

# HANIL ERA TEXTILES LIMITED

## 12<sup>TH</sup> ANNUAL REPORT

### TWELVETH ANNUAL GENERAL MEETING :

Date : **30<sup>th</sup> September, 2004**  
Time : **4.00 p.m.**

At : **Patalganga, Village : Vanivali,**  
Dist : **Raigad, Maharashtra.**

### REGISTERED OFFICE :

Hanil Era Textiles Limited  
Patalganga. Dist.: Raigad,  
Maharashtra,

### CORPORATE OFFICE :

New Era House.  
Mogul Lane, Matunga (W),  
Mumbai - 400 016.

**Tel : 24373293/94 Fax : 24378279**  
e-mail address : **hanilera@hathway.com**

### SHARE TRANSFER AGENT:

M/S. Adroit Corporate Services Private Limited  
19<sup>th</sup> Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor,  
Marol Naka, Andheri –(East), Mumbai – 400 059.  
**Tel No : 28590942 Fax No : 56924438**

### BOARD OF DIRECTORS :

Mr. R. K. Agarwal - Chairman  
Mr. Shiromani Sharma, IAS (Retd.)  
Mr. Sushil K. Sain  
Mr. V. C. Gopalkrishnan  
Mr. A. K. Agarwal  
Mr. Son Byung Suk  
Mr. H. P. Sharma

### COMPANY SECRETARY :

Mr. Noel Jacob

### BANKERS :

State Bank of Bikaner & Jaipur  
Canara Bank  
Punjab & Sind Bank  
The Federal Bank Limited

### STATUTORY AUDITORS :

M/s. Khandelwal Jain & Co.  
Mumbai - 400 020.

**NOTICE :**

NOTICE is hereby given that the Twelveth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office i.e. Village Vanivali, Patalganga, District – Raigad, Maharashtra, PIN–410 220 on September 30, 2004 at 4.00 p.m. to transact the following business

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the period ended as on that date and the Reports of Directors and Auditors thereon.
2. To consider and declare dividend for the year ended 31/03/2004.
3. To appoint Director in place of Shri. Sushil Sain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Director in place of Shri. H P Sharma who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Director in place of Shri. Son Byung Suk who retires by rotation and being eligible offers himself for re-appointment.
6. To re-appoint M/s. Khandelwal Jain & Co., Chartered Accountants and authorise the Board of directors to fix their remuneration.

**SPECIAL BUSINESS :**

7. To consider and if thought fit, to pass with or without modifications the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 149(2A), other applicable provisions of the Companies Act, 1956 and the clause No. 115 of (C) Other Objects of the Memorandum of Association empowering the Board to deal in activities of petroleum products, the consent of members be and is hereby given to the Board for commencing business activities for manufacturing and selling of a Petroleum product i. e. Ethanol by setting up a plant at a cost of Rs. 10/- crores."

"RESOLVED ALSO THAT the consent of members be and is hereby given to the Board to ratify all necessary steps taken and expenses, incurred so far and to incur such additional expenses as will be required in future."

By order of the Board of Directors

Place : Mumbai  
Date : June 30, 2004

(NOEL JACOB)  
Company Secretary

**NOTES:**

- a) A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) THE INSTRUMENT APPOINTING THE PROXY SHOULD BE SUBMITTED TO THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c) Members / Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from 23/09/2004 to 30/09/2004. (Inclusive of both the days) in connection with the Annual General Meeting and the payment of dividend for the year ended 31<sup>st</sup> March, 2004, if approved at the said meeting.
- e) Payment of dividend and Change of Address :
  1. Dividend on Equity Shares when sanctioned will be made payable on or after, the 07/10/2004 to those Shareholders whose names stand on the Company's Register of Members on 22/09/2004 and to whom dividend warrants will be posted.
  2. **In respect of shares held in Demat form :** The dividend will be paid on the basis of beneficial ownership position as at the end of the day on 22/09/2004 as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services(India) Limited (CDSL) for this purpose.
  3. **Payment through ECS :** Members holding shares in physical form are advised to submit their bank account details along with photocopy of the cancelled cheque slip bearing 9 digits MICR code number of the bank where the account is held so that dividend can be remitted to the credit of your bank account through ECS facility, provided such facility is available in your city.
  4. **Safety against fraudulent encashment of dividend warrants :** Members holding shares in physical form are advised to submit their bank account details along with photocopy of the cancelled cheque as such details will be printed on the dividend warrants in order to ensure safety against fraudulent encashment of dividend warrants.
  5. **Change of Address & Details for payment through ECS :** Members are requested to send all their documents and communication pertaining to shares, Change of address and details for payment through ECS to M/s. Adroit Corporate Services Private Limited, share Transfer Agent at 19<sup>th</sup> Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059 for both physical and demat segment of Equity Shares. Please quote on all the correspondence "Unit - Hanil Era Textiles Limited."

