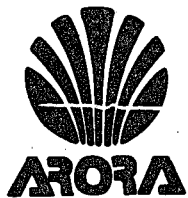


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ARORA FIBRES LIMITED

14TH ANNUAL REPORT
2006-2007

ARORA FIBRES LIMITED

Board of Directors :

Rupinder Singh Arora : *Chairman*
Navin Marwah : *Director*
S. M. Gupta : *Director*
M. Girijan Nair : *Director*

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, **at the following address:**

SHAREX DYNAMIC (INDIA) PVT. LTD.

Unit-I, Luthra Ind. Premises, Safed Pool,
Andheri-Kurla Road, Andheri (East),
Mumbai-400 072.

ARORA FIBRES LTD.

**Registered Office : Survey No. 213, Piparia Industrial Estate,
Silvassa – 396 230, Dadra & Nagar Haveli**

Notice for Postal Ballot pursuant to Section 192A(2) of the Companies Act, 1956.

According to Section 293 (1) (a) of the Companies Act, 1956, a sale, lease or otherwise disposal of whole or substantially the whole of an undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking, requires the prior consent of the shareholders by way of an Ordinary Resolution.

The Company proposes to sell, lease, transfer and assign its whole or part of the undertaking located at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli. This may attract the provisions of Section 293 (1) (a) of the Companies Act, 1956. Accordingly, your consent is sought to the proposal in terms of the draft Ordinary Resolution appended below.

An Explanatory Statement pertaining to the said Resolution setting out all material facts and the reasons for which such resolution is proposed is also annexed and reproduced overleaf.

As per Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by Postal Ballot) Rules, 2001 the consent of the shareholders for the purpose of resolution under Section 293 (1) (a) is required to be obtained by means of a Postal Ballot. Accordingly, the said draft of Ordinary Resolution and the Explanatory Statement is being sent to you along with a Postal Ballot Form for your consideration.

The Company has appointed Shri J. T. Bathija, practicing Company Secretary as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the enclosed self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before Friday, the 28th September, 2007. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced thereafter by the Chairman at the Corporate Office of the Company at Arora House, 16, Golf Link, Union Park, Khar (West), Mumbai - 400 052.

DRAFT RESOLUTION

1. Ordinary Resolution:

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to Section 293 (1) (a) and all other applicable provisions of the Companies Act, 1956 and subject to such other consents, permissions or approvals as may be required under any other law for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, lease, assign and transfer or otherwise dispose off in any manner whatsoever the whole or part of the undertaking of the Company being Recycled Polyester Fibre manufacturing unit located at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli, to any party for such consideration and on such terms and conditions as the Board of Directors of the Company think fit AND THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and/or things including execution of agreements, contracts, documents and other writings as it may deem necessary or expedient to give effect to this Resolution.”

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated : 29th June, 2007.

Corporate Office:

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

Encl : Postal Ballot Form
Pre-paid Envelope

ANNEXURE TO NOTICE FOR POSTAL BALLOT

Explanatory Statement and Reasons for passing of the Ordinary Resolution as provided in the Notice.

Item No. 1

The Company's undertaking being manufacturing of Recycled Polyester Fibre unit is situated at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli.

This undertaking Recycled Polyester Fibre Manufacturing Unit of the Company was continuously making losses owing to excessive supply vis-à-vis demand inspite of investment made by the Company for upgrading and expanding the facilities in manufacturing other Varieties of Recycled Fibres. The situation has worsened recently and still worsening on account of lower capacity utilization due to non-competitiveness of the Fibre manufactured by this unit vis-à-vis units situated in various specified areas enjoying exemption from Excise Duty, Sales Tax, Concessional Power Tariff, Capital subsidy etc. making the Company extremely less competitive. This non-competitiveness has resulted into the withdrawal of the existing dealers / purchasers / consumers and thus very low capacity utilization.

Therefore, your Directors feel that it would be prudent to sell, lease the undertaking of the Company as a whole or in part the Recycled Polyester Fibre Manufacturing Unit comprising of Land & Building, Plant & Machineries, Furnitures & Fixtures etc., located at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli. The proceeds of the sale or lease would enable the Company to repay its debts and utilize the funds for other working capital and capital expenditure requirements.

In this respect attention of the shareholders is invited to the provisions of Section 293(1) (a) of the Companies Act, 1956, under which any sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking of a Company cannot be done without the consent of the shareholders in the general meeting. Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 further provides that any such consent shall be obtained only through Postal Ballot. Accordingly, approval of the shareholders is being sought for the sale of the undertaking as provided in the resolution.

The Board of Directors therefore propose the Ordinary Resolution at item No. 1 for your consideration and recommend the passing of the said Resolution.

For and on behalf of the Board of Directors

Mumbai, Dated : 29th June, 2007

RUPINDER SINGH ARORA
Chairman

Corporate Office:

