

17th

Annual Report 2007-08

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Hanjer

FIBRES LIMITED

HANJER FIBRES LIMITED

BOARD OF DIRECTORS

Dr. Irfan Ashraf Furniturewala : *Chairman & Managing Director*
 Natwarlal Rana : *Director*
 Gajanan Krishna Salunke : *Director*

AUDITORS

S. M. Bhat & Associates
Chartered Accountants
 Block No. 'H', Shree Sadashiv CHS Ltd.,
 6th Road, Santa Cruz (E),
 Mumbai - 400 055.
 Membership No. 30696

BANKERS

State Bank of India
 Bank of Baroda
 UCO Bank

REGISTERED OFFICE

HANJER FIBRES LIMITED
 335, Shalimar House
 Grant Road, Mumbai - 400 007
 Tel. : 91-22-23875140 / 23871963

REGISTRARS & SHARE TRANSFER AGENTS

Adroit Corporation Services Pvt. Ltd.,
 19/20, Jaferbhoy Industrial Estate,
 Makwana Road, Marol Naka
 Andheri (East),
 Mumbai - 400 059.
 Tel. : 91-22-28594060 • Fax : 28503748
 Email : adroits @vsnl.net

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17th Annual Report 2007-08**NOTICE**

NOTICE is hereby given that the **Seventeenth Annual General Meeting** of the Members of **HANJER FIBRES LIMITED** will be held at Shalimar House, 335, Grant Road, Mumbai - 400 007 on Monday the 29th September, 2008 at 11 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement 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 Natwarlal Rana who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"Stock 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 de list the Company's Equity shares from all or any of the Stock Exchanges except "The Stock Exchange Mumbai" 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/-

Dr. Irfan Furniturewala
Chairman & Managing Director

Registered Office :

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

Dated : 30th June, 2008

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 remain closed between Monday the 22nd September, 2008 and Monday the 29th September, 2008. (both days inclusive).
5. Members are requested to :
 - a) Intimate changes, if any in his/her registered address at an early date.
 - b) Quote ledger folio number in all the correspondence.
 - c) Intimate about consolidation of folios, if share holdings are under multiple folios.
 - d) Bring his/her copy of the Annual Report and the Attendance slips with them at the Annual General Meeting.
 - e) Consider Dematerializing the equity shares held by his/her in physical form.
 - f) Get the shares transferred in joint names, if shares are held in single name or appoint nominee, to avoid inconvenience.
 - g) 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 No. 4 of the notice dated 30th June, 2008.

Item No. 4

The Company's shares are listed at Stock Exchanges at Ahmedabad, Vadodara and Delhi apart from The Stock Exchange, Mumbai 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 recent 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 of listing fees and hence it will be prudent to de list the shares from the respective Stock Exchanges to avoid this expense, your Board feels unnecessary. 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 continuation of listing will not be beneficial to the Shareholders for trading their Shares on those Stock Exchanges and 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 as the Shares of the Company shall be continue to listed on the Stock Exchange, Mumbai.

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/-

Dr. Irfan Furniturewala
Chairman & Managing Director

Registered Office :

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

Dated : 30th June, 2008

17th Annual Report 2007-08**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
PARTICULARS	31-03-2008	31-03-2007
Sales & Other Income	2341.69	3835.12
Loss Before Depreciation & Tax	-605.28	-369.28
Depreciation	139.23	115.81
Loss before Current Tax	-744.51	-485.09
Prior year adjustments	0.42	0.00
Provision for Current Tax	0	0
Loss after Tax	-744.93	-485.09
Provision for FBT	0.51	3.45
Provision for Deferred Tax	10.24	-3.41
Net Loss	-755.68	-485.13
Balance of Profit of Previous Year	-506.73	-21.6
Balance.	-1262.41	-506.73

2. OPERATIONS :

During the year under review Company has achieved turnover of Rs. 2334.47 lacs. The performance during the year under review remained to be affected because of accumulated reasons of earlier years such as major fire, frequent natural calamities, opening up of market post WTO '05 for export of raw cotton, poor capacity utilization, higher interest rates etc. Despite these constraints Company has done its best effort to achieve the targets but in vein. Your Company has incurred loss of Rs. 755.68 lacs after providing for tax as against loss of Rs. 485.13 lacs in the previous year.