6. Members holding shares in demat form are advised to inform their bank account details / confirm correctness of such details if already provided to their respective Depository Participants (D. Ps) latest by 22/09/2004. Such details will be printed on the Dividend Warrants.
7. Pursuant to Sec. 205(C) of the Companies Act, 1956, the Company is required to deposit the amount of Unclaimed Dividend at end of 7 years as under :
- i. **For the Financial year 2002-2003 --- October, 2010.**

**MEMBERS WHO HAVE YET NOT ENCASHED OR HAVE MISPLACED THE DIVIDEND WARRANTS FOR THE FINANCIAL YEAR 2002-03 ARE REQUESTED TO CONTACT THE COMPANY AT THE EARLIEST.**

- f) All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company on all working days, except Saturdays, Sundays and Bank Holidays, between 11 a.m. and 1.00 p. m up to the date of the Annual General Meeting.
- g) The Company's securities are listed in The Stock Exchange Mumbai, (Regional Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and the Stock Exchange Fee as prescribed has been paid to the Stock Exchange.

As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the equity shares held by them. Members who desire to avail of this facility may send Form 2B (in duplicate) duly filled in and signed to the Company at its Registered Office or to the Registrars and Share Transfer Agents. The facility would be made available folio wise to individual shareholders including joint holders. The said forms will be made available on request.

In case of shares held in demat form, a nomination will have to be lodged by Members with their Depository Participant.

- h) Equity Shares of the Company have already been activated for dematerialisation with **National Securities Depository Ltd. (NSDL), Mumbai and Central Depository Services (India) Ltd., (CDSL), Mumbai vide "ISIN INE 021DO1012"**. Members wishing to dematerialise their shares may approach any Depository Participant (DP).
- i) In terms of Clause 49 of the listing agreement with Stock Exchange a brief resume of Directors who are proposed to be re-appointed in this meeting is given below :
- i. Shri. Susil Sain : He is a Chartered Textiles Technologist and former Chairman cum Managing Director of National Textiles Corporation (SM) Ltd. and has held position as Chairman/Director of many prestigious companies. He is a well known Project and Management Consultant and is having very rich knowledge in textiles.

- ii. Shri. H P Sharma : He is having a rich experience of 40 years in Textile industry. He has served as Chief Executive of many reputed Textile Companies.
- iii Shri. Son Byung Suk :He is a Textile Expert having wide knowledge in Production and Administration. At present he is a Chairman of Hanil Synthetic Fibre Company Ltd., Seoul, South Korea.

By order of the Board of Directors  
For Hanil Era Textiles Ltd.

Place : Mumbai  
Date : June 30, 2004

(NOEL JACOB)  
Company Secretary

**ANNEXURE TO THE NOTICE - Explanatory Statement**  
under Section 173 (2) of the Companies Act, 1956.

**Item No. 7 :**

Your Company's core business is in Textile Industry, in which it enjoys pioneering position and high brand image. With very extensive and deep spread network, Company is in the position to capture substantial market in this segment. Combined effect of pioneering position and high brand image and considering the current market scenario and Government of India's encouraging policy for developing energy conservation resources, your Company has decided to enter and exploit newer areas of business opportunities by commencing business activities for manufacturing and selling of petroleum product i. e. Ethanol Fuel by setting up a plant at a cost of Rs. 10/- crores .

Pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956 and the clause No. 115 of (C) Other Objects of the Memorandum of Association, unless the Company has approval from its members for commencement of any new business by way of a Special Resolution at a General Meeting, such new business can not be commenced.

