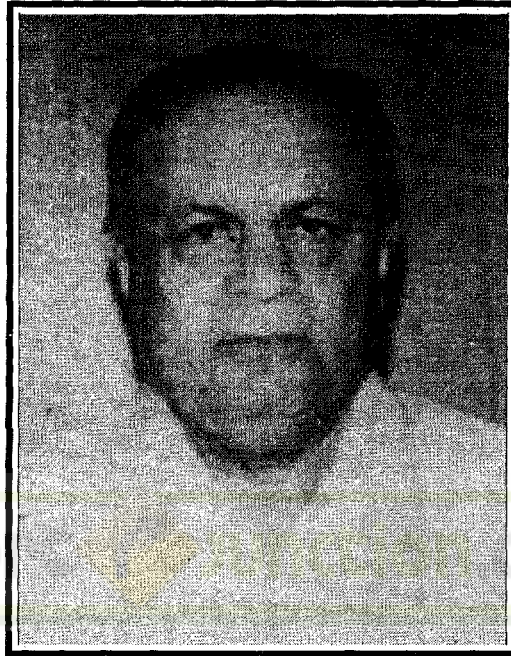


*Hanjer* 

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**HANJER FIBRES LIMITED**

**13th Annual Report  
2003-2004**



**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

NADEEM ASHRAF FURNITUREWALA

NATVARLAL RANA

RAFIQUE INGARIA

### BANKERS

STATE BANK OF INDIA.

THE MEMON CO.OP. BANK LTD

BANK OF BARODA

UCO BANK

### AUDITORS

S.M. Bhat & Associates

CHARTERED ACCOUNTANTS

Block No. H,

Shri Sadashiv Co-op. Housing Soc. Ltd.,

6th Road, Santacruz(E),

Mumbai - 400 055.

Membership Number : 30696

### REGISTRAR AND SHARE TRANSFER AGENT

**Adroit Corporate Services Pvt. Ltd.**

19, Jaferbhoy Industrial Estate

Makwana Road, Marol Naka

Andheri (East)

Mumbai - 400 059.

Tel : 91-22-28503748 / 28590942 / 56924437

### REGISTERED OFFICE

Hanjer Fibres Limited,

335, Shalimar House,

Grant Road, Mumbai - 400 007.

Tel : 91-22-23875140 / 23871963

## HANJER FIBRES LIMITED

### NOTICE

**NOTICE** is hereby given that the Thirteenth Annual General Meeting of the Members of HANJER FIBRES LIMITED will be held at Shalimar House, 335, Grant Road, Mumbai 400 007 on Thursday the 30th September, 2004 at 11 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Irfan A. Furniturewala who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Natvarlal Rana 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 a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the reappointment of Dr. Irfan Ashraf Furniturewala as the Chairman and Managing Director of the Company for a period of five years with effect from 1st September, 2004 on a remuneration of Rs.25,000/- per month"

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profit in any financial year Dr. Irfan Ashraf Furniturewala, Chairman and Managing Director of the Company shall be paid the above remuneration as minimum remuneration"

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval and consent to the appointment of Mr. Nadeem Ashraf Furniturewala as Whole Time Director of the Company for a period of five years with effect from 1st September, 2004 on a remuneration of Rs.10,000/- per month"

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy or profit in any financial year Mr. Nadeem Ashraf Furniturewala, Whole Time Director of the Company shall be paid the above remuneration as minimum remuneration"

By Order of the Board

Sd/-

Irfan Furniturewala

Chairman & Managing Director

#### Registered Office:

335, Shalimar House, Grant Road,  
Mumbai 400 007

Dated: 27th August, 2004

### 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 Friday the 24th September 2004 to Thursday the 30th September, 2004. (both days inclusive).
5. 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.
  - 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.

**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 and 6 of the notice dated 27th August, 2004

**Item No. 5**

At the Annual General Meeting of the Company held on 30th September, 1999 Dr. Irfan Ashraf Furniturewala was appointed as the Managing Director of the Company for a period of five years effective from 1st September, 1999.

As the tenure of the Managing Director is expiring on 31th August, 2004, the Board propose the appointment of Dr. Irfan A. Furniturewala for a further period of five years with effect from 1st September, 2004 on a salary of Rs.25,000/- per month.

Dr. Irfan A. Furniturewala is a B.Com. from Bombay University and hold a honorary degree of Doctor of Philosophy in Business Management (Ph.D) from Burkes University. He has vast experience in the field of business of the Company.

None of the Directors is concerned or interested in the resolution except Dr. Irfan A. Furniturewala as it pertains to his own appointment and Mr. Nadeem Furniturewala being his relative.

This may be treated as an abstract of the terms of appointment of Dr. Irfan A. Furniturewala, Managing Director pursuant to Section 302 of the Companies Act, 1956.

**Item No. 6**

At the Meeting of the Board of Directors of the Company held on 27th August, 2004 Mr. Nadeem Ashraf Furniturewala was appointed as Whole Time Director of the Company for a period of five years effective from 1st September, 2004 subject to the approval of the Members at the Annual General Meeting.

Mr. Nadeem A. Furniturewal is a B.Com from Bombay University and. He has 4 years experience in the field of business of the Company.

None of the Directors is concerned or interested in the resolution except Mr. Nadeem A. Furniturewala as it pertains to his own appointment and Dr. Irfan Furniturewala being his relative.

