



ARORA FIBRES LIMITED

**17TH ANNUAL REPORT
2009-2010**

Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of ARORA FIBRES LTD. will be held on Saturday, the 25th September, 2010, 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, 2010 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 consider and, if thought fit, to pass, with or without modification/s, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT M/s.A.T.Jain & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company in place of the Retiring Auditors, M/s. A.M. Joshi & Co., to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration to 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 : 21st May, 2010.

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.

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 LTD.

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, Sated Pool, Andheri-Kurla Road, Andheri (East), Mumbai-400 072.

ARORA FIBRES LIMITED

2. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 20th September, 2010 to Saturday, the 25th September, 2010 (both days inclusive).

By Order of the Board of Directors

RUPINDER SINGH ARORA

Chairman

Mumbai, Dated : 21st May, 2010.

Corporate Office :

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

Annexure to Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 3

M/s. A. M. Joshi & Co. the retiring Auditors have shown unwillingness to continue as Auditors of the Company due to other pressing commitments. It is therefore proposed to appoint M/s. A.T. Jain & Co., Chartered Accountants as Auditors for the current year. M/s. A.T. Jain & Co. have informed that they are willing to act as Auditors, if appointed. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors

RUPINDER SINGH ARORA

Chairman

Mumbai, Dated : 21st May, 2010.

Corporate Office :

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

SEVENTEENTH ANNUAL REPORT

Directors' Report to the Shareholders

Your Directors present before you the Seventeenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

	2009-2010	2008-2009
	Rupees	Rupees
Profit/(Loss) before Finance Charges, Depreciation and Taxation	1,19,14,499	(1,68,03,713)
Less: Interest	77,43,913	71,16,435
Profit/(Loss) before Depreciation and Taxation	41,70,586	(2,39,20,148)
Less: Depreciation	62,19,397	82,13,183
Profit/(Loss) before Extra Ordinary Item	(20,48,811)	(3,21,33,331)
Less: Current Tax	—	—
Fringe Benefit Tax	—	1,57,092
Deferred Tax	—	—
Profit/(Loss) after Tax	(20,48,811)	(3,22,90,423)
Brought forward Loss from previous year	(17,18,41,961)	(13,95,51,538)
Balance carried to Balance Sheet	(17,38,90,772)	(17,18,41,961)

DIVIDEND:

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

WORKING:

The Company has suffered a loss of Rs. 20,48,811/-. The carried forward loss is Rs. 17,38,90,772/- as against Rs. 17,18,41,961/- brought forward from previous year. The Company has made a cash profit of Rs.41,70,586/- during the year against cash loss of Rs. 2,39,20,148/- during the previous year.

Management Discussion and Analysis Report:

Based on the Order of the Honorable CESTAT Northern Bench the Company has stopped charging the Excise Duty on the Finished Products. This has resulted in Company posting a cash profit.

Your Company is adding capacity by installing new machinery which will not only increase the production but will also bring down the cost per unit.

The BIFR declared the Company a Sick Unit on 2nd July, 2009. The Company has submitted a Rehabilitation Scheme to BIFR and expects the approval for the same very soon.

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, 2010 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 and Shri R.S. Arora as members. Shri Navin Marwah & Shri S.M. Gupta are independent directors with independent judgment in the deliberation and decisions of the Board.

4. Directors

Shri Navin Marwah retires by rotation and, being eligible, offers himself for re-appointment.

5. Auditors' Report

The observations of the Auditors are self explanatory.

6. Auditors

M/s A.M. Joshi & Co. the retiring Auditors have shown unwillingness to continue as Auditors of the Company due to other pressing commitments. It is therefore proposed to appoint M/s. A.T. Jain & Co., Chartered Accountants as Auditors for the current year. M/s. A.T. Jain & Co. have informed that they are willing to act as Auditors, if appointed.

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 is given in 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 outgo amounting to Rs.1,17,00,552/- during the year.

10. 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 : 21st May, 2010.

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

ARORA FIBRES LIMITED

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 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

1. Electricity

(a) Purchased – Units (in Lacs)

Total amount (Rs. in Lacs)

Rate per Unit (Rs.)

(b) Own generation

2. Coal

3. LPG Gas

Quantity (Kgs. in Lacs)

Total (Rs. in Lacs)

Average Rate (Rs.)

(B) Consumption per unit of production

Electricity (Per kg.)

LPG Gas (Per kg.)

3. Research

There is no activity on research and development.

4. Technology absorption:

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

5. Foreign Exchange Earning and Outgo:

(a) Foreign Exchange earned

(b) Foreign Exchange used – Travelling Expenses

(c) Foreign Exchange used – Import of Plant & Machinery

(d) Advance to suppliers

(Rs.)
NIL
2,20,075
5,62,200
1,09,18,277

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated : 21 May, 2010.

Corporate Office :

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

SEVENTEENTH ANNUAL REPORT

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

The Company is committed to adhere to the Code of Corporate Governance as it means adoption of best business practices aimed at Growth of the Company coupled with bringing benefits to investors, customers, creditors, employees and the society at large.

The objective of the Company is not just to meet the statutory requirements of the Code of Corporate Governance as prescribed under Clause 49 of the Listing Agreement, but to develop such systems and follow such practices and procedures to satisfy the spirit of the law.

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.

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	4	Yes
2.	Mr. Navin Marwah	Non-Executive Independent Director	4	Yes
3.	Mr. S. M. Gupta	Non-Executive Independent Director	5	Yes

Date of last AGM – 26th September, 2009.

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	2
Mr. S. M. Gupta	NIL	NIL

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

Number of Board Meetings – 5

Dates of Board Meetings

(1) 9th June, 2009	(2) 30th June, 2009	(3) 31st July, 2009
(4) 24th October, 2009	(5) 30th January, 2010	

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 Rupinder Singh Arora. 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 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
Mr. Navin Marwah	4	4
Mr. S. M. Gupta	4	4
Mr. R. S. Arora	4	3

Dates of Audit Committee Meetings

(1) 30th June, 2009,	(2) 31st July, 2009,
(3) 24th October, 2009,	(4) 31st January, 2010.

4. Remuneration Committee

- (a) Details of remuneration paid/payable to whole-time Director
The Company does not have a whole-time Director.

(b) Details of payments made to non-executive Directors

Name of the Director	Sitting fees paid (Rs.)
Mr. Rupinder Singh Arora	7,000/-
Mr. Navin Marwah	8,000/-
Mr. S. M. Gupta	9,000/-

The Company is too small to have a remuneration committee.

5. Shareholders' Committee

A Shareholders'/Investors grievance committee comprises of two Independent Directors viz. Mr. Navin Marwah (Chairman) and Mr. S.M. Gupta.

6. General Body Meetings

Financial Year	Date and Time	Place
31st March, 2007	28th September, 2007 – 11.00 a.m.	At the Registered Office of the Company situated at: Survey No. 213, Piparia Industrial Estate, Silvassa-396 230, Dadra & Nagar Haveli.
31st March, 2008	30th September, 2008 – 11.00 a.m.	
31st March, 2009	26th September, 2009 – 11.30 a.m.	

Three special resolutions were passed in the AGM held on 30th September, 2008.**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 the Stock Exchanges or SEBI 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.