Hence the approval of the Members is sought to ratify the actions taken by the Board and expenses, incurred in this regards so far and require to be incurred in future, for commencing business activities for manufacturing and selling of petroleum product i. e. Ethanol as per provisions to the existing Object Clause for commencement and carrying out of new business and activities as set out at Resolution No. 7 of the Notice.

The Directors recommend adoption of Resolution at item No. 7 of the Notice.

None of the Directors is in any way concerned or interested in the Resolution.

By order of the Board of Directors  
For Hanil Era Textiles Ltd.

Place : Mumbai  
Date : June 30, 2004

(NOEL JACOB)  
Company Secretary

**DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS :**

THE MEMBERS,

Your Directors have pleasure in presenting the Twelveth Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2004.

**1. FINANCIAL PERFORMANCE :**

Particulars	Current Year <b>2003-04</b>	(Rs. Lacs)
		Previous Year 2002-03
Total Income	<b>11929.64</b>	10715.13
Gross Profit (Before Depreciation & Interest)	<b>2875.54</b>	2917.74
Less : Interest	<b>246.47</b>	282.74
Less : Depreciation	<b>637.33</b>	630.85
Net Profit after Depreciation and Interest	<b>1991.74</b>	2004.15
Add : Prior period adjustment	<b>19.46</b>	(124.16)
Net Profit	<b>2011.20</b>	1879.99

**2. DIVIDEND :**

The Board of Directors is pleased to recommend a dividend @ 13% (Thirteen percent) on Paid up Equity Share Capital of the Company for the year ended 31.03.2004 as against 12% (Twelve percent) paid in the previous year on Equity Shares of Rs. 10/- each and the same will be paid when declared by the Shareholders in accordance with the law. The dividend when received by the Shareholders will be free of tax in their hands and the total Dividend will absorb Rs. 600.80 Lacs including Tax thereon.

**3. FINANCIAL REVIEW :**

During the year your Company has managed its resources profitability availing to the maximum extent low cost Packing Credit in Foreign Exchange from the consortium of Banks in Preference to Rupee Packing Credit. Your Company is '**Debt Free**' barring some low working capital finance, your Company has not kept any resources idle. All surplus cash whenever available has been invested in Fixed Deposits with Consortium Banks. The Company is establishing the Ethonal plant as a separate division at the cost of about Rs. 10 Crores.

**4. OPERATIONS :**

The operations of your Company during the year were satisfactory. The steps taken during the previous year were further pursued to reduce costs and improve the range of products. To further extend the modernisation undertaken in the previous year your Company has invested further Rs. 6.94 crores in modernisation during the year under review.

During the year the sale has gone up by 11 % from Rs. 10715.13 lacs to Rs. 11929.64 lacs. They are expected to increase even in future as E. U. and U. S. quota regime will be demolished in December, 2004. The Company has orders booked for the next three months. But for the occasional shortage of workers, the capacity utilisation during the year would have been much higher. The Company's Ethonal plant is expected to start production by September, 2004.

#### **5. ENVIRONMENT MANAGEMENT & SOCIAL MANAGEMENT :**

All manufacturing facilities possess required environmental clearances from respective Pollution Control Board and the same are in compliance with the present environmental legislation. As an integral part of Company's environmental protection drive, the Company ensures minimum quantity of waste generation, low emission levels and low noise pollution levels during plant operations. The relationship with the workmen remained cordial during the year.

#### **6. DIRECTORS :**

Your director Shri. Shivaji Rao Baraokar expired on 28/06/03 due to brief illness. Your directors wish to take on record the service and wide knowledge provided by late shri Shivaji Rao Baraokar.

In accordance with the provisions of the Articles of Association of the Company, Shri. Susil Sain, Shri. H P Sharma and Shri. Son Byung Suk Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT :**

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. Standard accounting policies have been consistently applied in consultation with the auditors.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. These accounts have been prepared on an ongoing concern basis.

#### **8. AUDITORS' REPORT:**

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and hence require no further explanation.

#### **9. COST AUDIT:**

As per the requirement of Central Government and pursuant to Section 233(b) of the Companies Act, 1956, the Company carries out an audit of the Cost Accounts relating to the Textiles every year. Subject to the approval of Central Government Mr. C. S. Joshi, Cost Accountant of M/s. Shekhar Joshi & Co., Cost Accountants, Mumbai, was appointed as the Cost Auditors for the year under report.

