



ARORA FIBRES LIMITED

**16TH ANNUAL REPORT
2008-2009**

ARORA FIBRES LIMITED

Board of Directors :

Rupinder Singh Arora : *Chairman*

Navin Marwah : *Director*

S. M. Gupta : *Director*

Auditors :

M/s. A. M. JOSHI & CO.

Chartered Accountants

Sukrita, 127, Shivaji Park,
Dr. M. B. Raut Road,
Dadar, Mumbai-400 028.

Banker :

**CORPORATION BANK
HDFC 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.

SIXTEENTH ANNUAL REPORT

Notice

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of ARORA FIBRES LTD. will be held on Saturday, the 26th September, 2009, at 11.30 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, 2009 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rupinder Singh 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 modifications, 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

RUPINDER SINGH ARORA

Chairman

Mumbai, Dated : 30th June, 2009.

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.

ARORA FIBRES LIMITED

2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 21st September, 2009 to Saturday, the 26th September, 2009 (both days inclusive).

By Order of the Board of Directors

RUPINDER SINGH ARORA

Chairman

Mumbai, Dated : 30th June, 2009.

Corporate Office :

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

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SIXTEENTH ANNUAL REPORT

Directors' Report to the Shareholders

Your Directors present before you the Sixteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

	2008-2009 Rupees	2007-2008 Rupees
FINANCIAL RESULTS:		
Profit/(Loss) before Finance Charges, Depreciation and Taxation	(1,68,03,713)	(23,00,484)
Add/Less: Interest	71,16,435	29,94,532
Profit/(Loss) before Depreciation and Taxation	(2,39,20,148)	(52,95,016)
Less: Depreciation	82,13,183	81,72,330
Less: Impairment	—	4,04,91,849
Profit/(Loss) for the year before extraordinary item	(3,21,33,331)	(5,39,59,195)
Less: FRINGE Benefit Tax	1,57,092	1,42,513
Profit/(Loss) after Tax	(3,22,90,423)	(5,41,01,708)
Brought forward Loss from previous year	(13,95,51,538)	(8,54,49,830)
Balance carried to Balance Sheet	(17,18,41,961)	(13,95,51,538)

DIVIDEND:

The Board of Directors regrets its inability to declare dividend in view of carried forward loss and loss for the year.

WORKING:

The Company has suffered a loss of Rs.3,22,90,423/-. The carried forward loss is Rs.17,18,41,961/- as against Rs.13,95,51,538/- brought forward from previous year. The Company has made a cash loss of Rs.2,39,20,148/- during the year against cash loss of Rs.52,95,016/- during the previous year.

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, Salés Tax, Concessional Power Tariff, Capital Subsidy etc., making the Company less competitive.

ARORA FIBRES LIMITED

During the year the Company's net worth had become negative. The Company therefore approached the BIFR. The Company will be declared a Sick Unit in due course of time.

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 judgments 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, 2009 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 Exchange, a detailed Corporate Governance Report is annexed to the Directors' Report.

3. Audit Committee

The Audit Committee consists of Shri Navin Marwah, with financial and accounting knowledge as Chairman and Shri S. M. Gupta. Both the Directors are independent Directors with independent judgment in the deliberation and decisions of the Board.

4. Directors

Shri Rupinder Singh Arora retires by rotation and is eligible for re-appointment. Mr. Girijan Nair ceased as Director w.e.f. 30th June, 2009.

5. Auditors' Report

The observations of the Auditors are self explanatory.

6. Auditors

The Company's Auditors M/s. A. M. Joshi & Co., Chartered Accountants, retire as Auditors of the Company and have given their consent for re-appointment. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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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 Annexure 'A' and forms part of the Report.

9. Foreign Exchange Earning and Outgo:

The Company has no foreign exchange earnings during the year. The Company incurred foreign exchange outgoes amounting to Rs.788,653/- during the year.

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

11. The Company had requested for revocation of suspension in the trading of its securities on the Delhi Stock Exchange Limited. The Delhi Stock Exchange has decided to revoke the suspension of trading in the shares of the Company.

