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**ARORA FIBRES LIMITED**

**9TH ANNUAL REPORT  
2001-2002**

## ARORA FIBRES LIMITED

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.

### Board of Directors :

Rupinder Singh Arora : Chairman  
A. Gopalan : Executive Director/  
Company Secretary  
Sunil Marwah : Whole-Time Director  
S. M. Gupta  
M. Girijan Nair

### 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

**NINTH ANNUAL REPORT****Notice**

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of ARORA FIBRES LIMITED will be held on Wednesday, the 25th September, 2002, at 11.00 A.M. at the Registered Office of the Company at Survey No. 213, Piparia Industrial Estate, Silvassa - 396 230 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider, approve and adopt the Audited Balance Sheet and the Profit and Loss Account as at and for the year ended 31st March, 2002 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Sunil Marwah, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri R. S. Arora, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification/s, 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."

By Order of the Board of Directors

**A. GOPALAN**

*Executive Director / Company Secretary*

*Mumbai, Dated : 26th July, 2002*

**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.
2. The register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th September, 2002 to Friday, the 20th September, 2002.

**ARORA FIBRES LIMITED****Directors' Report  
to the Shareholders**

Your Directors present before you the Ninth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

|  | 2001-2002<br><i>Rupees</i> | 2000-2001<br><i>Rupees</i> |
|--|----------------------------|----------------------------|
| <b>FINANCIAL RESULTS :</b>                                       |                            |                            |
| Profit / Loss before Finance Charges, Depreciation & Taxation .. | - 84,73,365                | 93,90,192                  |
| Less : Interest .....  | 3,55,121                   | 13,83,655                  |
| Profit / Loss before Depreciation and Taxation .....             | - 88,28,486                | 80,06,537                  |
| Less : Depreciation .....  | 63,42,478                  | 58,29,823                  |
| Profit / Loss for the year before extraordinary item .....       | - 1,51,70,964              | 21,76,714                  |
| Add : Commission on Sale of Windmill .....                       | 1,18,20,000                | —                          |
| Profit / Loss before Taxation .....                              | - 33,50,964                | 21,76,714                  |
| Less : Deferred Tax .....  | 7,94,197                   | —                          |
| Profit / Loss after Tax .....                                    | - 41,45,161                | 21,76,714                  |
| Brought forward from previous year.....                          | - 3,83,68,828              | - 4,05,45,542              |
| Balance carried to Balance Sheet.....                            | - 4,25,13,989              | - 3,83,68,828              |

**DIVIDEND :**

The Board of Directors regret their inability to declare dividend in view of carried forward loss as well as the continued loss for this year.

**WORKING RESULTS :**

The recycled fibre industry is in a bad situation with supply outstripping the limited demand. The international market is also flooded with supply from other countries at better rates.

The Company could arrange sales of Wind Mills, by the business contacts of the chairman, Shri R. S. Arora and earn a commission of Rs. 118.20 lacs from the manufacturer-seller during the year. But for this extraneous income, the Company has incurred a loss of 151.71 lacs after provision of depreciation of Rs. 63.42 lacs.

The Chairman has also been advancing money free of interest from time to time resulting in reduction of interest on cash credit advances from the bank.

**NINTH ANNUAL REPORT****Directors' Report — contd.****1. Directors' Responsibility Statement**

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that 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 ended 31st March, 2002 and of the loss of the Company for that year;
- (iii) that 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) that the Directors have prepared the annual accounts on a going concern basis.

**2. Corporate Governance**

As per clause 49 of the Listing Agreement with The Stock Exchanges, a detailed Corporate Governance Report is annexed to the Directors' Report.

**3. Audit Committee**

An Audit Committee has been constituted with [1] Shri S. M. Gupta, with financial and accounting knowledge as chairman [2] Shri Girijan Nair, both independent directors with independent judgement in the deliberation and decisions of the Board and [3] Shri Rupinder Singh Arora, Chairman, Promoter Director. The Executive Director-cum-Company Secretary, Shri A. Gopalan, B.A., F.C.A., F.C.S. is the secretary of this committee.

**4. Directors**

Shri R. S. Arora and Sunil Marwah, retire by rotation and are eligible for re-appointment.

**5. Auditors' Report**

The observations of the Auditors have been explained in the notes to the accounts wherever necessary.