**10. AUDITORS :**

M/s. Khandelwal Jain & Co., Chartered Accountants, retire as statutory auditors of the Company and are eligible for re-appointment as Auditors of the Company.

**11. INSURANCE :**

The Properties and Assets of the Company have been adequately insured. The Company has taken Insurance Policy covering major risks.

**12. PARTICULARS OF EMPLOYEES :**

There are no employees during the period drawing remuneration specified under Section 217(2A) of the Companies Act, 1956. As such no particulars are required to be furnished.

**13 ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo required under Section 217 (1) (e) of the Companies Act, 1956 are given in the **Annexure - I** which forms part of this report.

**14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

The operation of the Company are reviewed in detail in the Management Discussion and Analysis Report in the **Annexure - II**, which forms a part of this report.

**15. CORPORATE GOVERNANCE :**

A separate statement on corporate governance is presented as a part of the Annual Report along with the Auditors' Certificate on its compliance in the **Annexure - III**.

**16. ACKNOWLEDGEMENTS :**

Your Directors wish to record their appreciation to all the employees of the Company, Bankers, Suppliers, Customers, Business associates for the continuous support given by them to the Company and their confidence in the management.

By Order of the Board of Directors

Place : Mumbai.  
Date : June 30, 2004.

R. K. AGARWAL  
CHAIRMAN

Information as per Section 217 (1)(e) read with companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

#### A. CONSERVATION OF ENERGY :

1. Captive Power Plant using Heavy Fuel and other low cost fuel oil generates power at comparatively low cost for captive use and also sale to third party.

#### FORM "A"

	<b>Current Year</b>	<b>Previous Year</b>
	<b><u>31-03-2004</u></b>	<b><u>31-03-2003</u></b>
<b>A) Power and Fuel Consumption :</b>		
1. Electricity		
(a) Purchase		
Unit	-	-
Total amount	-	-
Rate/Unit	-	-
(b) Own Generation		
(i) Through diesel generator units	54977124	82545608
Unit per Ltr. of diesel oil	5.05	-
Cost/Unit	-	-
(ii) Through stem turbine/generator units	-	-
Unit per Ltr. of fuel oil/Gas Cost/Unit	-	-
2. Coal		
Quantity (tones)	-	-
Total cost	-	-
Average rate	-	-
3. Furnace Oil :	<b>11036860</b>	14121.599
Quantity (K. Ltrs)	<b>722.24</b>	734.74
Total Amount (Rs.)	<b>6.54</b>	5.20
Average rate		
4. Others/internal generation :	-	-
Quantity (K. Ltrs)	-	-
Total cost	-	-
Rate/Unit		

B) Consumption per unit of production :	Current Year 31-03-2004	Previous Year 31-03-2003
Product - Yarn (Kgs)	9239489	9773460
Electricity consumed per unit of production of yarn	2.76	2.80
Furnace oil (Litres) consumed per unit of production of yarn	0.49	0.4983
Coal	-	-
Others	-	-

**FORM "B"**  
(See rule 2)

**Form for disclosure of particulars with respect to absorption**

**RESEARCH AND DEVELOPMENT (R&D)**

**1. Specific areas in which R & D carried out by the Company**

- Improvement of product quality and process efficiency.
- Optimising production efficiency.
- Cost Reduction.

**2. Benefits derived as a result of the above R & D**

- Improvement in the Quality of Manufactured products.
- Pollution free environment in and around factory areas.
- Cost Economy and plant efficiency.
- Conservation of Water, Mineral, Electricity and Fuel
- Development of new market segment.

**3. Future plan of action :**

- Further improvement in the Quality of products and processes.
- Process modification or substitution to improve the quality of treated effluent.
- Exploration of avenues for continuous cost reduction measures.
- Technical up-gradation and pollution control facilities.
- Development of value added Yarn.

**4. Expenditure on R & D :**

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of total turnover

## TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATIONS

### 1 Efforts, in brief, made towards technology absorption, adaptation & innovation:

- Selection and application of dyes for certain Yarn qualities to improve overall fastness properties, including fastness to bleach.

