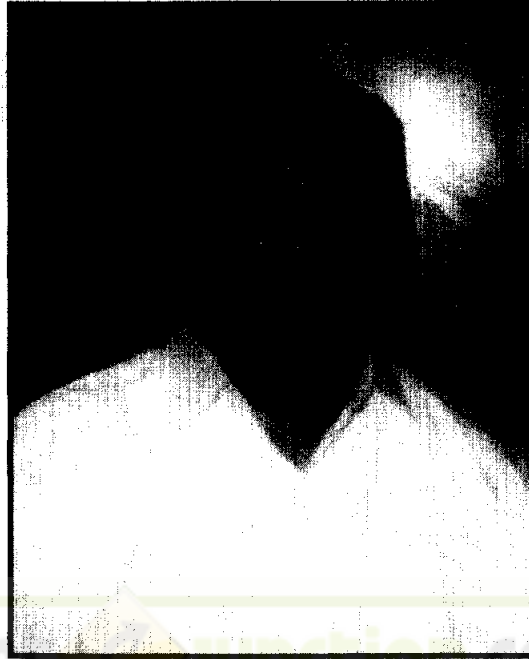


Hanjer 

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HANJER FIBRES LIMITED

10th Annual Report
2000-2001



Shri Zakaria Aghadi
(1927-2000)

Visionary, Pioneer.

*His inspiring spirit of enterprise continues to be
the guiding force for all our activities and future growth.*

HANJER FIBRES LIMITED

CHAIRMAN & MANAGING DIRECTOR

IRFAN ASHRAF FURNITUREWALA

DIRECTORS

IMRAN ASHRAF FURNITUREWALA

NADEEM ASHRAF FURNITUREWALA

NAZIM ASHRAF FURNITUREWALA

HARSHAD TRIVEDI

NATVARLAL RANA

BANKERS

STATE BANK OF INDIA.

THE MEMON 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.

HANJER FIBRES LIMITED

NOTICE

NOTICE is hereby given that the Tenth 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 28th September, 2001 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, 2001 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 Harshad Trivedi who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Imran 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

Sd/-
Irfan Furniturewala
Chairman & Managing Director

Registered Office:
335, Shalimar House,
Grant Road,
Mumbai 400 007
Dated: 30th August, 2001

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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 25th September, 2001 to 28th September, 2001. (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. Proxy should be lodged with the company at least 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.

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 Village Bhatkol, Taluka Mangrol, Dist., Surat under the Technology Upgradation Fund Scheme (TUFS). The IDBI had granted Rupee Term Loan of Rs.575 lakhs on pre-conditions, *inter alia*, to bring equity capital of Rs.320 lakhs by the promoters of the Company.

Accordingly, the promoters and associates have brought in Rs.320,00,000/- towards share capital. The Members have authorised the Board to allot shares on preferential basis by passing necessary Special Resolution at the last Annual General Meeting. However, the Board could not make the allotment within the time limit of ninety days prescribed under the Securities and Exchange Board of India guidelines for Preferential Allotments of Shares etc. Therefore, it is proposed to authorise the Board of Directors once again 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 33.47 % 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	33.47	55.19
2.	FIs/Mutual Funds/ banks	1.33	0.90
3.	NRIs/FIIs/OCBs/FCS	2.08	1.40
4.	Indian Companies	13.88	9.35
5.	Resident Individuals	49.24	33.16
	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.

HANJER FIBRES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts for the year ended 31st March 2001.

