

22nd Annual Report 2006



Fiberweb (India) Limited

(Formerly known as PVD Plast Mould Industries Ltd.)

ISO 9001 - 2000 Company



Fiberweb (India) Limited

BOARD OF DIRECTORS

Mr. PRAVIN V. SHETH – Chairman & Managing Director
 Mr. GOPALJI M. RANA (upto 28.04.2007)
 Mr. J. B PATEL
 Mr. BHADRESH H. SHAH
 Ms. VILINA P. SHETH – Executive Director
 Mr. P. S. KRISHNAN – Executive Director
 Mr. G. RAVINDRAN – Executive Director
 Mr. JANAK R. PATEL
 Mr. DILEEP V. NAIK (w.e.f. 12.03.2007)

AUDITORS

P. M. TURAKHIA & COMPANY
 Chartered Accountants, Mumbai

SOLICITORS

KANTILAL UNDERKAT & CO., MUMBAI
 DIVYAKANT MEHTA & ASSOCIATES, MUMBAI

REGISTERED OFFICE

Amee Co-op. Hsg. Society Ltd.
 Ground Floor, G.I.D.C.,
 Vapi (Dist. Valsad) - 396 195. GUJARAT

BANKERS

DENA BANK, Industrial Finance Branch,
 9th Floor, Maker Tower E, Cuffe Parade,
 Mumbai - 400 005.

WORKS

Airport Road, Kadaiya Village,
 Nani Daman, Daman, (U.T.)

REGISTRARS & TRANSFER AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.
 Unit No. 1, Luthra Industrial Premises, 1st Floor,
 Adheri-Kurla Road, Safed Pool, Andheri (East),
 Mumbai - 400 072.

Fiberweb (India) Limited

FINANCIAL HIGHLIGHTS

Rs. in Lacs

Year Ended	31.12.95	31.12.96	31.12.97	31.12.98	31.12.99	31.12.00	31.12.01	31.12.02	31.12.03	31.12.04	31.12.05	31.12.94
Subscribed Capital	1100	1100	1100	1100	1100	1100	1100	1099	1099	1099	1099	1099
Reserves & Surplus	2884	2976	2439	1866	1882	1658	3396	3548	3083	2880	1613	1612
Gross Assets Block	9168	9402	9668	10497	10042	10025	10067	10164	10242	10330	10470	10531
Sales Turnover	2628	1661	811	1195	2467	1297	1929	2466	3120	3523	3733	3373
Interest	90	205	394	331	413	427	6.5	8.5	245	223	109	34
Depreciation	129	139	155	214	319	282	270	270	270	270	271	272
Profit Before Tax	297	92	(537)	(574)	162	(794)	56	(138)	106	37	27	(298)
Profit After Tax	297	92	(537)	(574)	162	(794)	56	(138)	106	37	27	(298)
Rate of Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Earnings Per Share	2.70	0.84	-	-	1.47	-	0.51	-	0.96	0.33	0.24	-2.71
Net Worth	3964.97	4058.61	3524.68	2415.92	2576.48	1581.41	3378.56	3385.13	3035.68	(465.25)	(1704.85)	(2026)
Debt/Equity Ratio	1.67	1.63	2.16	2.84	2.73	3.14	1.84	1.70	1.91	1.96	4.12	4.11

ANNUAL REPORT 2006**NOTICE**

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of the Company will be held on Friday the 29th June, 2007, at 10.00 a.m. at Fortune Hotel Galaxy, National Highway No.8, G.I.D.C., Vapi - 396 195, Dist. Valsad, Gujarat to transact the following business :

ORDINARY BUSINESS :

1. To receive consider and adopt the Audited Balance Sheet as at 31st December, 2006 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J. B. Patel, who retires from office by rotation, but eligible, offers himself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

Director of the company on 12th March, 2007 under Article 86 of the Articles of the Association of the company and who holds office upto the date of this Annual General Meeting by reason of the section 260 of the Companies Act 1956 but being eligible offers himself for the re-appointment and in respect of whom the company has received a notice in writing from a shareholder proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
For Fiberweb (India) Limited

PRAVIN V. SHETH
Managing Director

Place : Daman
Date : 28th April, 2007

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Dileep V. Naik who was appointed as an additional

Registered Office:
Ameo Co-op. Hsg. Society Ltd.
Ground Floor, G.I.D.C.
Vapi - 396 195
Dist. Valsad, Gujarat

