

Hanjier 

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HANJER FIBRES LIMITED

12th Annual Report
2002-2003

HANJER FIBRES LIMITED

HANJER FIBRES LIMITED

CHAIRMAN & MANAGING DIRECTOR

IRFAN ASHRAF FURNITUREWALA

DIRECTORS

NADEEM ASHRAF FURNITUREWALA

NATVARLAL RANA

HARSHAD TRIVEDI

RAFIQUE INGARIA

BANKERS

STATE BANK OF INDIA.

THE MEMON CO.OP. BANK LTD

BANK OF BARODA

AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENT

Adroit Corporate Services Pvt Ltd

19, Jaferbhoy Industrial Estate
Makwana Road, Marol Naka
Andheri (East)
Mumbai - 400 059

REGISTERED OFFICE

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

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of HANJER FIBRES LIMITED will be held at Shalimar House, 335, Grant Road, Mumbai 400 007 on Friday the 26th September 2003 at 11 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003 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 Nadeem A. Furniturewala who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Harshad Trivedi 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, the following resolution as an **ORDINARY RESOLUTION** of which notice has received by the Company from member.

"RESOLVED THAT Mr. Rafique Y. Ingaria, who was appointed by the board as an Additional Director on 31st October 2002 under Article 129 of Articles of Association of the Company to hold office till the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956, from a member of the Company proposing his name for appointment as a Director, be and is hereby appointed as a Director of the Company liable for retirement by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), the following as a **SPECIAL RESOLUTION**.

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Clause 5.2 of the Securities & Exchange Board of India (Delisting of Securities) Guide Lines, 2003 and such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which the Board of the Company may agree, consent is hereby accorded to the Board to delist the Company's Equity shares from all or any of the following Stock Exchanges viz, Delhi Stock Exchange Association Limited at New Delhi, the Ahmedabad Stock Exchange at Ahmedabad and the Vadodara Stock Exchange at Vadodara."

By order of the Board

Sd/-

Irfan Furniturewala

Chairman & Managing Director

Registered Office:

335, Shalimar House,
Grant Road,
Mumbai 400 007

Dated: 28th August, 2003

NOTE:

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. Proxy should be lodged with the company at least 48 hours before the commencement of the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business mentioned in the notice.
4. The Register of Members and the Share Transfer books of the Company will be closed from Wednesday the 24th September 2003 to Friday the 26th September 2003. (Both days inclusive).
 - 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.
 - e) Consider Dematerialising the equity shares held by them.
 - f) Quote ledger folio number /DP Identity and Client Identity Numbers in all their correspondence.
 - g) Get the shares transferred in joint names, if shares are held in single name, to avoid inconvenience.
 - h) Send to the Company duly filled in form for appointment of nominee for the shares held. The prescribed form for appointment of nominee will be made available on request.
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**

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the business mentioned under item nos.5 & 6 of the notice dated 28th August, 2003

Item No. 5

At the Meeting of the Board of Directors of the Company held on 31st October, 2002, Mr. Rafique Y. Ingaria was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 to hold office up to the forthcoming Annual General Meeting. A notice in writing from a member has been received in accordance with Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Rafique Y. Ingaria as a Director. Mr. Rafique Y. Ingaria is B.E. (Mechanical Engineer) having his own business. His continuation on the Board will be beneficial to the Company.

The members may pass the resolution appointing Mr. Rafique Y. Ingaria as a Director of the Company. None of the directors is concerned or interested in the resolution other than Mr. Rafique Y. Ingaria.

Item No. 6

The Company's shares are listed at Stock Exchanges at Ahmedabad, Vadodara and Delhi apart from Bombay Stock Exchange, being the Regional Stock Exchange.

With the wide and extensive network of the BSE, the investors have access to online dealings in the Company's shares across the Country. Moreover, the Company's shares are under compulsory dematerialization.

In the last one or two years, the Company's shares are seldom traded at Ahmedabad, Vadodara and Delhi Stock Exchanges. For the continued listing with the above three Stock Exchanges the Company will have to incur annual expenditure to the tune of Rs. 28,750 and it is worthless compared to the benefit derived there from. In view of the foregoing coupled with the idea of cost reduction your directors propose to go for voluntary delisting of the Company's shares from the said Stock Exchanges.