1. FINANCIAL RESULTS:

	(Rs.in Lacs)	
	2000-2001	1999-2000
Sales & Other Income	3304.38	2081.86
Profit Before Depreciation & Tax	116.79	61.26
Depreciation	48.49	45.72
Profit before Taxation	68.30	15.54
Provision for Taxation	8.27	2.00
Profit after Taxation	60.03	13.54
Balance of Profit of Previous Year	341.33	327.79
Balance	401.36	341.33
APPROPRIATIONS		
Surplus to Balance Sheet	401.36	341.33

2. OPERATIONS:

Total Turnover of the Company at Rs. 3283.82 lakhs during the year has substantially increased as compared to the earlier year. This has happened because of the Company's efforts to diversify its various product mix in view of envisage upgradation-cum-modernisation under implementation. The Company recorded Net profit after tax of Rs. 60.03 lakhs showing an increase of Rs. 46.49 lakhs over the previous year's figure at Rs. 13.54 lakhs. The substantial improvement in the profitability could be achieved owing to improvement in the productivity and cost control measures undertaken by the company. The Company has replaced high cost debt by low cost funding from The Memon co-operative Bank Ltd. and also obtained fund from IDBI under the Technology Upgradation Fund Scheme (TUFS). The Company's Upgradation cum Modernisation Project under TUFS is nearing completion. The better results as projected have not been achieved because of delay in implementation of upgradation-cum-modernisation project.

3. DIVIDEND:

Your Directors do not recommend any dividend for the year ended 31st March, 2001.

4. FIXED DEPOSITS:

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

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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.

6. PREFERENTIAL ISSUE OF SHARES TO PROMOTERS:

A sum of Rs.320 lakhs 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 in accordance with the SEBI Guidelines & Rules in this regard.

7. DIRECTORS:

Shri Harshad Trivedi and Shri Imran Ashraf Furniturewala retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

8. DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors state

- that in the preparation of the annual accounts for the year ended 31.03.2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that while preparing the annual accounts the policies selected are consistent and the judgements and estimates applied are 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 financial year and of the financial

- results of the company for the year ended on 31-03-2001.
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts for the year ended on 31.03.2001 on a going concern basis.

9. DEMATERIALISATION OF EQUITY SHARES :

The Equity Shares of your Company have been included in the list in which trading is compulsory in dematerialised form for all the shareholders of the Company. The Company is in the process of entering into the necessary agreement with the depositories viz. Central Depository Services (India) Limited and National Securities Depositories Limited. to establish the required connectivity with both the depositories.

10. LISTING ON STOCK EXCHANGE :

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 2001-2002 has been paid. As regards, Vadodara, Ahmedabad, and Delhi Stock Exchanges the listing fees for the current year remains to be paid.

The Company is required to comply with the provisions of the listing agreement relating to Corporate Governance not later than 31st March 2003. The Company has already initiated measures of good Corporate Governance and the same will be implemented by March 2003. In the mean while the Company has constituted Audit Committee as per requirement of the listing agreement.

11. PARTICULARS OF EMPLOYEES:

During the year under review there was no employee in the Company receiving remuneration of or in excess of Rs.12,00,000/- per annum or Rs.1,00,000/- per month, requiring disclosure as per provisions of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975.

12. AUDITORS' REPORT.

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

13. AUDIT COMMITTEE

The Company has constituted an Audit Committee of the Directors, pursuant to the provisions of the Companies (Amendment) Act, 2000. The Board has defined the scope of the Audit Committee to cover all the areas provided for in the Companies Act, 1956, as amended.

14. 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.

15. 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, date: 30th August 2001

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

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.

- i) The Company has procured Gasifier Units which are promoted By MNES and GEDA for alternative Dual fuel system to be used in its DG Sets. One unit has been put in regular production showing substantial cost reduction, approx. 33%, on the installed DG Set. moreover subsidy to the extent of Rs. 1.88 lakhs has also been received from GEDA for this installation.

The company proposes to convert the entire DG Set equipment to Dual fuel system, thereby bringing down the fuel cost to 70% of existing level by 2002 December.

- ii) 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)	10,16,000	8,83,766
Total Amount	Rs. 1,58,31,241	Rs. 99,90,232
Average Rate	Rs. 15.58	Rs. 11.30

Note :- D.G. sets and Gasifire have 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.

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	: NIL
Deemed exports	: NIL
b) Foreign Exchange Outgo	
i) on import of Raw Material	: NIL
on imports of Capital Goods	: Rs. 86,16,018
on import of Spare Parts	: NIL
on expenditure	: Rs. 1,05,337