### 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. :

- Meeting specific requirements of international customers.
- Energy efficient process
- Improvement in product characteristics for premium sector

### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- |  |       |
|--|-------|
| (a) Technology imported  | NIL   |
| (b) Year of import   | N. A. |
| (c) Has technology been fully absorbed ?                         | N. A. |
| (d) if not fully absorbed, areas where this has not taken place. | N. A. |

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO : The Company is able to export its products to twenty one countries and is in the process of further expanding its market.

	<b>Current Year</b> <b>31-03-2004</b>	(in Rs.) Previous Year 31-03-2003
1 Total Foreign exchange earned	<b>657,703,146</b>	651,768,772
2 Total Foreign Exchange utilized	<b>566,678,694</b>	525,479.301

By Order of the Board of Directors

Place : Mumbai.

Date : June 30, 2004.

R. K. AGARWAL  
CHAIRMAN

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

The overall profitability of the Company during the year under review remained almost at the same level as compared to that of the previous year of which the main contributing factors were better cost and finance management.

The textile industry in India is in the process of restructuring, modernisation and integration. The initiatives taken by the Government in the last year's budget will proved beneficial to the Textile industry.

The Technology Up-gradation Fund (TUF) has been modified to be more industry friendly and financial institutions have also adopted a positive attitude by simplifying the terms and conditions for loans under the TUF scheme to suit the industry requirements. Presently, textile exports to certain countries like U.S.A., E.U.(European Union) and Canada are governed by quantitative restrictions under Multi Fibre Arrangement (M. F.A.). From 01.01.2005, the quotas are being abolished and the export trade will be freed from these quantitative restrictions under the World Trade Organisation (W.T.O) regulations. An exorbitant increase in the price of cotton during the year under review has adversely affected margins in the industry. Although selling prices of yarn in the international and domestic markets have shown some improvement in recent times, it is not commensurate with the rise in the cost of raw materials and other inputs. Even though Export markets continued to remain weak in USA for major part of the year and also in Europe during the later part of the year due to general economic slow down and demand recession. It is gratifying to note that the Company has received Gold Trophy from the Cotton Textiles Export Promotion Council, Mumbai for the years 2001-02 and 2002-03 for its outstanding export performance.

**BUSINESS ORGANISATION AND INSTALLED CAPACITY**

The Installed capacity of the Company is 90,000 spindles, out of which 30,000 spindles are of worsted spinning system and 60000 spindles are of cotton and blended spinning system. The Company has a dyeing plant with capacity of 5 MT per day and captive power plant of 16 MW capacity.

**INDUSTRY STRUCTURE AND GOVERNMENT POLICIES :**

The Textile Industry is one of the leading segments of the economy which provides one of the most basic needs of the people. It is the backbone of the Indian Industry and its importance is unquestioned. India has the second largest yarn spinning capacity in the world (after China) accounting for roughly 20% of the world's spindle capacity.

The Textile Industry is the oldest industry in the country. The industry directly and indirectly employs about 20% of the work force in the country.

**FUTURE OUTLOOK :**

India is a vast country and demand for quality products will always grow. We are gearing ourselves to be cost effective in the domestic market and our product pattern is being suitably changed to cater to the consumer tastes.

**RISK & THREATS :**

The abolition of quota system will no longer guarantee the availability of markets and will give rise to competition in domestic as well as export markets. It will, therefore, be necessary for the industry to gear itself to meet the competition from countries like China, Indonesia etc. to sustain the export as well as domestic markets. With imports being made easy in India, Competitiveness of domestic producers may be adversely affected.

The availability of cotton at reasonable prices has always been a matter of concern for the textile industry. The problem has further aggravated due to low productivity, contamination and dependence of the cotton crop on adequate rainfall in cotton growing areas. The imports of cotton and textile fabrics being allowed freely, the prices of fabrics will always remain under pressure.

The appreciation in the value of Rupee against Dollar is also a matter of concern as far as exports of textile fabrics are concerned. Unless the Government takes adequate steps to arrest this trend, exports may suffer a set back in future.

**HUMAN RESOURCES DEVELOPMENT :**

Your Company continues to pay focused attention on its human resources. Cordial relations continued at all the manufacturing locations.

**INTERNAL CONTROL SYSTEM :**

The Company has a wide and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and that transactions are authorised, recorded and reported. This system is designed to ensure that financial and other records are reliable for preparing financial information and other data and commensurate with the size of the business of the Company.