The proposed voluntary delisting of the shares from the said Stock Exchanges would not adversely affect any investors including the shareholders located in the regions under the said Stock Exchanges. Pursuant to the SEBI (Delisting of Securities) Guide lines 2003, it is now proposed to seek the members' approval by way of a Special Resolution as set out in the notice. No exit option is required to be offered to the shareholders.

The proposed delisting is in the interest of the Company and the Board recommends the Special Resolution for acceptance by the Members.

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

By order of the Board

Sd/-

Irfan Furniturewala

Chairman & Managing Director

Registered Office:

335, Shalimar House,
Grant Road, Mumbai 400 007
Dated: 28th August, 2003

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts for the year ended 31st March 2003.

1. FINANCIAL RESULTS:

	(Rs.in Lacs)	
	2002-2003	2001-2002
Sales & Other Income	5493.84	3797.19
Profit Before Depreciation & Tax	194.54	147.71
Depreciation	96.45	61.87
Profit before Taxation	98.09	85.84
Provision for Taxation	8	7.14
Profit after Taxation	90.09	78.70
Balance of Profit of Previous Year	480.06	401.36
Balance	570.15	480.06
APPROPRIATIONS		
Surplus to Balance Sheet	570.15	480.06

2. OPERATIONS:

Company's turnover has increased from Rs. 3792.74 lakhs to Rs. 5491.21 lakhs and profit before taxation from 85.84 lakhs to 98.09 lakhs. The company has set an ambitious target and foresees sizeable growth in turnover and profits in the years to come. The Company's Up gradation cum Modernisation project under TUFS is completed and commercial production commenced last year. The full year effect has been seen in the current year production and we are sure that we would be able to exceed your expectation about the performance of the Company both in terms of turnover and profits during the current year 2003-04. The Company has undertaken implementation of Ring Spinning Project under Phase III.

3. DIVIDEND:

Your Directors do not recommend any dividend for the year ended 31st March, 2003.

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. DIRECTORS:

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

Mr. Rafique Y. Ingaria was appointed as an Additional Director on 31st October 2002. He holds office up to

the date of the ensuing Annual General Meeting of the Company. Notice has been received from the member of the Company proposing Mr. Rafique Y. Ingaria as a candidate for the office of Director of the Company. The Directors recommend his appointment.

7. DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors state

- a. that in the preparation of the annual accounts for the year ended 31.03.2003, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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 31-03-2003.
- c. 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;
- d. that the directors had prepared the annual accounts for the year ended on 31.03.2003 on a going concern basis.

8. DEMATERIALISATION OF EQUITY SHARES AND SHARE REGISTRY ACTIVITIES:

The Equity Shares of your Company are under compulsory dematerialisation. The Company has been allotted ISIN INE053G01018 w.e.f. 28-05-03 M/s Adriot Corporate Services Pvt. Ltd., 19th, Jaferbhoy Industrial Estate, 1st floor, Makawana Road, Marol Naka, Andheri(E), Mumbai-400059 has been appointed as common agency for share registry work in terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27th December 2002.

9. 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 all the Stock Exchanges have been paid for 2003-2004, except Mumbai Stock Exchange.

Members are requested to pass appropriate resolutions to enable the company to get the Shares voluntary delisted from Stock Exchanges at Ahmedabad, Vadodara and Delhi.

10. CORPORATE GOVERNANCE

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

HANJER FIBRES LIMITED**11. INSURANCE:**

The Directors confirm that the fixed assets of the Company are adequately insured against fire and allied risks on a replacement cost basis. The stocks are also appropriately insured.

12. AUDIT COMMITTEE:

The Company has constituted an Audit Committee pursuant to the provisions of Section 29A of the Companies Act, 1956 and the listing agreement with the Stock Exchanges.

13. PARTICULARS OF EMPLOYEES:

During the year under review there was no employee in respect of whom of disclosure is required to be made as per provisions of Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975.

