewhat better than in the EU, continues to be weak. Consumer behaviour, prices and margins mirrored that of the EU. The margins have been made possible by exploiting the situation in Bangladesh and other countries who also have the benefit of lower tariffs, besides Government subsidies, as well as the enviable co-operation between Government and industry in these countries.

Despite Bangladesh enjoying preferential tariffs of "zero" duty in the EU, wages paid to the workers have been abysmally low, i.e. the equivalent of ` 2,000/- per month, for much longer working hours than those permitted in law-abiding countries like India, with human rights violations, non-enforcement of already-weak labour laws; working conditions there are hazardous, resulting in several widely-reported industrial accidents, one of which resulted in as many casualties as the Bhopal disaster.

Will the uproar generated globally endure? Consumer polls in the US and some European countries show a significant number of consumers there are checking the "country of origin" labels on clothing and refusing to buy Bangladeshi origin. The situation vis-a-vis competition is that China has had to perforce divert production of clothing for export because of its demographics, rising labour costs propelling available labour away from labour-intensive industries like clothing to higher value added industries – besides, China is also making a conscious effort to increase consumer demand within China, resulting in some production being diverted for consumption within China. However, they have diversified significant portions of their export production base offshore, to countries like Bangladesh, Myanmar, Vietnam and Cambodia.

The design-driven international business, notwithstanding lower volumes, increase in fabric prices during the second half of the year and higher depreciation, has remained profitable. There was a 10% increase in prices of cotton fabrics



produced in India, in the second half. International fabric prices also, in Rupee terms, have been higher due to sharp depreciation of the Rupee. This has impacted profit margins of existing exporters, which have been exacerbated because of other factors as well.

The FTA with the EU which has been under discussion since 2007, has been in the final stages with just a few products continuing to be discussed, for nearly a year. There is also discussion on IPR, resulting from Indian Court judgements, which have adversely impacted the sentiment of large Pharma companies. Agreement has also to be reached in declaring India “Data Secure”. Should the FTA be signed before elections in Germany and India, it would enable India to increase their exports to the EU, despite the weak market, and also to regain some of the market share lost to Bangladesh in the past.

Industry has aspired long for Government and the industry to work as a team in complete unison to achieve maximum competitive advantage for the nation. The industry looks to the Government to take the lead role in :-

- (a) fast track negotiation of favourable Trade Agreements (especially concretising EU before elections in India/Germany);
- (b) helping eliminate the “export” of India’s taxes by virtue of an efficient mechanism to fully insulate and reimburse taxes of any type with a delivery system that eliminates delays;
- (c) minor tweaking of labour laws;
- (d) encouraging the export segment of the industry to diversify into the Indian market as well to enable them to build themselves into truly strong globally competitive players/brands;
- (e) encouraging building of “Brand India”, besides innovation and product development.

One also looks to the Government to review the Advance Licence /EODC system, which belong to a different era. In the past, several items of textiles were not permitted to be imported, and those that were, attracted rates of duty, which were much higher than they are today. Most of our competitor countries have a system where data is maintained of the value of fabric imported duty free and value of total clothing exports, with a separate reconciliation in value terms of exports (without claiming of Drawback) against duty free imports, which is submitted to the authorities periodically, and compulsorily squared up at the end of each financial year. The export obligation discharge certification is an extremely painful and time-consuming process, which requires an entire department working full time only on fulfilling this onerous/unproductive task. A simple method, as is followed in competitor countries, is the need of the hour.

The Government has, consequent to the changes in the budget, re-constituted a high-powered Committee for reviewing the rate of duty drawback. The industry awaits the decision of this Committee with great anticipation as a step forward in combating the “export” of India’s taxes. The above steps would result in helping achieve higher unit realisation in some cases, and reduction in cost in all cases. They would sharpen India’s competitiveness considerably and enable us to gain substantial market share in new markets, as also in recapturing lost market share in the EU and the US when their economies stabilise – the US is already showing signs of improvement.

Textile industry is can definitely address the most serious problem the country is facing, i.e. the Current Account Deficit, besides creating gender sensitive employment, in compliance with prevalent Laws of the Land.

**DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT:**

In accordance with the amended Listing Agreement with respective Stock Exchanges, it is hereby confirmed that the Company’s Shares are listed at the BSE Limited. The Company has paid the listing fees for the year 2013–2014.

**FIXED DEPOSITS:**

Your company has invited/accepted fresh deposits including unsecured loans falling within the purview of Section 58A of the Act read with the Companies (Acceptance of Deposits) Rules, 1975 during the financial year under review.



However, the said Unsecured Loan which were enjoyed by the Company are from exempted categories covered under Clause 2 (b) (iv) & 2 (b) (ix) of Companies (Acceptance Deposit Rules), 1975.

**AUDITORS:**

M/s. Kanak Rathod & Co., Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors, based on the recommendation of the Audit Committee at their meeting held on 30<sup>th</sup> May, 2014 recommended the appointment of M/s. Kanak Rathod & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of 6<sup>th</sup> Annual General Meeting of the Company subject to approval of the Shareholders each year and ratification at every annual general meeting to be held up to the financial year 2016-2017 on such remuneration as may be approved by the Audit Committee of the Board.

**AUDITOR'S REPORT:**

Comments made by the Statutory Auditors in the Auditors' Report are self- explanatory and do not require any further clarification.

**INTERNAL AUDITOR:**

As per the Companies Act, 2013 every Listed Company shall appoint an Internal Auditor or a firm of internal auditors within a period of six months from the date of commencement of Section 139 of the Companies Act, 2013 i.e. 01.04.2014.

Your Directors have pleasure to intimate you that, your Company has appointed M/s.O.S. Agarwal & Associates as an Internal Auditor of the Company for the Financial Year 2014-2015, on the basis of the recommendation of Audit Committee at the meeting of the Board of Directors held on 30<sup>th</sup> May, 2014 in compliance of the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2013.

**SECRETARIAL AUDIT REPORT:**

As per Companies Act, 2013 every listed company and every public company having a paid up share capital of Rs. fifty core or more; or every public company having a turnover of Rs. two hundred fifty crore or more is required to conduct Secretarial Audit by a Company Secretary in Practice.

Accordingly, the Board of Directors in its meeting held on 30<sup>th</sup> May, 2014 appointed Mr. Milind Nirkhe, Practicing Company Secretary, Proprietor of M/s. Milind Nirkhe & Associates, Practicing Company Secretaries to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report will confirm that the Company has complied with all the applicable provisions of the Companies Act, 2013 and rules made thereunder ,the Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, the Foreign Exchange Management Act, 1999 to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB), all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Register to an issue and share Transfer Agents) Regulations, 1993, Secretarial Standard issued by ICSI ,Listing Agreements with the Stock Exchanges and the Memorandum and Article Association of the Company, and other applicable laws/ rules/ regulations etc., if any, as mentioned in form No. MR-3 Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014.





**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 have been compiled by the Company in the financial year 2013-2014. The Certificate of M/s. Milind Nirkhe & Associates, Practicing Company Secretaries 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.

**PARTICULARS OF EMPLOYEES:**

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and the Companies (Particulars of Employees) Amendment Rules, 2011. Hence, no particulars are required to be disclosed in this Report.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:**

Particulars of conservation of energy, Technology Absorption and Foreign Exchange earnings and outgo pursuant to section 217(1) (e) of the Companies Act, 1956, read with the rules there under is given in the Annexure – A to this report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

1. That in the preparation of the accounts for the period ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along-with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the accounts for the period ended 31<sup>st</sup> March, 2014 on a 'going concern' basis.

**APPRECIATION:**

We thank our Clients, Investors, Dealers, Suppliers and Bankers for their continued support during the year. We place on record our appreciation for the contributions made by employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

**For and on behalf of the Board of Directors**

**Place : Mumbai  
Date : 30/05/2014**

**Kantilal Haria  
Chairman**



**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.

<b>POWER FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2013-2014</b>	<b>PREVIOUS YEAR 2012-2013</b>
<b><u>1. ELECTRICITY</u></b>	NIL	NIL
(a) Purchased Unit (000 KWH) Total Amount (Rs.) Rate/Unit (Rs.)		
(b) Own Generation		
(i) Through Diesel Generator Unit Units per Ltr. Of Diesel Oil Cost/Unit		
(ii) Through Steam turbine/generator Units Units per Ltr. Of Diesel Oil/gas Cost/Units		
<b><u>2. COAL (SPECIFY QUALITY &amp; WHERE USED)</u></b>	NIL	NIL
Quantity (tones) Total cost Average rate		
<b><u>3. FURNACE OIL</u></b>	NIL	NIL
Quantity (k. ltrs.) Total Amount Average Rate		
<b><u>4. OTHERS/INTERNAL GENERATION (PLEASE GIVE DETAILS)</u></b>	NIL	NIL
Quantity Total Cost Rate/Unit		

**B. CONSUMPTION PER UNIT OF PRODUCTION**

<b>PRODUCT</b>	<b>STANDARDS (IF ANY)</b>	<b>CURRENT YEAR 2013-2014</b>	<b>PREVIOUS YEAR 2012-2013</b>
Products			
(i) Readymade Garments		NIL	NIL
Electricity (Unit KWH)		NIL	NIL
Furnace Oil		NIL	NIL
Coal (specify quality)		NIL	NIL
Others (Specify)		NIL	NIL



**NOTES:**

1. Please give separate details for different products/items produced by the Company & covered under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.
2. Please give reasons for variation in the consumption of Power & Fuel from standards of previous year.
3. In case of Production of different varieties/specifications consumption details may be given for equivalent production

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

Require business plans for export or efforts made during the year.