**CAUTIONARY STATEMENT :**

Some of the statements in this Annual Report, describing the Company's objectives, projections, estimates and exceptions may be 'forward looking statements' within the meaning applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, significant change in political and economic environment in India. Tax laws, import duties, litigation and labour laws.

**CORPORATE GOVERNANCE :****a) COMPANY'S PHILOSOPHY :**

The Company is committed to corporate transparency and lays strong emphasis on business ethics in all its dealings.

The Company has over the years built a reputation for meeting its commitment to all its stock holders and stand for quality and reliability. In line with Company's vision and long term business objectives and all corporate decisions are independently taken by the Company's highly respected and rich experienced Board in conjunction with a competent management team, keeping in view the best interest of all its stakeholders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value, over a sustained period of time.

**b) BOARD OF DIRECTORS :**

The present strength of the Directors is seven, out of whom six are Non-executive Directors. The Board is headed by an Executive Chairman.

Name of Director	Attendance At last AGM	No. of Board Meetings attended	Category Of Director	Other Directorships	No. of Independent (IND)/Chairman (C) in Other Board Committee
R. K. Agarwal – PG	Yes	4	CMD	2	-
V. C. Gopalkrishnan	Yes	4	NED	-	-
Sushil K. Sain	Yes	4	NED	4	-
Shiromani Sharma	No	1	NED	4	2(C)
A. K. Agarwal, PG	No	1	NED	-	-
H. P. Sharma	No	1	NED	-	-
Son Byung Suk	No	-	NED	-	-

NED – Non Executive Director

WTD – Whole time Director

PG – Promoter Group

**c) AUDIT COMMITTEE :**

The Audit Committee was appointed by the Board of directors comprising 3 independent and Non-Executive Directors and Company Secretary to act as Secretary of the Committee and during the year it held 4 meetings on 30/05/2003, 31/07/2003, 31/10/2003 and 31/01/2004. The role and terms of reference of the Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and section 292A of Companies Act, 1956, besides other terms as may be referred to by the Board of Directors from time to time.

**d) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :**

- (i) **Composition :** The Committee comprises Three Non – Executive Directors with Company Secretary of the Company as the Secretary of the committee and Compliance Officer of the Company.

During the year it held 4 meetings on 29/05/2003, 31/07/2003, 31/10/2003 and 31/01/2004. All members of the committee attended these meetings.

- (ii) Investors' complaints received and resolved during the year : The Company has received 12 complaints from investors and all have been resolved during the year. There were no major share transfers pending for registration for more than 30 days as on 31/3/2004.

**e) General BODY MEETINGS :**

The last three Annual General Meetings of the Company were held as under :

Financial year	Date	Time	Location Registered Office at
2002-2003	30/09/2003	4. 00 P.M.	Patalganga, Raigad
2001-2002	30/07/2002	4. 00 P.M.	Patalganga, Raigad
2000-2001	07/07/2001	4. 00 P.M.	Patalganga, Raigad

**f) DISCLOSURES :**

- (i) There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets for non-compliances by the Company.

**g) MEANS OF COMMUNICATION :**

- (i) The quarterly, half-yearly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- (ii) The financial results can be obtained by a request through the Company's e-mail address : **hanilera@hathway.com**

**h) GENERAL SHAREHOLDER'S INFORMATION :**

- (i) **12<sup>th</sup> Annual General Meeting** - 30/09/2004 at 4.00 P. M.  
Venue : Registered office at Patalganga, Raigad, Maharashtra

**(ii) Tentative Financial Calendar**

Audited Annual Results (2003-2004)	30 <sup>th</sup> June, 2004
Publication of Audited Results	1 <sup>st</sup> July, 2004
First Quarter Results	End July, 2004
Half yearly Results (Limited Review)	End October, 2004
Third Quarter Results	End January, 2005
Audited Annual Results (2004-2005)	End June, 2005

**(iii) Book Closure :**

The Register of members and share transfer books of the Company shall remain closed from 23/09/2004 to 30/09/2004.

