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HANJER FIBRES LIMITED

*9th Annual Report
1999-2000*

HANJER FIBRES LIMITED

HANJER FIBRES LIMITED

CHAIRMAN & MANAGING DIRECTOR

IRFAN ASHRAF FURNITUREWALA

DIRECTORS

IMRAN ASHRAF FURNITUREWALA

NADEEM ASHRAF FURNITUREWALA

NAZIM ASHRAF FURNITUREWALA

HARSHAD TRIVEDI

UMAR MERCHANT

BANKERS

STATE BANK OF INDIA.

THE MFMON CO.OP. BANK LTD.

AUDITORS

S. R. HEGDE & CO.,
CHARTERED ACCOUNTANTS
4th Floor, Sakseria Chambers,
Nagindas Master Road,
Fort, Mumbai - 400 001.

REGISTRATION AND 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.

9th ANNUAL REPORT 1999-2000

NOTICE

NOTICE is hereby given that the **Ninth Annual General Meeting** of the Members of HANJER FIBRES LIMITED will be held at Shalimar Cinema Basement, 335, Grant Road, Mumbai 400 007 on Friday the 29th September, 2000 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, 2000 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Umar Merchant who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Nadeem Ashraf Furniturewala who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT, in accordance with the provisions of the Memorandum and Articles of Association of the Company and Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 or any other regulations and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board") consent of the Company be and is hereby accorded to the Board to offer, issue and allot, on preferential basis, up to 32,00,000 Equity Shares of Rs.10/- each at a price not lower than that determined in accordance with Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as may be amended from time to time, to the Indian Promoters and/or their Nominees as mentioned in the Explanatory Statement annexed to the Notice, in such combination and on such terms as may be determined by the Board"

"RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolution and any offer, issue and allotment of Equity Shares, the Board be and is hereby authorised to take such actions, give such direction and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith and to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Equity Shares and utilisation of the issue proceeds, as it may, in its absolute discretion deem fit and any such action, decision or direction of the Board shall be binding on all members."

"RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari-passu in all respects with the existing Equity Shares of the Company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon."

By Order of the Board of Directors

Sd/-

Irfan A. Furniturewala
Chairman & Managing Director

Mumbai, dated: 29th July, 2000

Registered 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 of the notice is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will be closed from 7th September, 2000 to 11th September, 2000. (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 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

The Company had approached Industrial Development Bank of India (IDBI) for financial assistance for up-gradation cum modernisation of the Company's plant at Bhatkol, Mangrol Dist., Surat under the Technology Upgradation Fund Scheme (TUFS). The IDBI is agreeable in principle to grant Rupee Term Loan not exceeding Rs.575 lakhs on pre-conditions, *inter alia*, to bring equity capital of Rs.320 lakhs by the promoters of the Company.

Accordingly, it is proposed to authorise the Board of Directors to issue up to 32,00,000 Equity Shares of Rs.10/- each to the Promoters and/or their nominees at a price not lower than that determined in accordance with Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as in force.

Presently, the Promoters hold 33.46% of the Equity Capital directly or indirectly through their nominees, group companies and associates.

After the issue and allotment of the Equity Shares pursuant to the proposed preferential issue and allotment as aforesaid, to promoters and their nominees, their share holding will increase to 55.19% in the Equity Capital. The share holding of the individual allottees comprising Indian Promoters and/or their nominees, before and after the proposed allotment, is/will be as follows:-

Sr. No.	Name	Shareholding			
		Present		subsequent to allotment	
		No.	% of capital	No.	% of expanded capital
1.	Irfan Ashraf Furniturewala	516500	7.82	2116500	21.59
2.	Imran Ashraf Furniturewala	320000	4.85	1920000	19.59

There will be no change in the Board of Directors or control of the Company consequent to the proposed allotment of shares except for change in voting rights. The Shareholding Pattern after the preferential allotment would be as follows:

Sr. No.	Particulars	Existing %	After allotment %
1.	Promoters & their nominees	33.46	55.19
2.	FIs/Mutual Funds/ banks	1.31	0.88
3.	NRIs/FIIs/OCBs/FCS	2.60	1.75
4.	Indian Companies	12.31	8.29
5.	Resident Individuals	50.32	33.89
	Total	100.00	100.00

The Directors recommend the resolution mentioned in Sr. No.5 of the Notice for members approval.

Mr. Irfan A. Furniturewala, Mr. Imran A. Furniturewala, Mr. Nadeem A. Furniturewala and Mr. Nazim A. Furniturewala may be deemed to be concerned or interested in the resolution, being the Promoters of the Company.