The particulars of foreign exchange earned and utilised during the year are stated in Notes to Accounts (note No. 30) forming part of the Balance Sheet.

**FORM B**

(See rule 2)

**Form for disclosure of particulars with respect to absorption.**

**Research and Development (R& D)**

- |  |      |
|--|------|
| 1. Specific areas in which R&D carried out by the Company    | N.A. |
| 2. Benefits derived as a result of the above R&D             | N.A. |
| 3. Future Plan of Action                                     | N.A. |
| 4. Expenditure on R&D:                                       |      |
| a. Capital   | N.A. |
| b. Recurring   | N.A. |
| c. Total   | N.A. |
| d. Total R&D expenditure (as a percentage of total turnover) | N.A. |

**Technology Absorption, Adaption & Innovation**

1. Efforts in brief, made towards technology absorption, adaption and innovation - Not Applicable
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction product developments, import substitution etc. - Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
  - a. Technology imported and year of import - Not Applicable
  - b. Has Technology been fully absorbed ? - Not Applicable
  - c. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action - Not Applicable

**For and on behalf of the Board of Directors**

**Place : Mumbai  
Date : 30/05/2014**

**Kantilal Haria  
Chairman**



## A REPORT ON CORPORATE GOVERNANCE

### 1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company's Corporate Governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Your Company believes that Good Corporate Governance is essential ingredient of any business, a way of life rather than a mere legal compulsion.

The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

### 2) BOARD OF DIRECTORS:

#### (a) Composition

Your Company's Board comprises of 5 Directors with considerable experience in their respective fields. Of these 2 are Non Executive (Independent) Directors, 2 are Directors of the Company. The Chairman of the Board is an Executive Director.

#### (b) Meetings and attendance during the year

4 Board Meetings were held during the financial year 1st April 2013 to 31st March 2014. All relevant and materially significant information, are submitted as part of the agenda papers well in advance of the Board Meetings.

Details of attendance of Directors in the Board Meetings during the financial year 1st April 2013 to 31st March 2014 are as under:

Sr. No.	Name of the Director	Category of Directorship	Attendance details		
			Board Meetings Attended	% of total meetings attended during the tenure as a Director	Last AG
1	Mr. Kantilal Haria	Director	4	100	Yes
2	Mr. Manish Haria	Director	4	100	Yes
3	Mr. Mohith Suddala	Independent & Non-executive	4	100	Yes
4	Mr. Nitin Oza	Independent & Non-executive	4	100	Yes

#### (c) Number of Board Meetings held and the dates of the Board Meeting:

During the Financial Year April 1, 2013 to March 31, 2014, 4 (Four) meetings were held on the following dates: 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013 & 14<sup>th</sup> February, 2014.

**(d) Number of Other Companies or Committees the Director is a Director / Member / Chairman:**

Name of the Director & Designation	Category	No. of positions held in other Public Companies		
		Board	Committee	
			Member ship	Chairman ship
Mr. Kantilal Haria	Director	1	Nil	Nil
Mr. Manish Haria	Director	1	Nil	Nil
Mr. Mohith Suddala	Independent & Non Executive Director	Nil	Nil	Nil
Mr. Nitin Oza	Independent & Non Executive Director	1	Nil	Nil

**The Profile of Members of the Board of Directors are furnished hereunder:****(A) Mr. Kantilal L.Haria**

Shri Kantilal L. Haria, 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. Mohith Suddala**

Mr.Mohith Sudda, Independent Non-executive Director is a Commerce Graduate from Bombay University having experience finance and audit and it will be in the interest of the Company to continue / appoint him as a Director of the Company.

**(D) Mr. Nitin Oza**

Mr. Nitin Oza, Independent Non-executive Director is a Senior in charge of Factory at Vapi looking after Liaison with Government Authorities. In view of the valuable contribution received by the Company from his experience, it will be in the interest of the Company to continue / appoint him as a Director of the Company.



### 3) AUDIT COMMITTEE:

The Audit Committee comprises of three members viz., Mr. Mohith Suddala, Mr. Kantilal Haria and Mr. Nitin Oza, all of whom are financially literate. All the members of the Audit Committee are Non-Executive Directors and are independent, except Mr. Kantilal Haria. Mr. Mohith Suddala is the Chairman of the Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 27.09.2013. All the Members of the Audit Committee have accounting and financial management expertise.

#### **TERMS OF REFERENCE**

The terms of reference, role and power of the Audit Committee as revised and stipulated by the Board of Directors on the basis of recommendation of Audit Committee from time to time are in conformity and in line with the statutory and regulatory requirements as prescribed under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, which include the following:

#### **Role of Audit Committee:**

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly Financial Statements before submission to the Board for approval.
6. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems.
8. Reviewing the adequacy of Internal Audit Function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.



9. Discussion with Internal Auditors any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
15. To review the following information:
  - The Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
  - Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
  - Internal Audit Reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of Internal Auditors.
16. Approval of appointment of CFO after assessing the qualifications, experience and background etc. of the candidate.

**Powers of Audit Committee**

- a) To investigate any activity within its terms of reference.
- b) To seek any information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Details of Meetings and attendance**

During the year under review, the Committee met Four (4) times. The Meetings were held on 30.05.2013, 14.08.2013, 14.11.2013 and 14.02.2014.

The details of the attendance of the members of the Committee are listed below:-

Name	No. of Meetings Attended	Attendance at the last AGM held on 27 <sup>th</sup> September, 2013	% of total meetings attended during the tenure as a Director / Compliance Officer
Mr. Mohith Suddala (Chairman)	4	Yes	100
Mr. Kantilal Haria (Member)	4	Yes	100
Mr. Nitin Oza (Member)	4	Yes	100
Mr. Ashwin Shah (Company Secretary)	4	Yes	100



### **REMUNERATION COMMITTEE :-**

**(a) Terms of Reference of Remuneration Committee:**

The Remuneration Committee shall have the power to determine the Company's policy on specific remuneration packages including pension rights and other compensation for executive directors and for this purpose, the Remuneration Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

**(b) Composition, name of Members, chairman and their attendance at meetings during the year:**

1 meeting on 30<sup>th</sup> May, 2013, was held during the financial year 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014. The attendance of each member of the committee is given below.

Name of the Member	Attendance at the Remuneration Committee Meeting	% of total meetings attended during the tenure as a Director
Mr. Nitin Oza (Chairman)	1	100
Mr. Mohit Suddala (Member)	1	100
Mr. Ashwin Shah (Company Secretary)	1	100

**(c) Remuneration Policy of the Company:**

The Managing Directors of the Company are entitled for payment of Remuneration as decided by the Board of Directors, based on the recommendation of the Remuneration Committee. No remuneration is paid to any Non-Executive Directors during the financial year 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March 2014 except sitting fee for attending Board meetings and committee meetings.

### **SHAREHOLDER'S/INVESTOR'S GRIEVANCE COMMITTEE.**

**(a) Terms of Reference of Shareholders' Grievance Committee:**

In compliance with the requirement of the clause 49 of Listing Agreement, the Company has constituted a "Shareholders Grievance Committee" to look into redressing the shareholders and investors' complaints and to expedite the process of redressal of complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

**(b) Composition of Shareholders' Grievance Committee:**

Sr. No.	Name of the Director	Category & Designation
1.	Mr. Mohith Suddala	Independent & Non Executive Director Chairman of the Committee
2.	Mr. Kantilal Haria	Director - Member
3.	Mr. Ashwin Shah	Company Secretary



**(c) Meetings of the Committee:**

1 meeting was held during the financial year April 1, 2013 to March 31, 2014 on 30<sup>th</sup> May, 2013.

The attendance of each member of the committee is given below.