## ARORA FIBRES LIMITED

### Directors' Report — contd.

#### 6. Auditors

The Company's Auditors M/s. A. M. Joshi & Co., Chartered Accountants, retire and are eligible for re-appointment.

#### 7. Particulars of Employees

The particulars of employees required to be given under provisions of Section 217 (2A) of the Companies Act, 1956 - NIL.

#### 8. Conservation of Energy

The information required under Section 217(1)(e) of the Companies Act, 1956, read with The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters is given in Annexure 'A' and forms part of the Report.

For and on behalf of the Board

**RUPINDER SINGH ARORA**  
*Chairman*

*Mumbai, Dated : 26th July, 2002*

#### Corporate Office :

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



**NINTH ANNUAL REPORT****Annexure to the Directors' Report**

Information required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

**Annexure 'A'****A Conservation of Energy:**

Various steps and measures are continuously being taken to further reduce consumption of electricity.

The above measures have resulted / will result in saving in the consumption of power and fuel.

**B Total energy consumption and energy consumption per unit of production as per prescribed Form 'A'**

| <b>(A) Power and Fuel Consumption</b>         |  | <b>31.03.2002</b> | <b>31.03.2001</b> |
|---|--|-------------------|-------------------|
| <b>1. Electricity</b>                         |  |                   |                   |
| a) Purchased - Units (in lacs) .....          |  | <b>18.10</b>      | 18.63             |
| Total amount (Rs. in lacs) .....              |  | <b>48.64</b>      | 51.45             |
| Rate per Unit (Rs.) .....                     |  | <b>2.68</b>       | 2.76              |
| b) Own generation .....                       |  | <b>NIL</b>        | NIL               |
| <b>2. Coal</b> .....                          |  | <b>NIL</b>        | NIL               |
| <b>3. Furnace Oil</b>                         |  |                   |                   |
| Quantity (Litres in lacs) .....               |  | <b>0.70</b>       | 0.75              |
| Total (Rs. in lacs) .....                     |  | <b>11.80</b>      | 12.35             |
| Average Rate (Rs.) .....                      |  | <b>16.66</b>      | 16.45             |
| <b>(B) Consumption per unit of production</b> |  |                   |                   |
| Electricity (Per kg.) .....                   |  | <b>0.91</b>       | 0.76              |
| Furnace Oil (Per kg.) .....                   |  | <b>0.03</b>       | 0.03              |

**C Research :**

There is no activity on research and development.

**D Technology absorption :**

The Company has fully absorbed the technology obtained from Mijung Ind.Co.Ltd., Korea. The Company is continuously taking steps to improve the product and process technology

**E. Foreign exchange earning and outgo :**

(Rs. in lacs)

|                            |        |
|----------------------------|--------|
| a) Foreign Exchange earned | 142.32 |
| b) Foreign Exchange outgo  | 1.52   |

For and on behalf of the Board

**RUPINDER SINGH ARORA**

Chairman

Mumbai, Dated : 26th July, 2002

**ARORA FIBRES LIMITED****Report of the Directors on Corporate Governance**

(As per clause 49 of the Listing Agreement with the Stock Exchanges)

**1. Company's philosophy on code of Governance.**

- (i) that the Board and top management of the Company are fully apprised of the affairs of the Company that is at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the shareholders.
- (ii) that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- (iii) that the decision making process in the organization is transparent.

**2. Board of Directors**

The present strength of the Board of Directors of the Company is 5 Directors. The Board comprises of 1 Promoter-Chairman, 2 professional Executive Directors and 2 Non-Executive Directors with independent judgement in the deliberation and decisions of the Board.

Attendance of each Director at the Board Meetings and last AGM.

Date of last AGM - 24th July, 2001

| Sr. No. | Name of the Director      | Category   | No. of Board Meetings attended | Attendance in last AGM |
|---------|---------------------------|--|--------------------------------|------------------------|
| 1       | Shri Rupinder Singh Arora | Chairman   | 5                              | No.                    |
| 2       | Shri A. Gopalan           | Executive Director (Appointed as a Director from 01.07.2001)     | 3                              | Yes                    |
| 3       | Shri Sunil Marwah         | Whole-Time Director  | 5                              | Yes                    |
| 4       | Shri S. M. Gupta          | Non-Executive Director (Appointed as a Director from 01.05.2001) | 4                              | Yes                    |
| 5       | Shri Girijan Nair         | Non-Executive Director (Appointed as a Director from 01.05.2001) | 4                              | Yes                    |



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Number of other companies or committees the Director is a Director / Member.

| Name of the Director      | No. of other directorships in Public Limited Companies | No. of other Board Committees in which Member |
|---------------------------|--|---|
| Shri Rupinder Singh Arora | 3  | 1   |
| Shri A. Gopalan           | Nil  | Nil   |
| Shri Sunil Marwah         | Nil  | Nil   |
| Shri S. M. Gupta          | 1  | 1   |
| Shri Girijan Nair         | 1  | 1   |

Number of Board Meetings held and dates of the Board Meetings.