None of the other Directors of the Company is concerned or interested in the said Resolution.

DIRECTORS' REPORT**Dear Members,**

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Accounts for the year ended 31st March 2000.

1. FINANCIAL RESULTS:

	(Rs.in Lacs)	
	1999-2000	1998-99
Sales & Other Income	2081.86	1856.96
Profit Before Depreciation & Tax	61.26	52.38
Depreciation	45.72	45.22
Profit before Taxation	15.54	7.16
Provision for Taxation	2.00	2.52
Profit after Taxation	13.54	4.64
Balance of Profit of Previous Year	327.79	323.15
Balance	341.33	327.79
APPROPRIATIONS		
Surplus to Balance Sheet	341.33	327.79

2. OPERATIONS:

Your Directors have pleasure to state that the Company during the year under report achieved higher turnover and Profit after taxation has been improved. The Company's product has been established in the Local Market and known for quality consciousness.

3. UPGRADATION CUM MODERNISATION PROJECT UNDER TUFS:

The Company had approached Industrial Development Bank of India (IDBI) for financial assistance for up-gradation cum modernisation of the Company's plant at Bhatkol, Mangrol Dist., Surat under the Technology Upgradation Fund Scheme (TUFS). The IDBI is agreeable in principle to grant Rupee Term Loan not exceeding Rs.575 lakhs on pre-conditions, *inter alia*, to bring equity capital of Rs.320 lakhs by the promoters of the Company.

4. DIVIDEND:

Your Directors do not recommend any dividend for the year ended 31st March, 2000.

5. FIXED DEPOSITS:

The Company has not accepted any Public Deposit during the year nor there is any deposit outstanding for repayment.

6. STOCK EXCHANGE LISTING

The Company's Shares are listed with the Mumbai Stock Exchange, Ahmedabad Stock Exchange, Vadodara Stock Exchange and Delhi Stock Exchange. Listing fees of Mumbai Stock Exchange for the year 2000-2001 has been paid. As regards, Vadodara, Ahmedabad, and Delhi Stock Exchanges the listing fees for the current year remains to be paid.

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

The information as required under Section 217(1)(e) of the

Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 is given in the Annexure to the Report.

8. PREFERENTIAL ISSUE OF SHARES TO PROMOTERS:

A sum of Rs.2,60,20,000/- was brought in by Promoters towards equity capital as per the condition for sanction of term loan by IDBI. A Preferential issue of Equity Shares aggregating to Rs.320 lakhs is proposed to be made to the Promoters complying the SEBI Guidelines.

9. DIRECTORS:

In accordance with the provisions of Article of Association of the Company, Mr.Umar A. Merchant will retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

In accordance with the provisions of Article of Association of the Company, Mr.Nadeem Furniturewala will retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

10. PARTICULARS OF EMPLOYEES:

The information as required under section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 are annexed, and form part of this report.

11. Y2K COMPLIANCE:

Your Company rolled over to the new millennium without any hassles.

12. AUDITORS' REPORT:

The Notes to the Accounts referred to in the Auditors' Report is self explanatory and need no further comments.

13. AUDITORS:

The Auditors of the Company M/s. S.R. Hegde & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and are eligible for re-appointment.

14. 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

Sd/-

Irfan Furniturewala

Chairman & Managing Director

Mumbai, dated : 29th July, 2000

Regd. Office:
335, Shalimar House,
Grant Road,
Mumbai 400 007

HANJER FIBRES LIMITED

ANNEXURE TO DIRECTORS' REPORT

Information 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.

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 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	NIL	NIL
Total Amount	NIL	NIL
Rate/Unit	NIL	NIL
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		
Qty (K.Ltr.)	8,83,766	7,02,700
Total Amount	Rs. 99,90,232	Rs. 62,34,210
Average Rate	Rs. 11.30	Rs. 8.87

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

Consumption per unit of production:

Electricity (Unit)	N.A.	N.A.
Coal (M. Ton)	N.A.	N.A.
Furnace Oil (K.Ltr.)	N.A.	N.A.
Diesel (K.Ltr.)	N.A.	N.A.

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 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 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	
Direct exports	: Rs. 4,83,293
Deemed exports	: Rs. 26,93,623
b) Foreign Exchange Outgo	
i) on import of Raw Material	: NIL
on import of Spare Parts	: NIL
on expenditure	: 21,725