Fiberweb (India) Limited

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under items No. 4 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar and Share Transfer Agents of the company.
5. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility by filing Form 2B. Blank forms will be supplied by Company's Registrars & Share Transfer Agents on request. Members holding shares in the dematerialised form may contact their Depository Participant for recording nomination in respect of their shares.
6. The Share Transfer Books and the Register of Members of the Company will remain closed from 22nd June 2007 to 29th June, 2007 (both days inclusive).
7. The documents referred above to in any of the items of the Notice are available for inspection at the Registered Office of the Company on any working day during the business hours of the Company.
8. Members seeking any information with regard to accounts of the Company are requested to send their queries so as to reach the registered office atleast 10 days before the meeting to enable the management to keep the information ready for clarification.
9. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore, Members are requested to bring their copies of Annual Report to the Meeting.
10. The Equity Shares of the Company are listed at the following stock exchanges :
 - The Ahmedabad Stock Exchange Ltd., Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015.
 - The Bombay Stock Exchange Ltd. Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

ANNUAL REPORT 2006

The Listing fees to the above exchanges have been paid.

11. As required in terms of paragraph vi(ia) of clause 49 of the listing agreement, the details of the directors retiring by rotation and eligible for reappointment are furnished below:

Name : J. B. Patel (N.R.I.) Age : 59 years.
Qualification : B.A. Nature of expertise : Management & Marketing. Name of the companies in which also holds directorship : None. Name of the companies's committees in which he holds Memberships / Chairmanship : None.

It will be in the interest of the company that Mr. J. B. Patel continues as Director of the Company.

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 4

At the Meeting of the Board of Directors held on 12th March, 2007 Mr. Dileep V. Naik was appointed as an additional director of the company pursuant to Section 260 of the Companies Act, 1956 read with Articles 86 of the Articles of Association of the Company. Mr. Dileep V. Naik holds office upto the date of forthcoming Annual General Meeting

A notice in writing has been received from a shareholder of the company, pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Dileep V. Naik as candidate for the office of Director. As required by the said section 257, the shareholder giving notice has deposited a sum of Rs.500/- with company, which shall be refunded to him if Mr. Dileep V. Naik is elected as a Director.

Mr. D. V. Naik is an Engineer with long experience in the manufacturing and engineering sectors. His expertise will be beneficial to the company and hence your Directors recommended his appointment.

By Order of the Board
For Fiberweb (India) Limited

PRAVIN V. SHETH
Managing Director

Place : Daman
 Date : 28th April, 2007

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Fiberweb (India) Limited

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 22nd Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st December, 2006. The summarised financial results are give below :

1. SUMMARISED FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2006	2005
Sales and other Receipts	3373.32	3732.71
Gross Profit before depreciation	(26.14)	297.98
Less: Depreciation	271.90	271.23
Profit before and after taxation	(298.04)	26.76
Add: Balance carried from earlier year	(4417.28)	(4444.04)
Profit available for appropriation	—	—
Balance carried forward to next year	(4715.33)	(4417.28)

02. OPERATIONS :

During the year under review, the operations of the Company were less than the previous year. The last few months, from the last quarter of 2006, witnessed continued depreciation of the Indian Rupee vis - a - vis American Dollar, resulting in erosion of profits to the extent of more than 7%. Strong monitory tightening Policy of the Government caused higher interest cost and also rise in the cost of raw materials and other inputs. There is great volatility in the exchange rates, which also adversely impacted the export earnings.

The performance of the company for the first four months of the year was overshadowed by continued depreciation of the Rupee resulting in unremunerative realizations.

During the year the Certificate of Registration of the Company under ISO 9001-2001 was renewed and approved by Accredited Quality Registrar valid till February 2010.

03. REFERENCE UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985 :

Pursuant to the reference made by the Company to the BIFR, after a series of hearing the Hon'ble Bench of the BIFR declared the Company as a Sick Industry on 18/1/2007 under the SICA Act, and also appointed IDBI as the Operating Agency and ordered that a Rehabilitation Scheme be prepared and submitted. Accordingly a Rehabilitation Scheme has been prepared and submitted. The Scheme envisages One Time Settlement with the Financial Institutions and Banks.

04. DIVIDEND :

Owing to continued loss, your Directors do not recommend any dividend.

05. MANAGEMENT DISCUSSION AND ANALYSIS :

Business Outlook : During the year under review the Operations of the Company resulted in a loss of Rs.298.04 lacs. This

ANNUAL REPORT 2006

was entirely due to continued depreciation of the Indian Rupees vis-a-vis American Dollar, increase in cost of raw materials and other inputs. The Company was unable to increase the selling cost to compensate for the loss in exchange rates of the Rupee.