Number of Board Meetings - 5.

Dates of Board Meetings (1) 21<sup>st</sup> April, 2001 (2) 9<sup>th</sup> June, 2001 (3) 28<sup>th</sup> July, 2001 (4) 29<sup>th</sup> October, 2001 (5) 28<sup>th</sup> January, 2002.

### 3. Audit Committee

The Audit Committee of the Company comprises of (1) Shri S. M. Gupta, Chairman of the Committee with financial and accounting knowledge (2) Shri Girijan Nair, both independent Directors with independent judgement in the deliberation and decisions of the Board and (3) Shri Rupinder Singh Arora, Chairman, Promoter-Director. The Executive Director-cum-Company Secretary Shri A. Gopalan is the Secretary of this committee. This committee has been empowered to cover all the matters specified under Section 292 A of the Companies Act, 1956, and also the matters listed under the Listing Agreement with the Stock Exchanges.

Number of Audit Committee Meetings - 4.

Attendance of each member of the Audit Committee

| Name of the Director   | No. of Meetings held | No. of Meetings attended |
|------------------------|----------------------|--------------------------|
| Shri S. M. Gupta       | 4                    | 4                        |
| Shri Girijan Nair      | 4                    | 4                        |
| Shri Rupinder S. Arora | 4                    | 4                        |

### 4. Remuneration Committee

a) Details of remuneration paid / payable to whole-time Directors.

| Name of the Director | Remuneration including all benefits (Rs./Lacs)   |
|----------------------|--|
| Shri A. Gopalan      | 1.80 (appointed as a Director w.e.f. 1 <sup>st</sup> July, 2001)   |
| Shri Sunil Marwah    | 2.04   |
| Shri T. N. Raut      | 0.27 (Whole-Time Director upto 30 <sup>th</sup> June, 2001. ceased to be a Director w.e.f. 1 <sup>st</sup> July, 2001) |

**ARORA FIBRES LIMITED**

The appointments are contractual, Shri A. Gopalan upto 30<sup>th</sup> June, 2006 and Shri Sunil Marwah upto 31<sup>st</sup> May, 2004.

Details of payments made to non-executive Directors

| Name of the Director      | Sitting fees paid (Rs.) |
|---------------------------|-------------------------|
| Shri Rupinder Singh Arora | 2,250/-                 |
| Shri S. M. Gupta          | 2,000/-                 |
| Shri Girijan Nair         | 2,000/-                 |

The Company is too small to have a remuneration committee.

**5. Shareholders Committee**

A Shareholders / Investors grievance committee was formed with Shri R. S. Arora (Chairman - Non-Executive), Shri A. Gopalan (Executive Director - Company Secretary) - Compliance officer and Shri Sunil Marwah (Whole-Time Director).

A few routine minor complaints like non - receipt of annual report received from shareholders were dealt with satisfactorily and no complaint is pending. Number of share transfers pending - NIL.

**6. General Body Meetings**

| Date and Time                            | Place   |
|--|---|
| 28 <sup>th</sup> June, 1999 – 11.00 a.m. | At the Registered Office of the Company at<br>Survey No. 213, Piparia Industrial Estate,<br>Silvassa – 396 230, Dadra & Nagar Haveli. |
| 24 <sup>th</sup> July, 2000 – 11.00 a.m. |   |
| 24 <sup>th</sup> July, 2001 – 11.00 a.m. |   |

No special resolutions requiring postal ballot.

**7. Disclosures**

- A. None of the transactions with any of the related parties were in conflict with the interests of the Company.
- B. The Company has complied with all the requirements of Stock Exchanges or SEI or any other authority related to the Capital Markets during the last 3 years.

**8. Means of Communication**

The quarterly reports are normally published in "Free Press Journal" and "Nav Shakti". The Annual Report is sent every year to the shareholders. Half yearly reports are not sent.