This may be treated as an abstract of the terms of appointment of Mr. Nadeem A. Furniturewala, Whole Time Director pursuant to Section 302 of the Companies Act, 1956.

**By Order of the Board**

Sd/-

**Irfan Furniturewala**

Chairman & Managing Director

**Registered Office:**

335, Shalimar House,  
Grant Road,  
Mumbai 400 007

Dated: 27th August, 2004

# HANJER FIBRES LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts for the year ended 31st March 2004.

### 1. FINANCIAL RESULTS:

	(Rs. in Lacs)	
	2003-2004	2002-2003
Sales & Other Income	6149.56	5493.84
Profit Before Depreciation & Tax	201.43	194.54
Depreciation	97.81	96.45
Profit before Current Tax	103.62	98.09
Provision for Current Tax	7.99	8.00
Profit after Tax	95.63	90.09
Provision for Deferred Tax	39.61	36.48
Net Profit	56.02	53.61
Balance of Profit of Previous Year	329.85	276.24
Balance	385.87	329.85
APPROPRIATIONS		
Surplus to Balance Sheet	385.87	329.85

### 2. OPERATIONS:

Company's turnover has increased from Rs. 5491.21 lakhs to Rs. 6147.43 lakhs and profit before taxation from 90.09 lakhs to 95.63 lakhs.

### 3. DIVIDEND:

Your Directors do not recommend any dividend for the year ended 31st March, 2004.

### 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:

Dr. Irfan A. Furniturewala and Mr. Natvarlal Rana, Directors retire by rotation at this ensuing Annual General Meeting and being eligible, offer themselves for reappointment

### 7. DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors state

- that in the preparation of the annual accounts for the year ended 31.03.2004, 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 31-03-2004.

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 31.03.2004 on a going concern basis.

### 8. 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 and Delhi Stock Exchange have been paid for 2004 - 2005. The Members have passed necessary resolution in the last Annual General Meeting to voluntarily de-list the shares of the Company from Ahmedabad, Vadodara and Delhi Stock Exchanges. Steps are being taken to de-list the shares from the aforesaid Stock Exchanges.

### 9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on the Corporate Governance forms part of the Annual Report along with Auditors' Certificate on its compliance.

### 10. MANAGEMENT DISCUSSION AND ANALYSIS

#### Overview

The Company's performance during the year under review has been good. This could be possible due to managements relentless focus on assets productivity, strengthening of internal efficiencies, cost consciousness. During the year under review, the Company posted a turnover of Rs. 6149.56 Lacs and earned net profit of Rs. 56.02 Lacs.

#### Business of the Company

The Company is mainly engaged in the business of manufacturing Coarse Count Cotton Yarn and presently produces 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 undergone technology up gradation of its existing plant so as to improve the quality of yarn produced from 'B' Grade to 'A' Grade coupled with improvement in productivity of the machines by at least 10-15% enabling more production and value addition to the yarn like 'soft yarn' required in both domestic and export markets for manufacture of flannel fabrics and knitted fabrics and gloves. The soft yarn fetch higher price because of its high precision.

#### Industry Structure and Developments:

India is able to offer a wide variety of cotton textiles since she is, perhaps, the producer of 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 market for its products in India, amongst the large manufacturers who consume these products in bulk. The Company has been successful in tapping few new markets which would improve its prospects. The Company has yet to establish an export market as all its major sales abroad in the past have been through merchant exporters in neutral packing and the brand name is still new in foreign markets though the Company's materials were supplied in foreign market.

**Risks and Concerns**

The Company's expectations and estimates may vary and the same are dependent on factors like monsoons, general economical conditions, terrorists attacks etc. affecting market sentiments in addition, the government policies and tax implications.

**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 is 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 of the Board meets periodically.

**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**

The Company's industrial relations were cordial. In-house training programs for employees at all levels are conducted regularly with emphasis to maintaining employee motivation at a high level and 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.

**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. PARTICULARS OF EMPLOYEES:**

During the year under review there was no employee in respect of whom 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.

**13. AUDITORS' REPORT:**

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

**14. AUDITORS:**

The Auditors M/s. S.M. Bhat & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting. M/s. S.M. Bhat & Associates, Chartered Accountants have informed the Company that, if appointed, their appointment will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Accordingly, the Shareholders approval is being sought to their appointment as the Auditors of the Company at the Annual General Meeting.

**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

**Registered Office:**

335, Shalimar House,  
Grant Road,  
Mumbai 400 007

Dated: 27th August, 2004

## 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.

- 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, consequently reducing cost of production.

###### (d) Power and Fuel Consumption.

	<u>Current Year</u>	<u>Last Year</u>
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		

	<u>Current Year</u>	<u>Last Year</u>
Qty (K.Ltr)	16,83,794	14,32,705
Total Amount	Rs. 27,465,885	Rs. 19,821,687
Average Rate	Rs. 16.31	Rs. 13.84

**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.

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 activities for improving 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 activities have enabled Company to produce high value coarse counts and consequent thereof the Company could export its products.

###### 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 the 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	: Rs.1,252,232

###### b) Foreign Exchange Outgo

i) on import of Raw Material	: NIL
on imports of Capital Goods	: NIL
on import of Spare Parts	: Rs.151,553
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: 27th August, 2004