

*18th*

Annual Report 2008 - 2009

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*Hanjer*<sup>®</sup>

**FIBRES LIMITED**

**HANJER FIBRES LIMITED**

**CHAIRMAN & MANAGING DIRECTOR**  
**DR. IRFAN ASHRAF FURNITUREWALA**

**DIRECTORS**

Natwarlal Rana

Gajanan Krishna Salunke

**BANKERS**

State Bank of India

Bank of Baroda

UCO Bank

**AUDITORS**

S. M. Bhat & Associates

Chartered Accountants

Block No 'H', Shree Sadashiv CHS Ltd.

6<sup>th</sup> Road, Santa Cruz (E), Mumbai – 400 055.

Membership No. 30696

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**REGISTRAR AND SHARE TRANSFER AGENT**

Adroit Corporate Services Pvt. Ltd.

19/20, Jaferbhoy Industrial Estate,

Makwana Road, Marol Naka,

Andheri (East)

Mumbai – 400059

Tel : 91-22-28594442 Fax 28503748

Email: [adroits@vsnl.net](mailto:adroits@vsnl.net)

**REGISTERED OFFICE**

**HANJER FIBRES LIMITED**

335, Shalimar House,

Grant Road, Mumbai – 400007

Tel: 91-22-23018001

## 18th Annual Report 2008-2009

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of HANJER FIBRES LIMITED will be held at Shalimar House, 335, Grant Road, Mumbai 400 007 on Wednesday the 30<sup>th</sup> September, 2009 at 11 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009, 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 Gajanan Salunke 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."

**Registered Office:**

335, Shalimar House,  
Grant Road,  
Mumbai 400 007  
Dated: 29<sup>th</sup> June, 2009.

By Order of the Board  
Sd/-

**Dr Irfan Furniturewala**  
Chairman & Managing Director

**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 Tuesday the 22<sup>nd</sup> September, 2009 and Wednesday the 30<sup>th</sup> September, 2009. (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.

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**HANJER FIBRES LIMITED**

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**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 29th June, 2009

**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: 29<sup>th</sup> June, 2009.

## 18th Annual Report 2008-2009

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

**1. Financial Results :**

|                                    | (Rs.in Lacs) |           |
|------------------------------------|--------------|-----------|
|                                    | 2008-2009    | 2007-2008 |
| Sales & Other Income               | 306.90       | 2341.69   |
| Loss Before Depreciation & Tax     | -103.85      | -605.28   |
| Depreciation                       | 139.89       | 139.23    |
| Loss before Current Tax            | -243.74      | -744.51   |
| Prior year adjustments             | 0.79         | 0.42      |
| Provision for Current Tax          | 0            | 0         |
| Loss after Tax                     | -244.53      | -744.93   |
| Provision for FBT                  | 0.44         | 0.51      |
| Provison for Deferred Tax          | 0            | 10.24     |
| Net Loss                           | -244.97      | -755.68   |
| Balance of Profit of Previous Year | -1262.41     | -506.73   |
| Balance                            | -1507.38     | -1262.41  |

**2. OPERATIONS :**

During the year under review Company has achieved turnover of Rs.297.26 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.. Your Company has incurred loss of Rs 244.97 lacs after providing for tax as against loss of Rs.755.68 lacs in the previous year. The plant has discontinued its operation from October 2008 due to non viability of the Unit.

**3. DIVIDEND**

In view of the losses your Directors are unable to recommend any dividend for the year ended 31<sup>st</sup> March, 2009.

**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 Gajanan Salunke 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 31.03.2009, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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**HANJER FIBRES LIMITED**


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- b. 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 31-03-2009.
- 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 31.03.2009 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 2009 - 2010. 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.

**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 297.26 Lacs during the year under review by making efforts to manufacture right product mix and by enhancing trading activities.

**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 has presently discontinued its business activities due to non viability of the unit.