Name of the Member	Attendance at the Remuneration Committee Meeting	% of total meetings attended during the tenure as a Director
Mr. Mohith Suddala (Chairman)	1	100
Mr. Kantilal Haria (Member)	1	100
Mr. Ashwin Shah (Company Secretary)	1	100

**(d) Name & Designation of the Compliance Officer:**

Mr. Ashwin Shah is the Compliance Officer of the Company.

**(e) No. of Complaints received, resolved and pending during the financial year:**

During the financial year, the company has not received even a single complaint from the shareholders. There was no pending complaint from any shareholder as on 31st March 2014. Also, the number of pending share transfers as on March, 31, 2014: NIL

**6. GENERAL BODY MEETINGS****(a) Particulars of past three Annual General Meetings of the Company:**

Financial Year	Date	Venue	Time	No. of Special resolutions passed
2011-2012	30.07.2012	1st Floor, Vilco Centre, 8, Subhash Road, Vile Parle (East), Mumbai - 400 057	11.00 a.m.	Nil
2012-2013	27.09.2013	1st Floor, Vilco Centre, 8, Subhash Road, Vile Parle (East), Mumbai - 400 057	10.30 a.m.	Nil

**(b) Postal Ballot**

The Company had not conducted any postal ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

**(c) Disclosure Regarding Re-appointment of Directors in the ensuing AGM:**

Mr. Kantilal Haria, Managing Director who shall be retiring at this AGM, being eligible have offered himself for re-appointment. Brief particulars of this gentleman are as follows:

**Mr. Kantilal 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.

#### **7. CODE OF CONDUCT:**

The Company has laid down the Code of Conduct for all Board Members and Senior Management of the company. The Code is also posted on the Company's website.

All the Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2013.

The Chairman and Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

#### **8. SUBSIDIARIES:**

Your Company does not have any Indian Subsidiary Company.

#### **9. DISCLOSURES:**

##### **(a) Related Party Transactions:**

There are no materially significant related party transactions with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the company at large. The other related party transactions are given in Notes to Accounts annexed to and forming the part of Balance Sheet and Profit and Loss Account of the Company.

##### **(b) Disclosure of Accounting Treatment:**

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Companies (Accounting Standards) Rules 2006 (as amended), to the extent applicable.

##### **(c) Non-compliance by the Company, Penalties, Strictures:**

There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

##### **(d) Disclosure of Risk management:**

The Company has initiated the risk assessment and minimization procedure.

##### **(f) Details of compliance with mandatory Requirements:**

The Company has complied with all mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the practicing Company Secretary to this effect has been included in this report. It is also confirmed that no personnel has been denied access to the Audit Committee.



**(g) Adoption of non mandatory requirements:**

• **Remuneration Committee:**

The Board has set up a nomination/ remuneration Committee, details whereof are furnished in point no. 4 of this report.

• **Audit qualifications:**

The financial results of the Company are unqualified.

• **Whistle Blower Policy:**

The Company has formulated a policy for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The policy also lays down the mechanism to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matter of public concern involving violation of law, mismanagement, misappropriation of public funds etc.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. The policy shall also provide for direct access to the Chairman of the Audit Committee.

• **Proceeds from public issue, rights issue, preferential issue, FCCB issue, etc.**

During the year the Company has not raised any funds from public issue, rights issue, preferential issue and FCCB issue.

• **Review of Directors' Responsibility Statement**

The Board in its Report to the Members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2014 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

The company has complied with all the mandatory requirements. As regards the Non- mandatory requirements they have been complied with to the extent possible.

**10. CEO CERTIFICATION:**

In terms of the requirements of Clause 49(v) of the Listing Agreement, the CEO has submitted necessary certificate to the Board stating the particulars specified under the said clause.

**11. MEANS OF COMMUNICATION:**

**(a) Quarterly Results / Annual Results:**

The Quarterly / Annual Results and notices as required under clause 41 of the Listing Agreement are normally published in Economic times (English & Gujarati editions)

The Company published its quarterly and half yearly results in the prescribed form within the prescribed time. The results were forthwith communicated to all the Stock Exchanges where the shares of the Company are listed and also published in Free Press Journal and Navshakti. No presentations were made to institutional investors or analysts during the year. Your Company has not mailed half-yearly results to the shareholders in view of the above mentioned means of communication adopted by the company.

**(b) Posting of Information on the website of the Company:**

The financial results will be displayed on the Website of the Company which is under development stage.

**(c) The Management Discussion and Analysis Report forms a part of the Annual Report.****12. GENERAL SHAREHOLDERS INFORMATION****(a) Annual General Meeting:**

Day & Date: Monday, September 29th, 2014

Time: 10.00 A.M.

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

**(b) Financial Year: April 2014 to March 2015****Financial Calendar:**

Events	Tentative Time
Financial Reporting for the first quarter ended 30th June, 2014	2nd week of August, 2014
Financial Reporting for the second quarter ending 30th September, 2014	2nd week of November, 2014
Financial Reporting for the third quarter ending 31st December, 2014	2nd week of February, 2015
Financial Reporting for the fourth quarter ending 31st March, 2015	Last Week of May, 2015

**(c) Dates of Book Closure:**

Friday, 26<sup>th</sup> September, 2014 to Monday, 29<sup>th</sup> September, 2014 (Both days inclusive)

**(d) Dividend Payment Date:**

Interim - N.A.

Final – N.A.

**(e) Listing on Stock Exchanges:****Equity Shares**

The Shares of the Company are listed on the BSE Limited

**Stock Code:** 538081

**Scrip ID:** HARIAAPL

**ISIN:** INE493N01012

**(f) Market Price Data:**

Since, the Company has listed its shares on BSE Stock Exchange w.e.f. 7<sup>th</sup> April, 2014, the market price data for the financial year 2013-2014 may not be obtained.

**(h) Registrar and Share Transfer Agent & Share Transfer System:**

The Company's shares are traded in the Stock Exchanges in demat mode. These transfers are effected through NSDL and CDSL. Most of the transfers of shares take place in this form.



Registrar and Transfer Agent:

M/s. Link Intime India Pvt Ltd is the Depository Registrar for establishing connectivity with NSDL and CDSL for demat segment and also acts as Share Transfer Agent for physical segment. They use computerized share transfer system for processing transfer of shares. On the basis of periodic report on the various requests received from the Shareholders, the share transfer and other requests are placed for approval of Managing Director / Shareholders' Grievances Committee. Details of the share transfer requests approved by the Managing Director are placed to the Shareholders' Grievances Committee.

The Shareholders may send their share transfer and other requests to M/s. Link Intime India Pvt. Ltd at the following address:

M/s. Link Intime India Pvt. Ltd.  
C - 13, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (West),  
Mumbai - 400078  
Phone No.: 25963838 Fax: 25946969  
Email: [isrl@vsnl.com](mailto:isrl@vsnl.com)

The Share Transfer/Grievance Committee approves the transfer of shares and Demat Request Forms of NSDL/ CDSL.

**(i) Share Transfer System:**

The Company's shares are traded in the BSE Ltd. compulsorily in Demat mode. Physical shares which are lodged with the Registrar & Transfer Agent or/Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to the documents being in order.

The Transfer of Shares in the physical form is processed and approved twice in the month and the certificates are returned to the shareholders within 20 days from the date of receipt, subject to documents being valid and complete in all respects.

**(j) Distribution of Shareholding as on 31st March 2014:**

Distribution of Shareholding of Equity Shares	No. of Shareholders	% of Shares held	Share Amount Rs.	Percentage
1 - 5000	5143	70.3653	9240510	6.0436
5001 - 10000	984	13.4629	6669180	4.3618
10001 - 20000	678	9.2762	9464660	6.1902
20001 - 30000	185	2.5311	4593430	3.0042
30001 - 40000	99	1.3545	3378980	2.2100
40001 - 50000	35	0.4789	1562410	1.0219
50001 - 100,000	102	1.3955	6778000	4.4330
100,001-Above	83	1.1356	111210830	72.7353
<b>TOTAL</b>	<b>7309</b>	<b>100.00</b>	<b>15,28,98,000</b>	<b>100.00</b>



**Category wise distribution of Shareholding i.e. Promoters, Non-promoters, etc.**

Sr. No.	Category	% of holding
1.	Indian Public	38.30
2.	Promoters holding	58.50
3.	Bodies Corporate	2.72
4.	NRI / OCBS	0.47
5.	Mutual Fund / Financial Institutions / Banks	0.01
6.	Clearing Member	0.00
7.	Others	
	<b>Total</b>	<b>100</b>

**(k) Dematerialization of shares and liquidity:**

The Shares of the Company are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL). The Shares of the Company are liquid and are included in 'S' category of shares of the Stock Exchange, Mumbai.

