

P. M. TURAKHIA & ASSOCIATES

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

The Members of
FIBERWEB (INDIA) LIMITED

- 1) We have audited the attached Balance Sheet of FIBERWEB (INDIA) LIMITED, (Formerly known as PVD Plast Mould Industries Limited) as at **31st March 2012** the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.
- 2) We conducted our Audit in accordance with the Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 , we enclose in the Annexure a Statement on the matters specified in Paragraph 4 and 5 of the said Order.
- 4) Further to our comments, in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper Books of Account as required by law have been Kept by the Company, so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the Books of Account;
 - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the directors , as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on **31st March, 2012** from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and **subject to notes on accounts in general and in particular Note B.2, B.3, B.4, B.5, B.6 & B.7 of Notes forming part of the accounts for the year ended 31.3.2012**, give a True and Fair view in conformity with the generally accepted Accounting Principles in India;
- a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March'2012;
- b) In the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and

For P.M. TURAKHIA & ASSOCIATES
Chartered Accountants

M.D. TURAKHIA
PARTNER

Place: MUMBAI
Date: 30.07.2012

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**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF
EVEN DATE TO THE MEMBERS OF "M/S FIBERWEB (INDIA) LIMITED." ON
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2012.**

On the basis of the presentations received from the management and according to the explanation given, information furnished to us and on the basis of scrutiny of books & records, we are of the opinion that: -

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets.
 - (b) All the Assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Fixed Assets. No material discrepancies were noticed on such verification.
 - (c) During the year, the Company has not disposed off a major or substantial part of fixed assets so as to affect the going concern status of the Company.
- ii) (a) The Inventory has been physically verified during the year by the Management. The frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company has maintained proper records of inventory. The material discrepancies noticed on physical verification have been properly dealt with in the books of accounts.
- iii) The Company had neither taken nor granted any loans, secured or unsecured from / to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence, the question of reporting whether the rate of interest and other terms and conditions of such loans are prima facie prejudicial to the interest of the company, whether reasonable step for recovery / payment of the overdues of such loans are taken does not arise
- iv) There is adequate inventory control procedure commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control.
- v) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions

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during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

- vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposits so far upto 31st March,2012.
- vii) The company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) We are unable to offer any comment on the clause no. (viii) pertaining to maintenance of cost records as the cost auditor has not completed cost audit till date.
- ix)(a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax Wealth Tax, Custom Duty, Excise Duty, and Cess any other material statutory dues applicable to it.
 - (b) No Un-disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March'2012, for a period of more than six months from the date they became payable.
 - (c) There are no dues of sales tax , income tax, custom tax , wealth tax, service tax , excise duty and Cess which have not been deposited on account of any dispute.
- x) The accumulated losses of the company are more than 50% (Fifty Percent) of its Net Worth and hence the company has filed a reference with the BIFR, New Delhi Under the SICA 1985 which has been registered by the BIFR.the company registered under the Sick Unit vide BIFR's order dated 18.01.2007.The company has earned Cash Profit of Rs.3,06,93,828/- in the current financial year and of Rs.2,40,25,642/- in the immediate preceding financial year. In arriving at the accumulated loss and net worth, we have considered the qualifications which are quantifiable in the Audit Report of the year to which these losses pertain.
- xi) The company has defaulted in repayment of dues to the following financial institution/s and / or Banks and / or Debenture holders in respect of the following amount and the period mentioned there against: -

Sr. No.	Name of the Financial Institution / Banks	Principal Amount	Interest Amount	Period
1	Canara Bank – Lease Rentals	1,73,07,490	-	14 years

Since the company is declared as Sick Company by BIFR and rehabilitation scheme is submitted, the interest has not been provided since then and the dues stays suspended and therefore company cannot be considered as defaulter.

- xii) The Company has not granted any Loans & Advances on the basis of Security by way Pledge of Shares, Debentures and other securities. Hence, the provisions as to whether

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the adequate documents and records are maintained and to point out the deficiencies, if any in this regard are not applicable.

- xiii) The Company is not a Chit Fund or Nidhi / Mutual Benefit Fund/Society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing in or trading in Shares, Securities, Debentures and other investments. Hence, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from Bank or Financial Institution. Accordingly, the provisions as to whether the terms & conditions in respect thereof are prejudicial to the interest of the Company are not applicable to the company.
- xvi) The company has no recorded, obtained any terms loans. Hence, comments under the clause are not called for the provisions as to whether the price at which shares have been issued is prejudicial to the interest of the company are not applicable.
- xvii) No funds raised on short term basis have been used for the long term investment by the company
- xviii) The company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act.1956. Hence the provisions as to whether the price at which shares have been issued is prejudicial to the interest of the company are not applicable.
- xix) According to the records of the company, the company has not issued any Debentures.
- xx) The company has not raised any money by public issue. Hence the provisions as to whether the management has disclosed on the end use of money raised by public issue and the same has been verified are not applicable.
- xxi) No fraud on or by the company has been noticed or reported during the course of our Audit.

FOR P. M. TURAKHIA & ASSOCIATES
CHARTERED ACCOUNTANTS

(M. D. TURAKHIA)
PARTNER

PLACE: MUMBAI
DATE: 30.07.2012