

19th Annual Report 2011-2012

ARORA FIBRES LIMITED

Board of Directors:

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

Auditors:

M/s. VINAY GUDI & ASSOCIATES
Chartered Accountants
2/25, Meghdoot, Tilak Road,
Thane -400 603

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, M/s. Sharex Dynamic (India) Pvt. Ltd., at the following address:

SHAREX DYNAMIC (INDIA) PVT. LTD.,

Unit-1, Luthra Ind. Premises, Andheri Kurla Road, Saffed Pool, Andheri (East), Mumbai – 400 072.

ARORA FIBRES LIMITED

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of ARORA FIBRES LTD. will be held on Saturday, the 22nd September, 2012, 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, 2012 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 Auditors and to authorize the Board to fix their remuneration. In this connection, to consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provision, if any, of the Companies Act, 1956 M/s. Vinay Gudi & Associates, Chartered Accountants, be and are hereby appointed Auditors of the Company 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 : 31st May, 2012.

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 Friday, the 14th September, 2012 to Saturday, the 22nd September, 2012 (both days inclusive).

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Directors' Report

To the Shareholders

Your Directors present before you the Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS :

	2011-2012 Rupees	2010-2011 Rupees
Profit/Loss before Finance Charges, Depreciation and Taxation.....	(1,76,480)	2,77,14,813
Less: Interest	1,79,11,883	1,21,27,902
Profit/Loss before Depreciation and Taxation.....	(1,80,88,363)	1,55,86,911
Less: Depreciation.....	1,17,59,716	79,52,829
Profit/Loss for the year before extraordinary item	(2,98,48,079)	72,04,275
Less: Extraordinary Item	3,02,46,000	4,29,806
Profit / Loss after tax.....	(6,00,94,079)	42,54,829
Brought forward Loss from previous year	3,43,00,243	17,38,90,772
Balance carried to Balance Sheet	(9,43,94,322)	(3,43,00,243)

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 registered a net loss before extraordinary expenses at Rs.298.48 lacs. After making a provision of Rs.302.46 lacs for payment of Excise duty imposed retrospectively in the Union Budget the net loss stands at Rs.600.94 lacs. The carried forward loss at present stands at Rs.943.94 lacs.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Global Economic Condition

The whole world is going through a difficult economic situation. Europe in particular is in real stress. After the Greek crisis trouble is brewing in countries like Spain and Italy. The United States is still not out of recession. The glimmer of hope is China and India where comparative growth is still high though inflation is gaining.

Overview of Indian Economy

The Indian economy witnessed a higher growth in GDP of 8.5% for the year 2010-2011 over a growth of 8% in 2009-2010. However, in 2011-12, the Indian economy found itself in the heart of conflicting demands of managing growth amidst price stability. Aggressive hikes in policy rate in a bid to clamp down inflation, high crude oil prices, rising interest rates, lack of domestic policy traction and a worsening global economic environment, saw GDP growth slippage successively on a quarterly basis throughout 2011-12. The growth in GDP was just 5.3%. The slowdown in GDP is primarily owing to a dip in industrial growth to 3.9% compared to 7.2% in 2010-11. To achieve a sustainable growth, the country needs to push forward governance reforms and innovative public-private partnerships to deliver rapid and inclusive growth and an enabling environment for upgrading infrastructure.

ARORA FIBRES LIMITED

Our business and Performance

As per the scheme approved by BIFR the Company's production capacity of Polyester Staple Fibre-Hollow doubled to 12000 M.T. during the year. The Company is operating in a difficult economic situation, where competition is immense and inflationary conditions are resulting into higher input costs. The cost of funds has increased as interest rates have trend higher. On top of this the Union Budget has imposed excise duty with retrospective effect from June 2010. The Company's excise liability works out to Rs.302.46 lacs which is going to be a heavy burden on the Company. The Company achieved Sales Turnover of Rs. 2341.90 Lacs as compared to Rs. 2538.86 Lacs of the previous year. The Company registered a net loss after extraordinary item of Rs. 600.94 lacs as compared to a profit of Rs. 42.54 lacs in the previous year. The Company is trying its best to improve the situation in order to bring the Company back in profits.