About 94.76 % of the Equity Shares have been dematerialized as on March 31, 2014.

Company does not have any GDR / ADR / Warrants or any other convertible instruments.

**(l) Corporate Ethics:**

The constant endeavor of Haria Exports Limited is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end. The Company has adopted "The Code of Conduct for prevention of insider trading", which contains policies prohibiting insider trading.

**(m) PLANT LOCATIONS :**

Plot No.345/358, GIDC, Vapi, Gujarat

**(n) Address for Correspondence:**

The shareholders may send their communication grievances / queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:

**HARIA APPARELS LIMITED**

8, Subhash Road, Vile Parle (East),

Mumbai – 400 057.

Telephone No. : (91 - 22) 40973000

Fax : (91-22) 40973030

E - mail : accounts@hariagroup.com

**For and on behalf of the Board of Directors**

**Place : Mumbai  
Date : 30/05/2014**

**Kantilal Haria  
Chairman**



**Certification by the CEO on Financial Statements of the Company:**

I, Pritul Sanghavi, CEO of Haria Apparels Limited, Certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit committee
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**Place : Mumbai  
Date : 30/05/2014**

**Pritul Sanghavi  
CEO**

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**Practicing Company Secretary's Certificate on Corporate Governance**

**To  
The Members of Haria Apparels Limited**

We have examined the compliance of conditions of corporate governance by Haria Apparels Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MILIND NIRKHE & ASSOCIATES  
Company Secretaries**

**Place : Mumbai  
Date : 30th May, 2014**

**MILIND NIRKHE  
Membership No: 4156  
CP NO : 2312**



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**HARIA APPARELS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **HARIA APPARELS LIMITED**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management of the company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.





**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, read with with the General Circular No. 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For KANAK RATHOD & CO.  
CHARTERED ACCOUNTANT  
Firm Registration No. 104700W**

**KANAK RATHOD  
PROPRIETOR  
M.No. 032833**

Place: **MUMBAI**  
Date: **30/05/2014**



## **ANNEXURE TO THE INDEPENDENT AUDITORS REPORT.**

Referred to in Paragraph 1 under Report on Other Legal and Regulatory Requirements of our report of even date to the members of **HARIA APPARELS LIMITED** on the financial statements the year ended on 31<sup>st</sup> March, 2014. We report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) The company has a regular programme of physical verification of its fixed assets by which fixed assets were are verified in a phased manner, designed to cover all the fixed assets over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such physical verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets.
- (c) In our opinion and according to information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year and therefore, do not affect the going concern status of the company.
- (ii) (a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are in our opinion reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the explanations given to us, the company is maintaining proper records of its inventory. No material discrepancies were noticed on such physical verification as compared to the book records.
- (iii) (a) According to the explanations given to us, the Company has granted unsecured loans to three parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 45,31,453/- and the year end balance of the Loan granted to such parties was Rs.43,31,453/-.
- (b) There are no terms and conditions fixed on loans given to the parties listed in the register maintained under section 301 of the Companies Act 1956, to that extent they are prejudicial to the interest of the Company.
- (c) According to the explanations given to us the company has taken unsecured loans from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8,50,98,424/- and the year end balance of Loan taken from such parties was Rs. 8,41,86,766/-.
- (d) There are no terms and conditions fixed on loans given to the parties listed in the register maintained under section 301 of the Companies Act 1956, to that extent they are prejudicial to the interest of the Company.
- (e) According to the explanations given to us, the rate of interest, wherever charged, and the other terms and conditions of such loans are not prima facie prejudicial to the interest of company.
- (f) According to the explanations given to us, there is no overdue amount for more than Rs. One Lakh.



- (g) In our opinion and according to the information and explanations given to us, the company is regular in repayment of loan and also payment of interest wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the company in respect of these areas.
- (v) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which appear reasonable as per information available with the company.
- (vi) In our opinion and according to the information and explanations given to us, the provisions of sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules – 1975 are not applicable to the company in the year under consideration.
- (vii) In our opinion and as per the explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the notification of the Central Government for maintainance of cost record under section 209(1)(d) of the Companies Act, 1956 and on the basis of such review, we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) In respect of statutory dues:
- (a) According to the information and explanations given to us and on the basis of the records of the company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including, investor education protection fund, income tax, wealth tax, service tax, cess and other material statutory dues applicable to it has **not** been regularly deposited during the year with appropriate authorities.

According to the information and explanations given to us, undisputed amounts payable in respect of income tax and service tax were in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the company examined by us, the disputed dues in respect of Sales Tax and Income Tax are as under:

Sr. No.	Name of the Statute	Nature of dues	Forum where dispute is pending	Amount Rs.
1.	Income Tax Act, 1961	Income Tax – F. Y. 1998-99, 1999-2000, 2000-2001.	The Hon’ble High Court, Mumbai	1,54,00,000/-



- (x) The Company does have accumulated losses of Rs.35,06,509/- at the end of the financial year, however the same is not more than fifty percent of its worth as on march 31,2014 and has incurred cash losses during the financial year covered by our audit of Rs.80,64,583/- and 99,97,042/- in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or bank.
- (xii) According to the information and explanations given to us and records produced before us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us the Company has given guarantees for loans taken by others from bank or financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loans raised have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and the cash flow of the company, no short-term funds have been used to finance long-term assets and vice versa.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to Promoters and Promoters group covered in the register maintained under section 301 of the Act.
- (xix) The company has not received any money through Public Issue of Debentures.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **KANAK RATHOD & CO.**  
**CHARTERED ACCOUNTANT**  
**Firm Registration No. 104700W**

**KANAK RATHOD**  
**PROPRIETOR**  
**M.No. 032833**

Place: **MUMBAI**  
Date: **30/05/2014**



**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note	March 31, 2014	March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUND</b>			
- Share Capital	2	15,28,98,000	15,28,98,000
- Reserves and Surplus	3	(35,07,279)	37,93,551
- Money received against Share Warrants			-
Sub-Total - (A)		14,93,90,721	15,66,91,551
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			-
Sub-Total - (B)		-	-
<b>3 NON-CURRENT LIABILITIES</b>			
- Long-term Borrowings	4	10,01,01,365	11,10,80,484
- Deferred Tax Liabilities (net)		-	-
- Other Current Liabilities		-	-
- Long-term Provisions		-	-
Sub-Total - (C)		10,01,01,365	11,10,80,484
<b>4 CURRENT LIABILITIES</b>			
- Short-term Borrowings	5	3,02,08,229	2,30,020
- Trade Payables	6	2,33,71,589	3,15,28,467
- Other Current Liabilities	7	1,31,47,695	2,55,01,483
- Short-term Provisions	8	3,57,250	34,000
Sub-Total - (D)		6,70,84,763	5,72,93,970
<b>TOTAL (A+B+C+D)</b>		<b>31,65,76,849</b>	<b>32,50,66,005</b>
<b>II. ASSETS</b>			
<b>5 NON-CURRENT ASSETS</b>			
- Fixed Assets	9		
Tangible Assets		4,22,48,793	4,80,33,662
Intangible Assets		2,00,56,707	3,00,85,061
- Non-current investments	10	69,100	69,100
- Deferred Tax Assets (net)	11	52,41,465	47,92,884
- Long-term Loans and Assets	12	9,70,97,682	8,43,66,020
- Other Non-current Assets	13	-	3,52,148
Sub-Total - (E)		16,47,13,747	16,76,98,875
<b>6 CURRENT ASSETS</b>			
- Current Investments			
- Inventories	14	1,99,73,795	2,12,81,605
- Trade Receivables	15	12,63,95,320	12,28,98,424
- Cash and Cash Balances	16	6,92,118	1420830
- Short-term Loans and Advances	17	44,21,957	1,13,75,666
- Other Current Assets	18	3,79,912	3,90,605
Sub-Total - (F)		15,18,63,102	15,73,67,130
<b>TOTAL (E+F)</b>		<b>31,65,76,849</b>	<b>32,50,66,005</b>

Notes 1 to 40 form an integral part of this Accounts

FOR KANAK RATHOD & CO.  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.: 104700W

For HARIA APPARELS LTD

KANAK RATHOD  
 Proprietor  
 M No. : 032833  
 Place : Mumbai  
 Dated : 30/05/2014

KANTILAL HARIA  
 Chairman & Managing Director  
 Place : Mumbai  
 Dated : 30/05/2014