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

INSTRUCTIONS

1. A Member desiring to exercise his vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed Self-addressed envelope. Postal Ballots, if deposited in person or sent by courier, at the expense of the Member, will also be accepted.
2. Please convey your assent / dissent in this Postal Ballot Form only. The assent / dissent received in any other manner / form shall not be considered valid.
3. The Self-addressed envelope bears the name of the Scrutinizer duly appointed by the Board of Directors of the Company.
4. This Postal Ballot Form should be completed and signed by the Member. In case of joint holding, this Form should be completed and signed (as per specimen signatures registered with the Company / furnished by the Depositories) by the first named Member and in his absence, by the next named Member.
5. A Member need not cast all his votes in the same way.
6. The Postal Ballot shall not be exercised by a proxy.
7. In case of shares held by Companies, Trusts, Societies, etc. the duly completed Postal Ballot Form should be accompanied by Authorization / Certified Copy of Board Resolution.
8. Unsigned / Incomplete Postal Ballot forms will be rejected.
9. Scrutinizer's decision on the validity of the Postal Ballot will be final.
10. Duly completed and signed Postal Ballot Forms should reach the Scrutinizer not later than the close of working hours on Friday, 28th September, 2007. The Postal Ballot Forms received after the said date will be strictly treated as if the reply from the Member has not been received.
11. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Members as on 29th June, 2007.
12. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed postage prepaid self-addressed envelopes, as all the envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer and the Company would not be able to act on the same.
13. The Results of the Postal Ballot will be announced on 4th October, 2007, at the Corporate Office of the Company at 16, Golf Link, Union Park, Khar (W), Mumbai – 400 052. The date of declaration of the Results of the Postal Ballot will be taken as the date of passing of the Resolution.

Arora Fibers Ltd.

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

POSTAL BALLOT FORMSerial No.

Name(s) of Member(s)
(including joint holders, if any)
(in block letter):

Registered address of the sole/
first named Shareholder:

DPID No. / Client ID No.*/ Registered

Folio No.:

(*Applicable to Investors holding
shares in dematerialized form)

No. of Equity Shares held :

I/We hereby exercise my/our vote in respect of the following Resolution to be passed through Postal Ballot in respect of business stated in the Notice dated 29th June, 2007 by sending my/our assent or dissent to the said resolution by placing tick mark (✓) at the appropriate box below :

Description	No. of Shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Ordinary Resolution: Under Section 293 (1) (a) of the Companies Act, 1956, According consent of the Board of Directors of the Company to sell, Lease, assign and transfer and/ or otherwise dispose of in any manner whatsoever, the Company's undertaking as a whole or in part situated at Survey No.213, Piparia Industrial Estate, Silvassa 396 230, Dadra & Nagar Haveli.			

Place :

Date :

(Signature of Member)

TEAR HERE

FOURTEENTH ANNUAL REPORT

Notice

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of ARORA FIBRES LTD. will be held on Friday, the 28th September, 2007, 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, 2007 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Navin Marwah, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. M. Gupta, 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
Company Secretary

Mumbai, Dated: 29th June, 2007.

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 Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 3rd September, 2007 to Saturday, the 22nd September, 2007 (both days inclusive).

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

Your Directors present before you the Fourteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

	2006-2007 Rupees	2005-2006 Rupees
FINANCIAL RESULTS:		
Profit/Loss before Finance Charges, Depreciation and Taxation	1,63,76,359	– 1,54,98,247
Add/Less: Interest	46,98,940	– 52,47,459
Profit/Loss before Depreciation and Taxation	1,16,77,419	– 2,07,45,706
Less: Depreciation	81,43,506	68,75,933
Profit/Loss for the year before extraordinary item	35,33,913	– 2,76,21,639
Less: Extra Ordinary Item		
Loss on Sale of Fixed Assets	—	27,97,131
Profit/Loss Before Taxation	35,33,913	– 3,04,18,770
Less: FRINGE Benefit Tax	1,59,994	1,57,974
Less: Deferred Tax	– 20,59,127	6,33,232
Profit/Loss after Tax	54,33,046	– 3,12,09,976
Brought forward Loss from previous year	– 9,08,82,877	– 5,96,72,901
Balance carried to Balance Sheet	– 8,54,49,831	– 9,08,82,877

DIVIDEND:

The Board of Directors regret their inability to declare dividend in view of carried forward loss.

WORKING:

The working has resulted in a profit of Rs. 54,33,046/- after providing for depreciation of Rs. 81,43,506/-. The carried forward loss is Rs. 8,54,49,831/- as against Rs. 9,08,82,877/- brought forward from previous year. The Company has made a cash profit of Rs. 1,16,77,419/- during the year against cash loss of Rs. 2,07,45,706/- during the previous year. There is a good improvement.

Management Discussion and Analysis Report:

The Recycled Polyester Fibre Industry is not in a happy situation owing to excessive supply vis-à-vis demand. Further, several manufacturing units have come up in recent times in various specified areas enjoying exemption from Excise Duty, Sales Tax, Concessional Power Tariff, Capital Subsidy etc. making the Company less competitive.

FOURTEENTH ANNUAL REPORT

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, 2007 and of the profit 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 Exchange, a detailed Corporate Governance Report is annexed to the Directors' Report.

3. Audit Committee

An Audit Committee has been constituted with (1) Shri Navin Marwah, with financial and accounting knowledge as Chairman (2) Shri S. M. Gupta and (3) Shri Girijan Nair, all the three independent directors with independent judgment in the deliberation and decisions of the Board. The Company Secretary, Shri A. Gopalan, B.A., F.C.A., F.C.S. is the secretary of this committee.

4. Directors

Shri Navin Marwah and Shri S. M. Gupta, 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.

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. The Company has voluntarily delisted the Shares from The Stock Exchange, Ahmedabad and the shares have been removed from the list of the said Exchange w.e.f. 22.12.2006.

9. Conservation of Energy

The information required under Section 217. (1) (e) of the Companies Act, 1956, read with the

ARORA FIBRES LIMITED

Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with Annexure 'A' and forms part of the Report.

10. All the Board Members and Senior Management Personnel affirm compliance with the code of conduct laid down by the Board.

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated : 29th June, 2007

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

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