**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.

**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.

**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: 29<sup>th</sup> June, 2009

**Registered Office:**

335, Shalimar House,  
Grant Road,

Mumbai 400 007

## HANJER FIBRES LIMITED

## CORPORATE GOVERNANCE REPORT

In pursuant of Clause 49 of the Listing Agreement entered into with the Stock Exchanges relating to Corporate Governance, the details of Compliance made by the Companies are furnished as under:-

**1. Company's Philosophy on Code of Corporate Governance**

The Company accords utmost importance to the observance of the best corporate governance practices in all its activities. The Company's corporate governance policy aims at maximizing the Shareholders' value with improvement in performing of the Company and protecting the interests of all the stakeholders through increased transparency in its operations, accountability, integrity and compliance of statutory requirements.

**2. Board of Directors:**

The Board of Directors of the Company comprises of Executive and Independent Directors. The Company has Executive Chairman. In all there are three directors of which two are independent non executive directors. As on 31st March 2009, the composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the listing agreement with the Stock Exchange. Memberships of the Directors on other boards/committees are given here under:

| Name of the Director       | Category | Executive /Non Executive Public Limited | No. of outside Directorship in Directors # Companies* | Membership held in Committee of Directors | Chairmanship held in committee of |
|----------------------------|----------|---|---|---|-----------------------------------|
| Dr. Irfan A. Furniturewala | C&MD     | Executive                               | Nil   | 1   | -                                 |
| Mr. Natvarlal Rana         | "        | Independent                             | Nil   | 2   | 1                                 |
| Mr. Gajanan Salunke        | "        | Independent                             | Nil   | 2   | 1                                 |

\* This excludes directorship held in Private Companies

# Committee of Directors include Audit Committee and Share Transfer Committee

**3. Number of Board Meetings and attendance record of Directors**

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and financial results. The particulars of Board Meetings held during 2007-08 as well as attendance of Directors at the Board Meetings are given below:

Details of Board Meetings:

**Number of Board Meetings held during 2008-09:**

| Sr. No. | Date of Board Meeting |
|---------|-----------------------|
| 1.      | 30.06.2008            |
| 2.      | 31.07.2008            |
| 3.      | 29.10.2008            |
| 4.      | 31.01.2009            |

**Attendance Record of Directors:**

| Sr. No. | Name of Director           | Number of Meetings held | Number of Meetings attended | Whether attended on last AGM held |
|---------|----------------------------|-------------------------|-----------------------------|-----------------------------------|
| 1.      | Dr. Irfan A. Furniturewala | 4                       | 4                           | Yes                               |
| 2.      | Mr. Natvarlal Rana         | 4                       | 4                           | Yes                               |
| 3.      | Mr. Gajanan Salunke        | 4                       | 4                           | Yes                               |

**4. Membership of the Committees of the Board:**

None of the Directors holds membership in more than 10 Committees or acts as Chairman of more than 5 Committees, across all the Companies in which he is a Director. The disclosures as required regarding Committee positions have been made by the Directors.



**5. Directors' interest in the Company:**

The Directors of the Company are not paid any sitting fee for attending meetings of the Board of Directors and meetings of Audit Committee and Share Transfer Committee of Directors. The Directors of the Company are not paid any other remuneration or commission except Dr. Irfan A. Furniturewala, the Managing Director who receives a salary of Rs.25, 000/- p.m.

In terms of Accounting standard AS-18 details of related party transactions during the year have been set out under Note 8 of Schedule 19 to the Balance Sheet and Profit and Loss Account. However, these are not having any potential conflict with the interest of the Company at large.

**6. Code of Conduct:**

The Board has formulated a code of conduct for the Board Members and Senior Management Executives of the company. The code of conduct sets ethical standards for the Directors and Senior Management personnel of the company. All Board Members and Senior Management Executives have affirmed their compliance with the Code. A declaration to this effect signed by the Managing Director of the Company is annexed to this Report.

**7. Audit Committee:**

The Audit Committee consists of following Directors and all the Members of the Committee possess good knowledge of finance, accounts and basic element of Company Law. The constitution of Audit Committee also meets with the requirements of Section 292 (A) of the Companies Act, 1956.

1. Mr. Natvarlal Rana – Chairman of the Audit Committee

2. Mr. Gajanan Salunke

The Audit Committee with the powers and the role that are in accordance with Clause 49 II (C) (D) of the listing agreement. The Committee acts as a link between the Management, the Statutory and the Internal Auditors and the Board of Directors and oversees the financial reporting process.