MANISH HARIA  
 Director  
 Place : Mumbai  
 Dated : 30/05/2014



**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED  
ON 31ST MARCH, 2014**

Particulars	Note	March 31, 2014	March 31, 2013
<b>(i) Revenue form Operations:</b>			
- Sale of Products	19	16,50,160	8,26,110
- Other Operating Income		-	25,714
<b>(ii) Other Income</b>	20	1,59,80,385	1,83,67,017
<b>Total Revenue (i+ii)</b>		<b>1,76,30,545</b>	<b>1,92,18,841</b>
<b>Expenses</b>			
- Cost of Material Consumed		-	-
- Purchase of Stock-in-Trade		-	-
- Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	13,07,810	35,29,083
- Employee benefit expenses	22	5,92,883	8,43,718
- Finance Cost	23	37,34,908	17,20,204
- Depreciation and amortisation expense		1,58,13,223	1,68,12,098
- Other Expense	24	39,31,131	31,28,794
<b>Total Expenses</b>		2,53,79,955	2,60,33,897
<b>Profit before exceptional and extra-ordinary items and Tax</b>		(77,49,410)	(68,15,056)
Exceptional items		-	-
<b>Profit before extra-ordinary items and Tax</b>		(77,49,410)	(68,15,056)
Extra-ordinary items		-	-
<b>Profit Before Tax</b>		(77,49,410)	(68,15,056)
<b>- Tax Expense</b>			
Current Tax		-	-
Short / (Excess) provision for tax of earlier year(s)		-	-
Deferred Tax		(4,48,581)	43,88,151
<b>Total Tax</b>		(4,48,581)	43,88,151
<b>Profit for the period</b>		(73,00,829)	(1,12,03,207)

Notes 1 to 40 form an integral part of this Accounts

**FOR KANAK RATHOD & CO.**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No.: 104700W

**For HARIA APPARELS LTD**

**KANAK RATHOD**  
 Proprietor  
 M No. : 032833  
 Place : Mumbai  
 Dated : 30/05/2014

**KANTILAL HARIA**  
 Chairman & Managing Director  
 Place : Mumbai  
 Dated : 30/05/2014

**MANISH HARIA**  
 Director  
 Place : Mumbai  
 Dated : 30/05/2014



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

<b>Particulars</b>	<b>2013-2014</b>	<b>2012-2013</b>
<b>A) NET PROFIT AFTER TAX AND EXTRAORDINARY ITEMS</b>	(73,00,829)	(1,12,03,207)
DEPRECIATION	1,58,13,223	1,68,12,098
DIVIDEND RECEIVED	10,560	8,405
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	<b>85,22,954</b>	<b>56,17,296</b>
<b>ADJUSTMENTS FOR</b>		
TRADE AND OTHER RECEIVABLES	(71,06,235)	3,11,81,053
INVENTORIES	13,07,810	35,29,083
TRADE PAYABLES	(2,01,87,416)	(2,22,06,675)
<b>NET CASH FROM OPERATING ACTIVITY</b>	<b>(1,74,62,888)</b>	<b>1,81,20,758</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	-	(2,66,23,705)
LOANS AND ADVANCES GIVEN	(22,54,353)	
DIVIDEND RECEIVED	(10,560)	(8,405)
	<b>(22,64,913)</b>	<b>(2,66,32,110)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
RESERVES AND SURPLUS	-	-
SHARE CAPITAL	-	-
PROCEEDS FROM LONG TERM BORROWINGS	(1,09,79,119)	85,26,989
PROCEEDS FROM SHORT TERM BORROWINGS	2,99,78,209	2,30,020
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1,89,99,090</b>	<b>87,57,009</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,28,712)</b>	<b>2,45,658</b>
<b>ADD CASH AND CASH EQUIVALENTS AS ON OPN. BAL.</b>	<b>14,20,830</b>	<b>11,75,172</b>
<b>CASH AND CASH EQUIVALENTS AS CLOSING BALANCE</b>	<b>6,92,118</b>	<b>14,20,830</b>

**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 30/05/2014**

**Kantilal Haria**  
**Chairman & Managing Director**

To,  
The Board of Directors,  
Haria Apparels Limited

We have examined the attached Cash Flow Statement of Haria Apparels Ltd, for the year ended 31st March, 2014. The statement has been prepared by the Company in accordance with requirement of Listing Agreement Clause 32 of Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date of the members of the company.

For **KANAK RATHOD & CO.**  
**CHARTERED ACCOUNTANT**  
**Firm Registration No. 104700W**

**KANAK RATHOD**  
**PROPRIETOR**  
**M.No. 032833**

Place: **MUMBAI**  
Date: **30/05/2014**



**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31st MARCH, 2014**

**GENERAL INFORMATION:**

Haria Apparels Limited ('the Company') was incorporated on 1st February, 2011 under The Companies Act, 1956. The company is in the Business of manufacturing of Garments and trading of Goods.

**1 SIGNIFICANT ACCOUNTING POLICIES:**

**i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements are prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis and are in compliance with all material aspect the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

**ii) USE OF ESTIMATES:**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**iii) TANGIBLE FIXED ASSETS AND DEPRECIATION:**

**TANGIBLE FIXED ASSETS:**

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**CAPITAL WORK IN PROGRESS:**

Expenses incurred towards acquisition of fixed assets which have not been installed or not put to use before the year end are disclosed under capital work in progress and no depreciation has been provided on that. However there is no Capital Work in Progress during the year under consideration.

**DEPRECIATION:**

Depreciation on fixed assets is charged on written down value basis in the manner and as per the rates and method provided in schedule XIV of the Companies Act, 1956. Fixed Assets, individually costing less than five thousands, are fully depreciated in the year of purchase. Depreciation on Assets added / disposed off during the year have been provided on pro-rata basis with reference to the day of additions / deletions from the respective day of purchase/sale.





iv) **INTANGIBLE FIXED ASSETS AND AMORTISATION:**

Intangible assets are recognized when it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development.

v) **IMPAIRMENT OF ASSETS:**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss if any is charged to Statement of Profit and Loss Account in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. However there is no such impairment in the year under consideration.

vi) **INVENTORY:**

Raw Materials are valued at lower of cost or net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost. However there is no stock raw materials for the year under consideration. Finished Goods and Work in Progress are valued at lower of cost or net realizable value. Cost of Finished Goods and Work in Progress includes the cost of conversion and other costs incurred to bring the inventories to their present location and condition. However there is no stock of Finished Goods for the year under consideration. Stock in trade is valued at lower of cost or net realisable value. Cost of inventories is computed on FIFO Basis. Obsolete stock if any is valued at net realizable value. However there is no stock for the year under consideration.

vii) **INVESTMENTS:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Investments are recorded at cost on the date of purchase, which includes acquisition charges such as brokerage, stamp duty, taxes, etc. Current Investments are stated at lower of cost and quoted/fair value. Provision for diminution in the value of Long Term Investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

viii) **GOVERNMENT GRANTS**

Government Grants are recognized when there is reasonable assurance that the same will be received and all attaching conditions will be complied with. Revenue grants are recognized in the Statement of Profit & Loss account. Capital grants relating to specific Tangible/Intangible assets are reduced from the gross value of the respective Tangible/Intangible assets. Other capital grants in nature of promoter's contribution are credited to capital reserve. However no government grants are received by the company in the year under consideration.

ix) **REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

**SALE OF GOODS:**

Domestic Sale is recognized on dispatch to customers and is net of returns. "Sales" includes basic sales value and excise, but excludes other recoveries such as insurance, sales tax etc.

**OTHER OPERATING REVENUE**

Other operating revenue includes labour charges on accrual basis, and scrap sales on actual sale.

**OTHER INCOME:**

Interest is recognized on Time Proportion Basis with reference to principal outstanding and rate of Interest applicable. Dividend income is recognised when the shareholder's right to receive payment has been established. Rent income is received on renting their immovable properties and amenities on accrual basis.

**x) EMPLOYEE BENEFITS:**

Retirement benefits to employees comprise of provident fund contributions, gratuity and leave encashment entitlements. Contribution to Provident Fund is made in accordance with the statute and provided on accrual basis. Gratuity are provided for, according to the rules of these benefit schemes, on the basis of actuarial valuation done at the year-end by independent actuaries using the Projected Unit Credit Method. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise. Leave encashment are paid in the year in which they accrue.

**xi) FOREIGN CURRENCY TRANSACTIONS:**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. The exchange difference resulting from settled transactions is recognized in the statement of profit and loss if applicable. Year end balances of monetary items are restated at the year end exchange rates and the resultant net gain or loss is recognized in the statement of profit and loss.

Premium or discounts on forward contracts where there are underlying assets/liabilities are amortized over the life of the contract. Such foreign exchange forward contracts are revalued at the Balance Sheet date and the exchange difference between the spot rate at the date of contract and spot rate on the Balance Sheet date is recognized as gain/loss in the Statement of Profit and loss.

**xii) BORROWING COST:**

Borrowing Costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset up to the date when such assets are ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss Account in the period in which they are incurred.