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, 2012 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 reappointment.

5. Auditors' Report

The observations of the Auditors are self explanatory.

6. Auditors

M/s. Vinay Gudi & Associates, Chartered Accountants retire and are eligible for re-appointment. M/s. Vinay Gudi & Associates, 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

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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 Earnings and Outgo:

The Company's foreign exchange earnings during the year was Rs.156.62 Lacs. The Company incurred foreign exchange outgo amounting to Rs.13.87 Lacs 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 :31st May, 2012.

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 Director's) Rules, 1988.

Annexure 'A'

A 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.

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

(A) Power and Fuel Consumption	31.03.2012	31.03.2011
1. Electricity		
(a) Purchased - Units (in lacs).....	30.11	32.91
Total amount (Rs. in lacs).....	129.80	108.10
Rate per Unit (Rs.).....	4.31	3.28
(b) Own generation.....	NIL	NIL
2. Coal	NIL	NIL
3. LPG Gas		
Quantity (Kgs in lacs).....	0.96	1.69
Total (Rs. in Lacs).....	49.63	74.54
Average Rate (Rs.).....	51.66	44.13
(B) Consumption per unit of production		
Electricity (Per kg)	4.83	2.81
LPG Gas (Per kg).....	1.85	1.94

C. Research

There is no activity on research and development.

D. Technology absorption:

The Company has fully absorbed the technology obtained from Zhangjiagang Gangying Industry Co. Ltd., China. 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	156.62
b) Foreign Exchange used-Travelling Expenses	1.03
c) Foreign Exchange used – Import of Plant & Machinery	12.84

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated : 31st May, 2012.

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 Stock Exchange, Bombay)

1. Company's philosophy on code of 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.	Shri. Rupinder Singh Arora	Chairman	6	Yes
2.	Shri. Navin Marwah	Non-Executive Independent Director	6	Yes
3.	Shri. S. M. Gupta	Non-Executive Independent Director	6	Yes

Date of last AGM – 23rd September, 2011

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

Name of Director	No. of other Directorships in Public Limited Companies	No. of other Board Committees in which Member
Shri Rupinder Singh Arora	2	Nil
Shri Navin Marwah	1	1
Shri S. M. Gupta	Nil	Nil

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

Number of Board Meetings – 6

Dates of Board Meetings

- (1) 30th May, 2011 (2) 17th June, 2011 (3) 1st August, 2011 (4) 14th November, 2011
(5) 3rd February, 2012 (6) 14th February, 2012

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 Stock Exchanges.

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Number of Audit Committee meetings – 5

Attendance of each member of the Audit Committee

Name of the Director	No. of meetings held	No. of Meetings attended
Shri Navin Marwah	5	5
Shri. S. M. Gupta	5	5
Shri. R.S.Arora	5	5

Dates of Audit Committee Meetings

(1) 30th May'2011 (2) 17th June,2011 (3) 1st August, 2011 (4) 14th November, 2011 and (5) 14th February, 2012.

4. Remuneration Committee

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

The Company does not have a whole-time Director.

Details of payments made to non-executive Directors

Name of the Director	Sitting fees paid (Rs.)
Shri Rupinder Singh Arora	11,000/-
Shri Navin Marwah	11,000/-
Shri S. M. Gupta	11,000/-

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.

General Meeting	Date and Time	Place	No. of Special Resolution Passed
Annual General Meeting	23rd September,2011 at 11.30 a.m.	At the Registered office of the company at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230. Dadra & Nagar Havel.	2
Annual General Meeting	25th September,2010 at 11.30 a.m.	-"	
Annual General Meeting	26th September,2009 at 11.30 a.m.	-"	

During the Financial year 2011-2012, the Company has passed two Special Resolution through postal ballot.

7. Disclosures

- None of the transactions with any of the related parties were in conflict with the interests of the company.
- The Company has complied with all the requirements of Stock Exchange or SEBI or any other authority related to the Capital markets during the last 3 years.

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8. Means of Communication

The quarterly results 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.