In accordance with the Listing Agreement entered into with stock exchanges, the Management Discussion and Analysis Report is annexed hereto and forms part of this report.

06. FIXED DEPOSITS :

The Company has not accepted any deposits from the Public within the meaning of Section 58 A of the Companies Act, 1956 during the period under review.

07. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The additional requirement proposed by the Companies (Amendment) Act, 1988 in respect of conservation of energy and absorption of technology, do not apply to the products of your Company. However, your Company is constantly adopting latest technological innovations to improve conservation of energy and absorption of technology.

During the year under review the Company earned foreign exchange by way of exports to the extent of

Rs. 1793.26 lakhs and incurred expenditure in foreign currency to the extent of Rs.1881 .46 lakhs.

08. SEGMENT REPORTING UNDER ACCOUNTING STANDARDS 17 :

Your Company's main business is "Polymer Processing" and all other activities of the company revolve around this main business. As such there are no separate reportable segments within the Company and Hence, the segment wise reporting as defined in Accounting Standards 17 is not applicable to the Company.

09. CORPORATE GOVERNANCE :

Your Company has always been conducting its business with due compliance of laws, rules, regulations and with sound internal control systems and procedures.

Pursuant to clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Company has complied with all the provisions of Corporate Governance and a report on corporate governance is annexed hereto and forms part of this report. A certificate from the auditors of the company regarding compliance of conditions of corporate governance have been included in this Annual Report for your information. In future, the Company intends to implement the non-mandatory recommendations, as prescribed in Code of Corporate Governance.

Fiberweb (India) Limited

10. DIRECTORATE :

Mr. J.B. Patel, a Director retires by rotation and being eligible offers himself for reappointment. Your Directors recommend that re-election of Mr. J.B. Patel will be in the interest of the Company.

Mr. D.V. Naik was appointed as the Additional Director of the Company on 12th March 2007. Mr. D.V. Naik will hold office upto the Annual General Meeting and being eligible offers himself for reappointment. Your Directors recommend reappointment of Mr. D.V. Naik as a Director of the Company.

Mr. Gopalji M. Rana, NRI, resigned as a Director on 28-4-2007.

prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for the period under review;

* That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

* That the Directors have prepared the annual accounts for the financial period ended **31st December, 2006** on a 'going concern' basis.

11. DIRECTORS' RESPONSIBILITY STATEMENT :

* Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

* That in the preparation of the accounts for the financial period ended **31st December, 2006**, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

* That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and

12. DEPOSITORY SYSTEM :

Electronic trading of the Company's Equity Shares has been made compulsory by the Securities & Exchange Board of India (SEBI) from 30th October, 2000. As on 31st December, 2006, about 75.15% share holding representing 8261088 Equity Shares of the Company have been Dematerialized. Your Company has executed agreements with both NSDL and CDSL for demat of its shares.

13. ENVIRONMENTAL PROTECTION & INSURANCE :

Top priority continues to be given to environmental protection for all the units of the Company by keeping emission

ANNUAL REPORT 2006

levels to the minimum possible. Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machineries, Stocks and other assets.

14. AUDITORS :

The retiring Auditors, M/s P.M. Turakhia & Company, Chartered Accountants, Mumbai, are eligible for re-appointment and have indicated their willingness to act as such. In terms of Section 224A of the Companies Act, 1956, their appointment needs to be confirmed and their remuneration has to be fixed.

15. AUDITORS' REPORT :

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

16. AUDIT COMMITTEE :

As required by the provisions of Section 292 A of the Companies Act, 1956, the Board of Directors had constituted an Audit Committee long back comprising of three Directors viz. Mr. Bhadresh H. Shah, Mr. J. B. Patel and Ms. Vilina P. Sheth.

17. PARTICULARS OF EMPLOYEES :

None of the Company's employees were covered by the disclosure requirement pursuant to provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder.

18. REGULATORY STATEMENT :

In conformity with the provisions of clause 32 of the Listing Agreements) the Cash Flow Statement for the year ended 31.12.2006 is annexed to the Accounts.

19. ACKNOWLEDGEMENT :

Yours Directors place on record their deep appreciation of the continued support received from Employees, shareholders and bankers.

On behalf of the Board
PRAVIN V. SHETH
Managing Director

Place : Daman
Date : 28th April, 2007.
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