**xiii) LEASES:**

**[a] As a Lessee:** Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

**[b] As a Lessor:** If the Company has leased certain tangible assets, and such leases, where the Company has substantially retained all the risks and rewards of ownership, are classified as operating leases. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over lease term. The Company's significant leasing arrangements are in respect of operating leases for administrative office.

**xiv) TAXES ON INCOME:**

Tax expense comprises of current and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the relevant accounting year in accordance with the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profit. At each Balance Sheet date the Company reassesses the unrecognized deferred tax assets.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is



convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. The Company has the policy of reviewing and passing proper adjustment entries for Income Tax paid, Provision for Income Tax made and excess/short tax provision for the year after filing Income Tax returns. The Company also makes a fair estimate of the Income Tax liability for the said year and gives effects to it in the Books of Accounts.

**xv) CASH AND CASH EQUIVALENTS:**

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.

**xvi) CASH FLOW STATEMENT:**

Cash flows are reported using the Indirect Method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**xvii) RESEARCH & DEVELOPMENT:**

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets or Work-in-Progress, as the case may be. However there are no such expenditure in the year under consideration.

**xviii) EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**xix) PROVISION & CONTINGENCIES:**

The company estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available. A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on management's estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financials. A Contingent Asset is neither recognised nor disclosed in the Financial Statements.



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

### Note No. 2 :- SHARE CAPITAL

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Authorised Capital :</b>		
16,000,000 (PY 16,000,000) Equity Shares of Rs. 10 each	16,00,00,000	16,00,00,000
	<b>16,00,00,000</b>	<b>16,00,00,000</b>
<b>Issued, Subscribed and Fully Paid up :</b>		
<b>EQUITY SHARE CAPITAL</b>		
15,289,800 (PY:1,52,89,800) Equity Shares of Rs.10/- each fully paid up	15,28,98,000	15,28,98,000
	<b>15,28,98,000</b>	<b>15,28,98,000</b>

a. Details of Shareholding as at March 31, 2014

i. Equity Shares held by various entities:

ii. Shareholders holding more than 5% of Equity Shares:

30,20,496(19.75%){PY: 30,19,736(19.75%)} Equity Shares of Rs.10/- each held by Mr. Manish K. Haria

9,27,778(6.07%){PY: 9,27,778 (6.07%)} Equity Shares of Rs.10/- each held by Mr. Kantilal Haria

### b Reconciliation of the number of Equity Shares outstanding

(Amount in Rs.)

Particulars	March 31, 2014 No. of Shares	March 31, 2013 No. of Shares
Number of Shares at the beginning of the year	1,52,89,800	1,52,89,800
Add: Shares issued as per the scheme of arrangement	-	-
Less: Shares Forfeited	-	-
Number of Shares at the end of the year	1,52,89,800	1,52,89,800

c. Each Equity Share is entitled to one voting right only.

d. In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets remaining, after distribution of all preferential amounts.

### Note No. 3 :- RESERVES AND SURPLUS

(Amount in Rs.)

Particulars	Opening as at April 1, 2013	Additions	Deductions/ Adjustments	Balance as at March 31, 2014
General Reserves	1,57,08,253	-	-	1,57,08,253
Surplus as per Profit and Loss Account	(1,19,14,702)	(73,00,829)	-	(1,92,15,531)
<b>Total</b>	<b>37,93,551</b>	<b>(73,00,829)</b>	-	<b>(35,07,279)</b>

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

Details of Profit and Loss Surplus is as given below:

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Net Profit/(loss) after Tax	(73,00,829)	(1,12,03,207)
Balance brought forward	(1,19,14,702)	(7,11,495)
<b>Profit Available for Appropriation</b>	<b>(1,92,15,531)</b>	<b>(1,19,14,702)</b>
<b>APPROPRIATIONS:</b>		
<b>Surplus Carried to Balance Sheet</b>	<b>(1,92,15,531)</b>	<b>(1,19,14,702)</b>

**Note No. 4 :- LONG TERM BORROWINGS**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>I Secured Borrowings:</b>		
a. Term Loans		
- from Punjab National bank (Refer Note - 4.1)	-	2,01,29,605
- Car Loan from HDFC Bank (Refer Note - 4.2)	3,87,073	8,94,602
<b>Total Secured Long Term Borrowings - (I)</b>	<b>3,87,073</b>	<b>2,10,24,207</b>
<b>II. Unsecured Borrowings:</b>		
- a. Loans and advances from Related Parties (Refer Note - 4.3)	8,41,86,766	7,24,08,423
b. Inter Corporate Deposits (Refer Note - 4.4)	1,55,27,526	1,76,47,854
		-
<b>Total Secured Long Term Borrowings - (II)</b>	<b>9,97,14,292</b>	<b>9,00,56,277</b>
<b>III. Total Long Term Borrowings (I + II)</b>	<b>10,01,01,365</b>	<b>11,10,80,484</b>

**Additional Information to Secured / Unsecured Long Term Borrowings:****4.1 Term Loan from Punjab National Bank**

- a. "Loan from Punjab National Bank was secured by plot nos. 278/279/345/348 at GIDC Vapi Industrial Estate, Vapi Taluka: Pardi, District: Valsad, Gujarat @ 13.00% per annum Interest" "The loan has been completely repaid in the current year."
- b. There was no default in repayment of the loans.

**4.2 Car Loan from HDFC Bank**

- a. Loan from HDFC Bank is given on 26-monthly instalments of Rs.38,750/- at interest rate of 10.81% p.a, secured by way of hypothecation of Car as at March 31, 2014.
- b. The loans are regularly paid as per the repayment schedule and there is no default in repayment of the loans.



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

### 4.3 Loans and advances from related parties

- a. Long Term loans from related parties are not going to be recalled before the end of 2 years.
- b. There was no default in repayment of the loans.

### 4.4 Inter Corporate Deposits

- a. Inter Corporate Deposits are not going to be recalled before the end of 2 years.
- b. There was no default in repayment of the loans.

### Note No. 5 :- SHORT TERM BORROWINGS

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Unsecured Borrowings</b>		
a. Others		
- Bank Overdrawn as per books	37,08,229	2,30,020
b. Bajaj Finance loan against shares (Refer Note 5.1)	2,65,00,000	
<b>Total Unsecured Short Term Borrowings</b>	<b>3,02,08,229</b>	<b>2,30,020</b>
<b>Total Short Term Borrowings</b>	<b>3,02,08,229</b>	<b>2,30,020</b>

### Additional Information to Secured / Unsecured ShortTerm Borrowings:

#### 5.1 Term Loan from Bajaj Finance

- a. Loan from bajaj finance is given for 12 months at interest rate of 12.25%, secured by pledge of 86,260 Shares of Asian Paints,  
Shares are in name of Mr.Bimal Haria. Loan is guranateed by Mr.Bimal Haria.The loan of Rs. 2,65,00,000/- will be repaid after 12 months

### Note No. 6 :- TRADE PAYABLES

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Trade Payables</b>		
<b>- Other than Micro and Small Enterprises</b>		
i. To Others	2,33,71,589	3,15,28,467
<b>Total</b>	<b>2,33,71,589</b>	<b>3,15,28,467</b>

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014****Note No. 7 :- OTHER CURRENT LIABILITIES****(Amount in Rs.)**

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>a. Current maturities of Long Term Debt (Secured)</b>		
- Punjab National bank (Refer Note - 4.1)	-	1,20,96,000
- Car Loan from HDFC Bank (Refer Note - 4.2)	5,07,529	3,47,568
<b>b. Deposits</b>	9,64,500	48,49,500
<b>c. Others</b>		
- Creditors for Expenses	22,59,027	18,52,126
-Creditors for Capital goods	47,99,423	47,96,923
- Outstanding Expense	-	4,759
- Advance received from Debtors	5,30,000	-
- <b>Statutory Dues</b>		
TDS Payable	29,789	14,719
Service Tax Payable	40,57,427	15,39,888
<b>Total</b>	<b>1,31,47,695</b>	<b>2,55,01,483</b>

**Note No. 8 :- SHORT TERM PROVISIONS****(Amount in Rs.)**

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>a. Provision For Employee Benefits</b>		
- Salary Payable	3,57,250	34,000
<b>Total</b>	<b>3,57,250</b>	<b>34,000</b>



### NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

#### Note No. 9:- FIXED ASSETS

(Amount in Rs.)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Value as on 01/04/2013	Addition during the Year	Deduction during the Year	Value as at 31/03/2014	Value as on 01/04/2013	Addition during the Year	Deduction during the Year	Value as at 31/03/2014	WDV as on 31/03/2014	WDV as on 31/03/2013
<b>I.</b>	<b>Tangible Assets</b>										
1	Land	50,31,795	-	-	50,31,795	-	-	-	-	50,31,795	50,31,795
2	Silver Article	1,26,355	-	-	1,26,355	-	-	-	-	1,26,355	1,26,355
3	Building	4,72,08,197	-	-	4,72,08,197	-	-	16,63,009	3,22,41,115	1,49,67,082	1,66,30,091
4	Gids Quarters	3,52,047	-	-	3,52,047	-	-	4,976	2,57,508	94,539	99,514
5	Furniture & Fixture	87,18,066	-	-	87,18,066	-	-	3,94,402	69,33,451	17,84,615	21,79,017
6	Electrical Instalation	22,91,702	-	-	22,91,702	-	-	76,191	18,20,153	4,71,549	5,47,740
7	Plant & Machinery	9,97,89,125	-	-	9,97,89,125	-	-	27,63,572	8,26,85,173	1,71,03,952	1,98,67,524
8	Office & Factory Equipment	34,55,387	-	-	34,55,387	-	-	74,311	29,95,475	4,59,912	5,34,222
9	Computer	62,38,513	-	-	62,38,513	-	-	77,118	61,22,837	1,15,676	1,92,793
10	Vehicle	95,99,052	-	-	95,99,052	-	-	7,31,292	75,05,733	20,93,319	28,24,611
	<b>Total (I)</b>	18,28,10,239	-	-	18,28,10,239	-	-	57,84,871	14,05,61,446	4,22,48,793	4,80,33,664
<b>II.</b>	<b>Intangible Assets</b>										
1	Goodwill	4,01,13,415	-	-	4,01,13,415	-	-	1,00,28,354	2,00,56,708	2,00,56,707	3,00,85,061
	<b>Total (II)</b>	4,01,13,415	-	-	4,01,13,415	-	-	1,00,28,354	2,00,56,708	2,00,56,707	3,00,85,061
	<b>Total (I + II) (Current Year)</b>	22,29,23,654	-	-	22,29,23,654	-	-	1,58,13,225	16,06,18,154	6,23,05,500	7,81,18,725





**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**Note No. 10 :- NON CURRENT INVESTMENTS**

(Amount in Rs.)

Particulars	No	Face Value	March,31 2014	March,31 2013
<b>I TRADE INVESTMENTS</b>				-
<b>II. OTHER INVESTMENTS</b>				
<b>a. Investment in Equity Instruments</b>				
<b>Unquoted Investments</b>				
Mandvi Co-op Bank Ltd	100	10	1,000	1,000
	(100)	(10)		
Greater Bombay Co-op Bank Ltd	5	50	250	250
	(5)	(50)		
North Canara G.S.B Co-op Bank Ltd	5520	10	55,200	55,200
	(10)	(10)		
Sardar Bhiladwala Pardi People Co-op Bank Ltd	506	25	12,650	12,650
	(506)	(25)		
<b>Total Non-Current Investments</b>			<b>69,100</b>	<b>69,100</b>
<b>Additional Information</b>				
Aggregate Value of Quoted Investments			<b>69,100</b>	<b>69,100</b>

**Note No. 11 :- DEFERRED TAX ASSETS**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Deferred Tax Liability</b>		
Depreciation	32,56,035	38,09,672
<b>Deferred Tax Asset</b>		
On account of loss carried forward for set off	84,97,500	86,02,557
<b>Total</b>	<b>52,41,465</b>	<b>47,92,884</b>

**Note No. 12 :- LONG TERM LOANS AND ADVANCES**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>I Secured, Considered good</b>		-
<b>II. Unsecured, Considered good</b>		
a. Capital Advances	6,00,25,000	6,00,25,000
b. Security Deposits	7,13,684	9,32,058
c. Loans and Advances to Related Parties	43,31,453	20,77,100
d. Loans and Advances to Others	7,90,410	7,90,410
e. Employee Advance	3,000	
f. IncomeTax- Advance on disputed dues	3,12,34,135	2,05,41,452
<b>Total Long Term Loans and Advances</b>	<b>9,70,97,682</b>	<b>8,43,66,020</b>



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

### Note No. 13 :- OTHER NON - CURRENT ASSETS

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>I a. Secured, Considered good</b>		-
<b>b. Unsecured, Considered good</b>	-	-
<b>II. Others</b>	-	-
- Preliminary Expense	-	3,52,148
<b>Total</b>	<b>-</b>	<b>3,52,148</b>

### Note No. 14 :- INVENTORIES

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
a. Stock in trade	1,99,73,795	2,12,81,605
	-	-
<b>Total Inventories</b>	<b>1,99,73,795</b>	<b>2,12,81,605</b>

### Note No. 15 :- TRADE RECEIVABLES

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>a Secured, Considered good</b>		-
<b>b Unsecured, Considered good</b>		
- Outstanding for a period exceeding six months from the date its due	63,49,783	12,28,98,424
- Others	1,61,060	
<b>c. Doubtful</b>		
- Outstanding for a period exceeding six months from the date its due	11,98,84,477	-
- Others	-	-
<b>Total Trade receivables</b>	<b>12,63,95,320</b>	<b>12,28,98,424</b>

### Note No. 16 :- CASH AND CASH BALANCES

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Cash and Cash Equivalents</b>		
- Cash on hand	3,36,188	12,52,743
- Balance with Bank	3,55,930	1,68,087
<b>Total Cash and Bank Balances</b>	<b>6,92,118</b>	<b>14,20,830</b>



**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**Note No. 17 - SHORT TERM LOANS AND ADVANCES**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>a Secured, Considered good</b>		-
<b>b Unsecured, Considered good</b>		
- Advance to Suppliers	28,45,016	26,82,983
- TDS Receivable-Earlier Years	-	86,92,683
- TDS Receivable - (F.Y. 2013-14)	15,76,941	-
<b>Total</b>	<b>44,21,957</b>	<b>1,13,75,666</b>

**Note No. 18 - OTHER CURRENT ASSETS**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Others		
- Prepaid Expenses	27,763	38,457
- Preliminary expenses	3,52,149	3,52,149
<b>Total</b>	<b>3,79,912</b>	<b>3,90,606</b>

**Note No. 19 - REVENUE FROM OPERATIONS IN RESPECT OF NON FINANCE COMPANY**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Revenue from Sale of Products</b>		
Local Sales	16,50,160	8,26,110
<b>Other Operating Revenue</b>		
Scrap Sales	-	25,714
<b>Total Revenue from Operations</b>	<b>16,50,160</b>	<b>8,51,824</b>

**Note No. 20 - OTHER INCOME**

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Rent Income	1,59,18,680	1,74,29,900
Dividend Income	10,560	8,405
Discount	-	-
Interest on FD	51,145	-
Sundry Balance W/off		9,28,712
<b>Total</b>	<b>1,59,80,385</b>	<b>1,83,67,017</b>



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

### Note No. 21- CHANGES IN INVENTORIES OF FINISHED GOODS

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Closing Stocks:</b>		
Stock In Trade	1,99,73,795	2,12,81,605
<b>Total (A)</b>	<b>1,99,73,795</b>	<b>2,12,81,605</b>
<b>Less: Opening Stocks:</b>		
Stock In Trade	2,12,81,605	2,48,10,688
<b>Total (B)</b>	<b>2,12,81,605</b>	<b>2,48,10,688</b>
<b>Increase/Decrease in Stocks</b>		
<b>Total (A-B)</b>	<b>(13,07,810)</b>	<b>(35,29,083)</b>

### Note No. 22 - EMPLOYEE BENEFIT EXPENSES

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Salaries and Wages	5,91,132	8,35,674
Staff Welfare Expenses	1,751	8,044
<b>Total</b>	<b>5,92,883</b>	<b>8,43,718</b>

### Note No. 23 - FINANCE COST

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Interest Expenses	35,86,031	14,45,989
Loan Processing fees	1,48,877	2,74,215
<b>Total</b>	<b>37,34,908</b>	<b>17,20,204</b>

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014****Note No. 24 - OTHER EXPENSES****(Amount in Rs.)**

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Labour & Processing Charges	-	24,688
Rent	1,34,832	1,20,000
<b>Repairs and Maintenance of :</b>		-
Buildings	-	11,370
Plant and Machinery	-	120
Others	1,28,740	16,204
Service Charges	3,40,722	-
Insurance	1,08,103	2,02,942
Legal & Professional Fees	2,67,282	3,06,176
Security Charges	48,201	34,950
Postage. Telephone & Telefax	1,80,294	1,86,116
Listing Fees	33,708	-
<b>Rates and Taxes</b>		
Property Tax	2,10,548	2,71,175
Profession Tax	2,500	2,500
Service Tax	5,77,064	-
Printing & Stationery	2,63,731	49,117
Travelling Expense	2,66,116	4,02,472
Foreign Travelling expenses	-	3,75,383
<b>Payment to Auditors</b>		
As Auditor	1,34,832	1,34,832
Subscriptions	3,899	1,02,312
Advertisement / Other Selling Expenses	6,96,912	3,41,515
Transport Charges	-	8,543
Prior Period Expenses	-	83,394
Preliminary Expenses/ W/O	3,52,148	3,52,148
Bank Charges	48,887	-
Miscellaneous Expenses	1,32,612	1,02,836
<b>Total</b>	<b>39,31,131</b>	<b>31,28,794</b>

**25. EARNING PER SHARE :****(Amount in Rs.)**

<b>Particulars</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Net Profit / (Loss) as per P/L A/c.	(73,00,829)	(1,12,03,207)
No. of equity shares outstanding (nos.)	1,52,89,800	1,52,89,800
Basic earnings per share	(0.48)	(0.73)
Diluted earning per share	(0.48)	(0.73)



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

### 26 CONTINGENT LIABILITIES & COMMITMENTS:

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>(I) Contingent Liabilities</b>		
<b>(a) Claims against the company/ disputed liabilities not acknowledged as debts.</b>		
(i) Income Tax (FY:1998-1999,1999-2000,2000-2001)	NIL	1,54,00,000
<b>(b) Guarantees</b>		
(i) Guarantees to banks and Financial Institutions against credit facility extended to third parties.	12,20,00,000	-
<b>(II) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	NIL	20,00,00,000

### 27 EMPLOYEE BENEFITS:

The Company has not completed 5 years of continuous business and there are no permanent employees in the company, hence the employees benefits under the payment of Gratuity Act are not applicable to the company during the year under consideration.

### 28 DETAILS OF AUDITORS REMUNERATION :

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
<b>Payments to Statutory Auditor :</b>		
<u>As Auditors :</u>		
For Audit Fees	1,34,832	1,34,832
<b>TOTAL</b>	<b>1,34,832</b>	<b>1,34,832</b>

### 29 PURCHASE OF STOCK IN TRADE :

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Fabric	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

### FINISHED STOCK AND TURNOVER:

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Stock In Trade		
Fabric		
Sales value	16,50,160	8,26,110
Opening Stock	2,12,81,605	2,48,10,688
Closing Stock	2,12,81,605	2,48,10,688

**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014****30 FOREIGN CURRENCY TRANSACTIONS:****(Amount in Rs.)**

Particulars	March 31, 2014	March 31, 2013
Value of Imports on CIF basis	NIL	NIL
Expenditure in Foreign Currency	NIL	NIL
Earnings in Foreign Exchange		
Exports (including deemed) of goods (on FOB basis)	NIL	NIL

31 There is no Foreign Exchange Gain/Loss in the year under consideration.

**32 SEGMENT REPORTING :**

Segment reporting does not apply to the company, hence reporting under this clause is not applicable.

**33 RELATED PARTY DISCLOSURES:**

LIST OF RELATED PARTIES	PARTICULARS
Subsidiaries / Associates	1] Vilco Pharma Ovt. Ltd
Key Management Personnel	1] Kantilal Haria 2] Manish Haria
Enterprise in which key management personnel, and their relatives have significant influence	1] Kumar International 2] Haria Investments Pvt Ltd 3] Haria Exports Limited
Relative of Key Management Personnel	1] Manish Haria (HUF) 2] Sheetal Haria 3] Jaysukh maru

**Transaction for the year ended 31st March 2014.**

Particulars	Subsidiaries /Associates	Enterprise in which management personnel and relatives have significant influence	Key Management Personnel & their Relatives	Total
1 Loan Given	-	33,55,000	30,000	33,85,000
	-	(21,52,100)	-	(21,52,100)
2 Loan Received	-	2,10,000	1,90,60,000	1,92,70,000
	-	(4,65,000)	(3,22,22,500)	(3,26,87,500)
3 Loan Repaid	-	7,46,658	67,45,000	74,91,658
	-	(25,72,900)	(21,81,148)	(47,54,048)



## NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Subsidiaries /Associates	Enterprise in which management personnel and relatives have significant influence	Key Management Personnel & their Relatives	Total
<b>4</b> Loan Received	-	-	8,41,86,765	8,41,86,765
Outstanding	-	(5,36,658)	(7,18,71,765)	(7,24,08,423)
<b>5</b> Loan Given	-	43,01,453	30,000	43,31,453
Outstanding	-	(20,77,100)		(20,77,100)
<b>6</b> Rent Paid	-	1,34,832	-	1,34,832
	-	(1,20,000)	-	(1,20,000)
<b>7</b> Rent Received	-	1,48,42,380	-	1,48,42,380
	-	(1,71,27,600)	-	(1,71,27,600)
<b>8</b> Guarantees Given	-	12,20,00,000	-	12,20,00,000
	-		-	-

**Note:** Related Parties Relationship is as identified by the company and relied upon by the auditors.

Figures in the brackets represent previous year figures.

### 34 LEASES

Operating Lease Payment in respect of certain office premises and factory premises on cancellable operating lease which are recognised into the Statement of Profit and Loss:

As at 31st March	2014	2013
Minimum Lease Payment	1,34,832	1,20,000
<b>Total</b>	1,34,832	1,20,000
Lease Rent Received	1,59,18,680	1,74,29,900
<b>Total</b>	1,59,18,680	1,74,29,900

- 35** The trade receivable of Rs. 119,884,477/- are overdue and outstanding since last three years. The management was advised to make provision on these doubtful debts. However the management is confident of receiving the sum and hence no provision has been made accordingly.
- 36** The balance confirmations have been sent to Sundry Debtors, Creditors, Deposits and Loans & Advances Parties, due adjustment if any shall be done on receipt of the confirmation. Management is confident of receiving all the sums due. The provisions for all known liabilities and for depreciation is adequate and not in excess of the amounts reasonably necessary.
- 37** In the opinion of the board the current assets, loans and advances are approximately of the values stated in the Balance Sheet, realized in the ordinary course of business.





**NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

- 38** In the absence of declaration from sundry creditors / suppliers with regard to their status as SSI Undertaking wherever appropriate, it is not possible to determine the amount, payable to sundry creditors falling within the meaning of SSI Undertaking.
- 39** Disclosure under Micro, Small and Medium Enterprises development Act, 2006. The Company has not received any memorandum ( as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently the amount paid/payable to these parties during the period under review is NIL
- 40** Previous Year Figures have been regrouped & reclassified/rearranged wherever necessary.

As per Report of the even date attached.

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**FOR KANAK RATHOD & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 104700W**

**For HARIA APPARELS LTD**

**KANAK RATHOD**  
Proprietor  
M No. : 032833  
Place : Mumbai  
Dated : 30/05/2014

**KANTILAL HARIA**  
Chairman & Managing Director  
  
Place : Mumbai  
Dated : 30/05/2014

**MANISH HARIA**  
Director  
  
Place : Mumbai  
Dated : 30/05/2014



## ATTENDANCE SLIP

Annual General Meeting on 29th September, 2014

Regd. Folio No. : .....

No. of shares held : .....

Name of the Member/Proxy: .....

I certify that I am a registered Member /proxy for the registered Member of the Company.

I hereby record my presence at the Annual General Meeting of the Company to be held at 8, Subhash Road, Vile Parle (East), Mumbai -400057 at 10.00 a.m. and at any adjournment thereof.

.....

\*Proxy's Name

.....

Member's /Proxy's Signature

\*(To be filled if the Proxy attends instead of the Member)

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.



PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U18204MH2011PLC212887

Name of the Company: HARIA APPARELS LIMITED

Registered Office: 8, Subhash Road, Vile Parle (East), Mumbai -400057

Table with 2 columns: Member details and Identification numbers (Email Id, Folio No., DP Id, Client ID).

I/We, being a member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

- 1. Name : \_\_\_\_\_ Email \_\_\_\_\_
Address : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
2. Name : \_\_\_\_\_ Email \_\_\_\_\_
Address : \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him
3. Name : \_\_\_\_\_ Email \_\_\_\_\_
Address : \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the .....Annual General Meeting / Extraordinary general meeting of the company, to be held on the ..... day of ..... At ..... a.m. /p.m. at ..... (place) and at any adjournment thereof in respect of such resolutions as are indicated below :

- Resolution No. :
1. ....
2. ....
3. ....

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Signature of the Shareholder

Signature of the Proxy holder (s)

Affix One rupee Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# BOOK - POST

If undelivered, please return to :

**HARIA APPARELS LIMITED**

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

Tel. No.: 4097 3000