9. General Shareholder Information:

Annual General Meeting	22nd September, 2012. 11.30 a.m. at the Registered Office of the Company at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli.
Financial Year	31st March, 2012
Book Closure	14.09.2012 to 22.09.2012
Dividend Payment date	No dividend
Listing on Stock Exchange	BSE Limited
Stock Code	521174 (Mumbai)

Market Price Data :

	HIGH	LOW
April, 2011*	-	-
May, 2011	46.98	9.20
June, 2011	66.85	37.20
July, 2011	47.80	39.10
Aug, 2011	42.50	30.45
Sept, 2011	37.80	26.35
Oct, 2011	31.50	18.15
Nov, 2011	31.75	19.70
Dec, 2011	23.10	14.30
Jan, 2012	22.45	21.00
Feb, 2012	21.50	19.55
Mar, 2012	19.40	16.00

* The Stock Exchange suspended trading due to procedural reasons.

Any two of the directors were authorized to approve transfers / transmissions etc. The directors regularly approve transfers twice a month on 10th and 25th of every month and hence no share transfers are pending.

Registrars and Share Transfer Agents :

SHAREX DYNAMIC (INDIA) PVT LTD.
Unit – I, Luthra Ind. Premises, Safed Pool, Andheri – Kurla Road,
Andheri (E), Mumbai – 400 072.

Distribution of Shareholding as on 31/03/2012 :

Sr. No.	No. of equity shares held	No. of Shareholders	% of total shareholders	No. of Shares Held	% of Total Shares.
1.	UPTO TO 100	14969	93.8	316178	3.14
2.	101 TO 200	465	2.91	74825	0.74
3.	201 TO 500	315	1.97	105306	1.05
4.	501 TO 1000	95	0.60	70959	0.71
5.	1001 TO 5000	104	0.65	222800	2.22
6.	5001 TO 10000	6	0.04	37670	0.37
7.	10001 TO 100000	4	0.03	122383	1.22
8.	100001 TO ABOVE	1	0.01	9103609	90.55
		15959	100.00	1,00,53,730	100.00

ARORA FIBRES LIMITED

Shareholding pattern as on 31st March, 2012:

Category	No. of Shares	% of Total Capital
Promoter's Shareholding	9115329	90.667
Non-Resident Indians/ Overseas Corporate bodies	440	0.004
Mutual Funds & Unit Trust of India	5640	0.056
Banks	100	0.001
Bodies Corporate	54805	0.545
Indian Public	731908	7.280
Clearing Members	145508	1.447
Total Shares	1,00,53,730	100.000

Note: The Company's application for listing of shares issued to the Promoter has received in-principal approval from Bombay Stock Exchange. The company is taking further steps to list these shares.

A brief resume of the Directors proposed to be appointed or re-appointed is given below:

Shri Navin Marwah, is a Commerce Graduate from Bombay University. He has 24 years experience in Stock Market and Financial Market. He has managed Portfolio of Reputed Corporates and High Networth Individuals. He has good contacts with Corporates and Financial Market Community.

His other Directorship/Committee Memberships of other Companies are as under:

Sr.No.	Name of Companies/Firms	Nature of Interest
1.	Rap Media Limited	Director
2.	Rap Projects Pvt. Limited	Director

Dematerialisation of Shares and Liquidity

The shares of the Company are fully under the category of compulsory delivery in dematerialized mode by all categories of investors. The company has signed agreements with both the depositories i.e. National Securities Depository Ltd. and Central Depository Services (India) Ltd.

The ISIN No. allotted to the equity shares of the Company is INE 487D01023.

As on 31st March, 2012, 12,23,267 were held in de-materialized form. The details are as under:

CDSL	7,55,220
NSDL	4,68,047
Physical	88,30,463
Total	1,00,53,730

The company has not issued any GDR / ADR / Warrants or any convertible instruments.

Plant location and address for correspondence :

The plant is located at Survey No. 213, Piparia Industrial Estate, Silvassa – 396 230, Dadra & Nagar Haveli.

The address for correspondence is the Corporate Office at Arora House, 16, Golf Link, Union Park, Khar (West), Mumbai – 400 052.

For and on behalf of the Board of Directors

RUPINDER SINGH ARORA
Chairman

Mumbai, Dated: 31st May, 2012

Corporate Office:

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