14. AUDITORS' REPORT.

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

15. 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.

16. 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

Registered Office:

335, Shalimar House,
Grant Road,
Mumbai 400 007

Dated: 28th August, 2003

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.

The company has converted the entire DG Set equipment to Dual fuel system, thereby bringing down the fuel cost at reasonable level.

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.

Resulted in reduction in consumption of energy reducing cost of production of goods.

	<u>Current Year</u>	<u>Last Year</u>
1. Electricity :		
a. Purchase Unit	NIL	NIL
b. Total Amount	NIL	NIL
c. 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		

	<u>Current Year</u>	<u>Last Year</u>
4. Diesel		
Qty (K.Ltr)	14,32,705	14,23,900
Total Amount	Rs. 1,98,21,687	Rs. 2,05,14,969
Average Rate	Rs. 13.84	Rs. 14.41

Note :- D.G. sets and Gasifire 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 product is established in the market for quality consciousness.

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:

Company is enjoying following benefits:

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	: NIL
on import of Spare Parts	: NIL
on expenditure	: NIL

By Order of the Board

Sd/-

Irfan Furniturewala
Chairman & Managing Director

Registered Office:

335, Shalimar House,
Grant Road,

Mumbai 400 007.

Dated: 28th August, 2003

HANJER FIBRES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company has performed remarkably well during the year under review. The Profit before tax for the year has been the highest so far in the history of the Company. The performance could have been even better, but due to the draught situation, dampening the aspirations of the vast farming community and, inevitably, blowing the whistle of caution for businesses such as that of your Company whose fortunes are closely linked with a satisfactory monsoon.

BUSINESS OF THE COMPANY

Your Company was mainly engaged in the business of manufacturing Coarse Count Cotton Yarn of 4's to 20's. Your Company at present is manufacturing coarse cotton yarn of 4's to 20's counts for various applications like tapes, canvas, industrial sheeting's, Denim, Drills, Hosepipes, Braids and Twills. The company had recently undertaken technology up gradation of its existing plant so as to improve the quality of most of its yarn from 'B' Grade to 'A' Grade, to improve the productivity of the machines by at least 10-15% and enable the existing manufacturing setup to produce more value added yarn like 'soft yarn' required in both domestic and export markets for manufacture of flannel fabrics and knitted fabrics and gloves. The soft yarn results in enhanced value addition due to the high level of technical expertise required for manufacturing.

INDUSTRY

The reason why India is able to offer a wide variety of cotton textiles is that it produces perhaps the largest range of cottons in the world. Besides being the one of the four biggest producers of raw cotton in the World, India has the unique distinction of possessing all possible varieties of cotton. In between, there are all staple lengths and micromere values. And of course India has consumers with all kinds of incomes. The production of raw cotton in India has grown steadily over the years.

BUSINESS OUTLOOK

The Company is trying to establish its products in India amongst the various large manufacturers and E.O.U who are bulk consumers of these products. Still there are a few markets that have been recently tapped and work has been started. Regarding exports, it is still a new market for the

company, as all our major sales in the past through merchant exporters have been in neutral packing and even though we have exported a lot of material our brand is still new in the market.

RISKS AND CONCERNS

The company's expectations and estimates may vary due to factors like monsoons, general economical conditions, terrorists attacks affecting market sentiments adversely and government policies such as CENVAT and VAT.

INTERNAL CONTROL SYSTEM

The company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations. An Audit Committee consisting of three independent, non-executive directors in place. Internal audit is conducted at regular intervals and covers the key areas of operations. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee met five times during the financial year under review.

EXPANSION PLANS

The company is in the process of installation of RING frames, Doubling and manufacturing facilities for 2 count yarn to increase the market spread and improve revenue earnings and market presence of the company and also it would be a preparation to face the WTO 2005 challenges.

HUMAN RESOURCES

Your Company's industrial relations continued to be harmonious during the year under review. Your Company conducts regular in-house training programs for employees at all levels. The focus is on maintaining employee motivation at a high level with stress on leadership development.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied.