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HANJER FIBRES LIMITED

6th Annual Report

1996-97

HANJER FIBRES LIMITED

CHAIRMAN & MANAGING DIRECTOR

IRFAN ASHRAF FURNITUREWALA

DIRECTORS

UMAR MERCHANT

BHOGILAL BACHKANIWALA

ABDUL RAZAK HAJI VALI MOHD.

IMRAN ASHRAF FURNITUREWALA

NATVARLAL RANA
(Nominee of GIIC)

NARHARI NADHAMUNI
(Nominee of IDBI)

BANKERS

BOMBAY MERCANTILE CO. OP BANK LTD.

THE MEMON CO. OP. BANK LTD.

STATE BANK OF INDIA.

AUDITORS

J. S. BATA & CO.,
32 C, Bhawani Nagar,
Marol Maroshi Road,
Andheri (E).
Mumbai - 400 059.

REGISTRATION & SHARE TRANSFER DEPARTMENT

Hanjer Fibres Limited,
335, Shalimar House,
Grant Road,
Mumbai - 400 007.

REGISTERED OFFICE

Hanjer Fibres Limited,
335, Shalimar House,
Grant Road,
Mumbai - 400 007.

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NOTICE

NOTICE is hereby given that the **Sixth Annual General Meeting** of the Members of the Company will be held at Shalimar Cinema Basement, 335, Grant Road, Mumbai 400 007 on Friday, the 26th September 1997 at 11 a.m. to transact the following business :

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors thereon
2. To appoint a director in place of **Mr. Bhogilal Bachkaniwala** who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of **Mr. Umar Merchant** who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company pursuant to the provisions of Section 293(1) (d) and other applicable provisions if any, of the Companies Act, 1956, be and is hereby accorded to the Board of directors of the Company for borrowing from time to time such sum or sums of money as they may consider fit for the purpose of the Company not withstanding that the monies to be so borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserves not set apart for any sepecific purpose, provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs. 100 Crores (Rupees One Hundred Crores only)."

- 6) To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT the Company do hereby accord its consent under Section 293 (1) (a) of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of Company of all or the any of the immovable and movable properties of the Company, wherever situated both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the

Company in certain events for securing any loans and/or advances already obtained or that may be obtained from Gujarat State Financial Corporation (GSFC) Gujarat Industrial Investment Corporation Limited (GIIC) Industrial Development Bank of India (IDBI) and/or any other financial institutions/banks/ insurance companies or person or person including External Commercial Borrowing (ECB) and or to secure any debenture that may be issued and all interests charges, expenses and all other monies payable by the Company to the concerned lenders, within the overall limit of Rs.100 Crores (Rupees One Hundred Crores only)."

By Order of the Board of Directors

Irfan A. Furniturewala
Chairman & Managing Director

Mumbai, dated 27th June, 1997

Regd. Office :

335, Shalimar House
Grant Road,
Mumbai 400 007.

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out at items No.5 and 6 of the notice is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will be closed from 13th September, 1997 to 26th September, 1997 (both days inclusive).
4. Members are requested to:
 - a) Intimate changes, if any in their registered address at an early date.
 - b) Quote ledger folio number in all their correspondence.
 - c) Intimate about consolidation of folios, if share holdings are under multiple folios.
 - d) Bring their copies of the Annual Report and the Attendance slips with them at the Annual General Meeting.
5. Proxies to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
6. Members requiring any information about the accounts are requested to write to the Company at least one week before the date of meeting.
7. Only registered members carrying the Attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the meeting.

HANJER FIBRES LIMITED**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT AS REQUIRED u/s.173 (2) OF THE COMPANIES ACT,1956.****Item No. 5 and 6.**

At the First Annual General Meeting of the Company held on 27th May, 1992 authority was given to the Board of Directors of the Company to borrow funds in excess of the paid up capital and reserves of the company upto a limit of Rs. 25 Crores and also to secure such borrowings by mortgage/ charge of Companies assets. The said limit sanctioned is insufficient in view of the expansion of activities of the Company and the new projects envisaged. The board may also seek cheaper source of finance for its expansions like External Commercial Borrowings in the light of liberalisation of Economic legislations.

The Members are requested to pass enabling resolutions as set out in Item No. 5 and 6 of the Notice. None of the Directors is interested in the proposed resolutions.

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DIRECTORS' REPORT

Dear Members ,

The Directors have pleasure in presenting the Sixth Annual Report on the business and operation of the Company and the Financial Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS.

	1996-97 Rs. in Lacs	1995-96 Rs. in Lacs
Sales & Other Income	1559.18	1503.26
Profit Before Depreciation & Tax	98.23	167.01
Depreciation	55.13	65.49
Profit before Taxation	43.10	101.52
Provision for Taxation	5.56	NIL
Profit after Taxation	37.54	101.52
Balance of Profit of Previous Year	270.71	169.19
Balance	308.25	270.71
APPROPRIATIONS		
Surplus to Balance Sheet	308.25	270.71

2. OPERATIONS

The members will be happy to note that the Company during the year under report achieved higher turn over despite the adverse market conditions prevailing in the country. However, the profit for the year was lower compared to the previous year because of the increased cost of fuel and interest.

3. DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 1997 with a view to plough back the profit.

4. DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Article 141 of the Articles of Association of the Company. Shri Umar Marchant and Bhogilal Bachkaniwala will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for reappointment. The members are requested to elect the directors.

GLIC had appointed Shri Natvarlal Rana as their nominee on the Board in place of Shri Kuniyil Kailashnathan. Shri Zakaria Haji Latif Aghadi resigned as a director in the Board Meeting held on June 30, 1996. Your board appreciates sincere services rendered by Shri Zakaria Haji Latif Aghadi and Shri Kuniyil Kailashnathan as Chairman and Director respectively during their tenure on the Board of Directors of the Company.

5. PARTICULARS OF EMPLOYEES

The informations as required under section 217(2-A) of the Companies Act, 1956 read with Companies

(Particulars of Employees) Rules 1975 are annexed, and form part of this report.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Informations as per section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in ANNEXURE II forming part of this report.

7. AUDITORS' REPORT

The Notes to the Accounts referred to in the Auditors' Report is self explanatory and therefore do not call for further comments.

8. AUDITORS

You are requested to appoint the Auditors and fix their remuneration.

9. ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their warm appreciation of the valuable contribution, unstinted efforts and spirit of dedication shown by the employees and officers at all levels in the progress of the Company during the year under review. The Directors also take this opportunity to express their sincere thanks for the assistance, co-operation and support extended to your Company by the bankers and financial institutions.

By Order of the Board

Irfan Furniturewala

Chairman & Managing Director

Mumbai, dated 27th June, 1997.

Regd. Office :

335, Shalimar House,
Grant Road,
Mumbai 400 007.

HANJER FIBRES LIMITED

ANNEXURE TO DIRECTORS' REPORT

Informations under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report.

Note :-

D.G. sets has been installed for generation of power. But no separate electric meter is used for measuring electric units produced.

FORM A

I. Conservation of Energy :

(a) Energy Conservation measures taken:

1. Added power capacitors and systems with automatic monitoring and control for improving the power factor.
2. Adopted use of natural lights wherever possible.
3. Improved operational methods helped in achieving better productivity which in turn reduced power consumption per kg of output.
4. Greater employee awareness created about the need for energy conservation which resulted in switching off of lights, fans and machinery when not required.

(b) Additional Investments and proposals if any, being implemented for reduction of consumption of energy.

Proposal for Energy Audit and adequate energy conservation measures with the help of expert consultancy are under consideration.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Impact has not been measured.

(d) Power and Fuel Consumption :

	Current Year	Last Year
1. Electricity:		
a. Purchase Unit	22,14,935	25,27,073
Total Amount	Rs.60,92,842	59,67,972
Rate/Unit	2.75	2.36
b. Own Generation:	See Note	Note
Through Diesel Generator Unit		
Units per Ltr. of Diesel Oil		
Cost/Unit (Ave.)		
2. Coal:	N.A.	N.A.
Quantity (Tons)		
Average Rate		
3. Furnace Oil:	N.A.	N.A.
Quantity (K.Ltr.)		
Total Amount		
Average Rate		
4. Diesel	192810	Nil
Quantity (Ltrs.)		
Total Amount		
Average Rate		

Consumption per unit of production :

Electricity (Unit)	0.85	1.12
Coal (M. Ton)	N.A.	N.A.
Furnace Oil (K.Ltr.)	N.A.	N.A.
Diesel (Ltr.)	0.074	Nil

FORM B

Disclosure of particulars with respect to Technology Absorption, Research and Development (R & D)

A) Research & Development (R & D)

1. *Specific Areas in which R & D is carried out by the Company* : The Company is carrying out continuous R & D efforts for developing qualities of various counts to make Company's product internationally acceptable and get certificate from ISO 9000.
2. *Benefits derived as a result of R & D* : The continuous R & D efforts has enabled company to produce high value coarse counts and consequent thereto now the Company is entirely exporting its production.
3. *Future plan of action* : Quality Control on purchase of Raw material and to continue to pursue R & D work for specialised counts to stabilize in export market.
4. *Expenditure on R & D* : Expenditure incurred are charged under primary heads of accounts and not allocated separately.

B) Technology Absorption, Adaptation & Innovation

1. *Efforts in brief made towards technology absorption, adaptation & innovation* : Technology absorption is not involved as the process for the manufacture of different counts is being developed by the Company itself.
2. *Benefits derived as a result of the above efforts* : Benefits are being enjoyed by company in following forms.
 1. Introduction of new quality counts product.
 2. Improvement in existing products.
 3. Cost reduction.
 4. Improvement in quality.

FORM C

Foreign Exchange Earning & Outgo:

- a) Foreign Exchange Earned through deemed exports : Rs.3,76,48,598
- b) Foreign Exchange Outgo
 - i) on import of raw material : Nil
 - ii) on import of spare parts : Nil
 - iii) on expenditure : Nil