3. DIVIDEND

In view of the losses your Directors are unable to recommend any dividend for the year ended 31st March, 2008.

6. FIXED DEPOSITS :

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

7. 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.

8. DIRECTORS :

Shri. Natwarlal Rana Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment

9. DIRECTORS RESPONSIBILITY STATEMENT :

Your Directors state

- that in the preparation of the annual accounts for the year ended 31.03.2008, 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 judgments 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 31-03-2008.
- 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 31.03.2008 on a going concern basis.

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 all the Stock Exchanges have been paid for 2008 - 2009. The Members have passed necessary resolution in the earlier Annual General Meeting to voluntarily de list the shares of the Company from Ahmedabad, Vadodara and Delhi Stock Exchanges. Steps are being taken again to de list the shares from the aforesaid Stock Exchanges.

HANJER FIBRES LIMITED

11. 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.

12. MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company's performance during the year under review remained to be adversely affected because of high raw material cost on account of raw cotton export after opening up of world markets post WTO 2005, poor capacity utilization etc. The Company has managed to achieve turnover of 2334.47 Lacs during the year under review by making efforts to manufacture right product mix and by enhancing trading activities. The company has reinstated Plant & Machinery.

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.

Industry Structure and Developments :

India has the unique distinction of possessing all possible varieties of cotton. 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 one of the four biggest producers of raw cotton in the World. 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. However due to export of raw cotton post WTO 2005 the present product mix is unviable.

Business Outlook

Post Quota regime effective from 01/01/2005 the product mix became a major problem as due to exports of short and medium staple cotton leading to major competition from China due to which the end products made out of short and medium staple cotton fibre became highly competitive in price hence unviable. Hence, turnaround can be expected only after forward integration and modification of product mix.

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.

Audit Committee & Internal Control System

The Audit Committee appointed under the Board of Directors reviews the adequacy and effectiveness of the internal control systems and suggests improvement for strengthening them, from time to time. The company has instituted adequate internal control procedure commensurate with the nature of its business size of its operations. Regular internal Audits and checks ensure that responsibilities are executed effectively.

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.

OTS proposal for dues of all secured creditors

The Company has submitted one time settlement (OTS) of dues of all secured creditors and are under consideration by all the banks and Industrial Development Bank of India

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.

13. 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

14. 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.

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15. AUDITORS' REPORT :

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

16. 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.

17. 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/-
Dr. Irfan Furniturewala
Chairman & Managing Director

Mumbai, Date : 30th June, 2008

Registered 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.

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.

HANJER FIBRES LIMITED

(d) Power and Fuel Consumption.

	Current Year	Last Year
1. Electricity :		
a. Purchase Unit	1,922,072	NIL
Total Amount	Rs. 9,438,075	NIL
Rate/Unit		
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. Gas :		
Quantity (K. Ltr.)	99,643	987,502
Total Amount	Rs. 787,540	Rs. 9,711,180
Average Rate		
4. Diesel		
Qty (K. Ltr)	18,260	14,993
Total Amount	Rs. 646,082	Rs. 550,282
Average Rate		

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 activities for improving qualities of various counts to make Company's product mix viable.

2. Benefits derived as a result of R & D :

The proposal for modification, up gradation and forward integration are prepared for revival of the Company by improving its viability.

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3. Future plan of action :

Quality Control on purchase of Raw Material and to continue to pursue R & D work for specialised counts to improve viability.

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

NIL

on import of Spare Parts

NIL

on expenditure

NIL

By Order of the Board

Sd/-

Dr. Irfan Furniturewala
Chairman & Managing Director

Registered Office :

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

Dated : 30th June, 2008