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ARORA FIBRES LIMITED

**8TH ANNUAL REPORT
2000-2001**

ARORA FIBRES LIMITED

EIGHTH ANNUAL REPORT

Board of Directors:

Rupinder Singh Arora — *Chairman*
Sunil Marwah — *Whole-Time Director*
T. N. Raut — *Whole-Time Director (Works)*
S. M. Gupta
M. Girijan Nair

Company Secretary:

A. Gopalan

Auditors:

M/s. A. M. JOSHI & CO.
Chartered Accountants
Sukrita, 127, Shivaji Park,
Dr. M. B. Raut Road,
Dadar, Mumbai-400 024.

Banker:

Corporation Bank

Registered Office:

Survey No. 213, Piparia Industrial Estate,
Silvassa-396 230, Dadra & Nagar Haveli.

Corporate Office:

Arora House, 16, Golf Link, Union Park,
Khar (West), Mumbai-400 052.

1. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
2. Please address all correspondence regarding Share Transfer work to the Registrars and Share Transfer Agents and **not to the Company's Registered Office.**
3. Members are requested to notify their change of address, if any, to our Registrars and Share Transfer Agents, **M/s. Dynamic Superways & Exports Ltd.**, at the following address:

DYNAMIC SUPERWAYS & EXPORTS LTD.,
Rainbow Palace, I. C. Colony Cross Road No. 5,
Borivali (West), Mumbai-400 103.

EIGHTH ANNUAL REPORT**Notice**

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of ARORA FIBRES LTD. will be held on Tuesday, the 24th July, 2001, at 11.00 A.M. at the Registered Office of the Company at Survey No.213, Piparia Industrial Estate, Silvassa - 396 230, Dadra & Nagar Haveli to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account as at and for the year ended 31st March, 2001 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri R. S. Arora, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT M/s. A.M. Joshi & Co., Chartered Accountants, Mumbai, the retiring auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board in consultation with the said auditors in addition to payment for other services and reimbursement of out of pocket expenses."

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the applicable provisions and schedule XIII as amended of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Shri A. Gopalan as Executive Director for a period of 5 years from 1st July, 2001 on the following terms and conditions:

Salary : Rs. 20,000 per month with annual increments as may be determined by the Board.

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. S. M. Gupta who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. M. Girijan Nair who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

ARORA FIBRES LIMITED

Notice — contd.

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

The following new Articles 28A, 28B and 28C be inserted after the existing Article 28

28A Nomination

1. Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder for the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

28B Transmission of Securities by Nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either –

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect

EIGHTH ANNUAL REPORT**Notice — contd.**

either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

28C Dematerialisation of Securities**(a) Definitions**

For the purpose of this Article

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'SEBI' means the Securities & Exchange Board of India.

'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992 and

'Security' means such security as may be specified by SEBI from time to time.

(b) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or any amendments thereof.

(c) Issue of Securities and Option for Investors

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities under the Depositories Act and offer and issue its securities in the dematerialised form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities. Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

(d) Securities in Depository mode to be in fungible form

All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of the beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply.

(e) Rights of Depositories and Beneficial Owners

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the depository as the registered owner of securities shall not have any voting or other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all liabilities in respect of the securities held by the depository.

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Notice — contd.

(f) Service of Documents

Notwithstanding anything to the contrary in the Companies Act, 1956 or these Articles, where securities are held in a depository mode, the records of the beneficial owner may be served by the depository on the Company by means of electronic mode or by delivery of floppies or discs.

(g) Transfer of Securities

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owners.

(h) Distinctive numbers of Securities held in the depository mode

Nothing contained in the Companies Act, 1956 or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

(i) Register and Index of Beneficial Owners

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be Register and Index of members and holders of securities for the purpose of these Articles and the Act."

By Order of the Board of Directors

A. GOPALAN
Company Secretary

Mumbai, dated: 9th June, 2001

Corporate Office:

Arora House, 16, Golf Link,
Union Park, Khar (West), Mumbai-400 052.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies in order to be effective must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank form is annexed to this notice.
2. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days prior to the date of the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 12th July, 2001 to Friday, the 20th July, 2001.

EIGHTH ANNUAL REPORT**Explanatory Statement under Section 173 of the Companies Act, 1956.****ITEM NO. 4:**

The Board of Directors have by resolution passed at the meeting of the Board of Directors of the Company held on 9th June, 2001, appointed Mr. A. Gopalan as Executive Director of the Company for a period of 5 years from 1st July, 2001. Mr. A. Gopalan is a Chartered Accountant-cum-Company Secretary and has been working with the Company for more than six years as Company Secretary. He is well experienced in finance and law. He will continue to be Company Secretary also.

The appointment is in accordance with the intention of the Board of Directors to absolutely professionalise the management.

The proposed resolution under item 4 and this Explanatory Statement may be treated as abstract of the terms and conditions of the appointment, pursuant to Section 302 of the Companies Act, 1956.

Your directors recommend the resolution for your approval.

Except Mr. A. Gopalan, no other Director is interested in this Resolution.

He is not a Director of any other Company. He is the Secretary to the Audit Committee of the Company.

ITEM NO. 5:

Mr. S. M. Gupta was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 21.04.2001. He holds his office as a Director till the ensuing Annual General Meeting. Under Section 257 of the Companies Act, 1956, the Company has received a Notice from a member alongwith deposit of Rs. 500/- signifying his intention to propose candidature of Mr. S. M. Gupta, as a Director of the Company, liable to retire by rotation.

Mr. S. M. Gupta is having good financial and accounting knowledge and is having good computer knowledge and experience. His experience will be very useful to the Company.

The Board of Directors recommend the appointment of Mr. S. M. Gupta as a Director.

Except Mr. S. M. Gupta, no other Director is interested in this Resolution.

He is a Director of Allied Capital Services Ltd. He is the Chairman of the Audit Committee of the Company as well as that of Allied Capital Services Ltd.

ITEM NO. 6:

Mr. M. Girijan Nair was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 21.04.2001. He holds his office as a Director till the ensuing Annual General Meeting. Under Section 257 of the Companies Act, 1956, the Company has received a Notice from a member alongwith deposit of Rs. 500/- signifying his intention to propose candidature of Mr. M. Girijan Nair, as a Director of the Company, liable to retire by rotation.

Mr. M. Girijan Nair is having good experience in production and export of readymade garments. His experience in business will be very useful to the Company.

The Board of Directors recommend the appointment of Mr. M. Girijan Nair as a Director.

Except Mr. M. Girijan Nair, no other Director is interested in this Resolution.

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Explanatory Statement under Section 173 of the Companies Act, 1956 — contd.

He is a Director of Allied Capital Services Ltd. He is a member of the Audit Committee of the Company as well as that of Allied Capital Services Ltd.

ITEM NO. 7:

The Companies Act, 1956 has been amended from time to time and in order to incorporate the latest amendments of the Act, it is proposed to alter the Articles of Association in respect of Nomination for Shares and Dematerialisation of Shares. Special Resolution at Item No. 7 of the notice is required to be passed to amend the existing Articles of Association and accordingly, said resolution is recommended for your approval. No Director of the Company is concerned or interested in the proposed resolution except to the extent of his shareholding.

By Order of the Board of Directors

Mumbai, dated: 9th June, 2001

A. GOPALAN
Company Secretary