During the year 2008-09 the Committee met four times. Member's attendance at the meeting was as follows:

| <u>Date of Meeting</u> | <u>Number of Members present</u> |
|------------------------|----------------------------------|
| 30-04-2008             | 2                                |
| 31-07-2008             | 2                                |
| 29-10-2008             | 2                                |
| 31-01-2009             | 2                                |

Besides committee members Cost Auditors and Internal Auditors were also present at the meetings to answer queries raised by the Committee Members.

**8. Share Transfer cum Investor Grievance Committee:**

The Board of Directors has delegated the power of Share Transfer/transmission and to look into investors grievances in respect of transfer or transmission of shares, issue of duplicate shares, non receipt of Annual Report etc. and all other acts and deeds, as may be necessary or incidental to the above to a Committee of Directors. The Committee holds its meeting twice in a month to consider all matters concerning transfer and transmission of shares and to look into investor grievances. During the year ended 31st March, 2008 meetings of the share transfer committee were held, details of which are given below:

| <u>Name of the Director</u> | <u>No. of meetings attended</u> |
|-----------------------------|---------------------------------|
| Dr. Irfan A. Furniturewala  | 24                              |
| Mr. Natvarlal Rana          | 23                              |
| Mr. Gajanan Salunke         | 24                              |

**Status of Shareholders'/Investors Complaints for the period from 1-4-2008 to 31-3-2009**

| <u>Nature of Complaint</u> | <u>No. of complaints received</u> | <u>No. of complaints replied</u> | <u>No. of pending complaints</u> |
|----------------------------|-----------------------------------|----------------------------------|----------------------------------|
| Transfer of Shares         | Nil                               | Nil                              | Nil                              |
| Other                      | 1                                 | 1                                | Nil                              |
| Total                      | 1                                 | 1                                | Nil                              |

|                              |
|------------------------------|
| <b>HANJER FIBRES LIMITED</b> |
|------------------------------|

Any Non-compliance, penalties or strictures imposed:

There has been no non-compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets during the last three years.

The Company has appointed M/s. Adroit Corporate Services Pvt Ltd as its Share Transfer Agent for both physical and demat segment of equity shares with effect from 29.01.2003.

### 9. General Body Meetings:

Information about last three Annual General Meetings:

| Year | Date       | Time       | Location  |
|------|------------|------------|---|
| 2006 | 29.09.2006 | 11.00 a.m. | Shalimar House, 335, Grant Road, Mumbai 400 007 |
| 2007 | 29.09.2007 | 11.00 a.m. | Shalimar House, 335, Grant Road, Mumbai 400 007 |
| 2008 | 29.09.2008 | 11.00 a.m. | Shalimar House, 335, Grant Road, Mumbai 400 007 |

No Special Resolution was put through Postal Ballot last year and the Company does not propose to pass any Special Resolution through postal ballot process this year.

### 10. Means of Communication

The Unaudited Financial Results of the Company for each quarter is placed before the Board of Directors in the fourth week of succeeding month. The Quarterly Financial Results of the Company is published in Free Press Journal/ Asian Age and Navshakti / Dainik Sagar, Mumbai. A Report on limited review of the financial results for each quarter was obtained from the Auditors of the Company and filed with the Stock Exchanges.

### 11. Management's discussion and analysis forms a part of the Annual Report.

#### 12. Shareholders Information:

Annual General Meeting: Wednesday the 30<sup>th</sup> September, 2009

Venue: Shalimar House, 335, Grant Road, Mumbai 400 007

Book Closure: 22-09-2009 to 30-09-2009

Dividend : Nil

Registered-Office: Shalimar House, 335, Grant Road, Mumbai – 400 007.

#### Registrar & Share Transfer Agents :

Adroit Corporate Services Pvt Ltd

19, Jaferbhoy Industrial Estate

Makwana Road, Marol Naka

Andheri (East)

Mumbai – 400 059.

Listing at Stock Exchange; Mumbai, Ahmedabad, Vadodara, Delhi.

Stock Code : 514308

ISIN allotted to Equity Shares : NE053G01018 w.e.f. 28.05.2003

Stock Market Data

Monthly high and low prices of Equity Shares of the Company quoted at Stock Exchange, Mumbai during the year 2008-09