**(iv) Market Price Data :**

Monthly High/low market price of the Company's ordinary shares traded on Stock Exchange, Mumbai during the last financial year was as follows. The

**The Stock Exchange, Mumbai – Stock Code - 500177**

MONTH	SHARE PRICE		BSE SENSEX	
	High	Low	High	Low
April, 2003	9.85	7.50	3215.24	2924.03
May, 2003	11.95	8.85	3180.75	2942.78
June, 2003	13.01	9.91	3607.13	3181.97
July, 2003	15.02	12.54	3792.61	3554.13
August, 2003	13.69	12.01	4244.73	3741.66
September, 2003	13.50	9.83	4453.24	4134.15
October, 2003	10.74	9.60	4930.53	4455.08
November, 2003	14.88	10.05	5097.84	4771.23
December, 2003	18.22	14.37	5838.96	5131.54
January, 2004	17.95	13.65	6194.11	5593.74
February, 2004	14.39	12.56	6035.80	5567.12
March, 2004	13.51	11.36	5935.19	5365.40

**(v) DISTRIBUTION OF SHAREHOLDING :**

The distribution of shareholding as on March 31, 2004 was as follows :

<b>Sr. No.</b>	<b>No. of ordinary Shares held</b>	<b>No. of Shareholders</b>	<b>% of total Shareholders</b>	<b>No. of Shares held</b>	<b>% of total Shares</b>
1	Upto 500	47789	93.87	6853809	16.73
2	501 to 1000	1954	3.81	1655343	4.04
3	1001 to 2000	808	1.57	1290305	3.15
4	2001 to 3000	282	0.55	735898	1.80
6	3001 to 4000	106	0.21	395048	0.96
7	4001 to 5000	122	0.24	591041	1.44
8	5001 to 10000	159	0.31	1253943	3.06
9	10001 to 999999	127	0.25	28190863	68.81
<b>Total</b>		<b>51347</b>	<b>100.00</b>	<b>40966250</b>	<b>100.00</b>

**(vi) Dematerialisation of shares and Liquidity and share transfer system :**

The Shares of the Company fall under the category of compulsory delivery in dematerialized mode by all categories of investors. The Company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Service (India) Limited. Over 25% of the share Capital of the Company has already been dematerialised. The Company also offers simultaneous transfer cum demat facility to its investors. The dematerialisation shares are directly transferred to the beneficiaries by the depositors.

**(viii) LOCATION OF THE PLANTS  
(MANUFACTURING UNIT)**

VILLAGE VANIVALI,  
TALUKA KHALAPUR,  
DIST. RAIGAD,

**ADDRESS FOR  
CORRESPONDENCE**

New Era House,  
Mogul Lane,  
Matunga (West), Mumbai-400 016.

**i) NON-MANDATORY REQUIREMENT :**

The Company is in process of implementation of the Non-mandatory Requirement

## FORM OF PROXY

## HANIL ERA TEXTILES LIMITED

Regd. Office: Village : Vanivali, Taluka : Khalapur  
Dist. : Raigad, Maharashtra.

I/We \_\_\_\_\_  
of \_\_\_\_\_ the district of \_\_\_\_\_ being  
the member(s) of the above named Company, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him / her \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and  
on my /our behalf at the Twelveth Annual General Meeting of the Company, to be held on  
30/09/2004 at 4.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Folio No.: \_\_\_\_\_ DP ID No.\* \_\_\_\_\_ Client ID No.\* \_\_\_\_\_

**\*Applicable for members holding shares in electronic form.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Affix Rs.1/- Revenue Stamp
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Note : 1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.

2. A proxy need not be a member.

3. The completed form should be deposited at the Registered Office of the Company as above mentioned not later than forty-eight hours before the time of the meeting.

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ATTENDANCE SLIP

## HANIL ERA TEXTILES LIMITED

Regd. Office: Village : Vanivali, Taluka : Khalapur  
Dist. : Raigad, Maharashtra.

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall

Folio No.: \_\_\_\_\_ DP ID No.\* \_\_\_\_\_ Client ID No.\* \_\_\_\_\_

Name of the Shareholder. : \_\_\_\_\_

I hereby record my presence at the Twelveth Annual General Meeting of the Company held on  
30/09/2004 at Registered Office i.e. Patalganga, District :Raigad, Maharashtra

Signature of the Shareholder/Proxy :- \_\_\_\_\_

**\*Applicable for members holding shares in electronic form.**