12. Acknowledgements:

Your Directors thank the Company's clients, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA

Chairman

Mumbai, Dated : 30th June, 2009

Corporate Office :

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

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Annexure to the Directors' Report

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

Annexure 'A'

1. Conservation of Energy:

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

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

2. Total energy consumption and energy consumption per unit of production as per prescribed Form 'A' :

(A) Power and Fuel Consumption	31.03.2009	31.03.2008
Electricity		
(a) Purchased - Units (in Lacs)	20.83	34.38
Total amount (Rs. in Lacs)	80.52	106.74
Rate per Unit (Rs.)	3.87	3.10
(b) Own generation	NIL	NIL
Coal	NIL	NIL
LPG Gas		
Quantity (Litres in Lacs)	0.96	1.58
Total (Rs. in Lacs)	39.05	55.77
Average Rate (Rs.)	40.83	35.21
(B) Consumption per unit of production		
Electricity (Per kg.)	3.76	3.33
LPG Gas (Per kg.).....	1.82	1.74

3. Research

There is no activity on research and development.

4. 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.

5. Foreign Exchange Earning and Outgo :	(Rs.)
(a) Foreign Exchange earned	NIL
(b) Foreign Exchange used-Travelling Expenses	93,465
(c) Foreign Exchange used-Import of Stores & Spares	695,188

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated : 30th June, 2009

Corporate Office :

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

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Report of the Directors on Corporate Governance

(As per clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai)

1. Company's philosophy on code of Corporate Governance

- (i) that the Board and Top Management of the Company are fully appraised 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 3 Directors. The Board comprises of 1 Promoter-Chairman and 2 Non-Executive Directors with independent judgment in the deliberation and decisions of the Board. Shri. Girijan Nair ceased to be Director of the Company from 30th June, 2009.

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

Sr. No.	Name of the Director	Category	No. of Board Meetings Attended	Attendance in last AGM
1.	Mr. Rupinder Singh Arora	Chairman	10	Yes
2.	Mr. Navin Marwah	Non-Executive Independent Director	8	Yes
3.	Mr. S. M. Gupta	Non-Executive Independent Director	10	Yes
4.	Mr. Girijan Nair	Non-Executive Independent Director	5	No

Date of last AGM – 30th September, 2008.

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
Mr. Rupinder Singh Arora	3	Nil
Mr. Navin Marwah	1	1
Mr. S. M. Gupta	Nil	Nil
Mr. Girijan Nair	Nil	Nil

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

Number of Board Meetings – 10.

Dates of Board Meetings

- | | | |
|------------------------------------|-------------------------------------|------------------------------------|
| (1) 22nd May, 2008 | (2) 30 th June, 2008 | (3) 31st July, 2008 |
| (4) 30th September, 2008 | (5) 4 th October, 2008 | (6) 18 th October, 2008 |
| (7) 5 th November, 2008 | (8) 12 th November, 2008 | (9) 28 th January, 2009 |
| (10) 17 th March, 2009. | | |

3. Audit Committee

The Audit Committee of the Company comprises of (1) Shri Navin Marwah, Chairman of the Committee with financial and accounting knowledge (2) Shri S. M. Gupta and (3) Shri Girijan Nair (Ceased to be a Director of the Company from 30th June, 2009). Shri Navin Marwah and Shri S.M. Gupta are independent directors with independent judgment in the deliberation and decisions of the Board. 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 Stock Exchanges.

Number of Audit Committee Meetings — 6.

Attendance of each member of the Audit Committee

Name of the Director	No. of Meetings held	No. of Meetings attended
Mr. Navin Marwah	6	6
Mr. S. M. Gupta	6	6
Mr. Girijan Nair	6	3

Dates of Audit Committee Meetings

- | | | |
|--------------------------------------|------------------------------------|-------------------------------------|
| (1) 22 nd May, 2008 | (2) 30 th June, 2008, | (3) 31 st July, 2008 |
| (4) 30 th September, 2008 | (5) 18 th October, 2008 | (6) 28 th January, 2009. |

4. Remuneration Committee

(a) Details of remuneration paid / payable to whole-time Director

Shri Girijan Nair Salary Rs.50,800/- and sitting fees of Rs.8,000/-