

20th Annual Report 2004



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
 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. BHAVESH P SHETH

COMPANY SECRETARY

Mr. HITEN P. VANJARA

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 Flr.,
 Andheri-Kurla Road, Safed Pool, Andheri (E),
 Mumbai - 400 072.

FINANCIAL HIGHLIGHTS

Rs. in Lacs

Year Ended	31.12.93	31.12.94	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
Subscribed Capital	350	1100	1100	1100	1100	1100	1100	1100	1100	1099	1099	1099
Reserves & Surplus	925	2586	2884	2976	2439	1866	1882	1658	3396	3548	3083	2880
Gross Assets Block	1345	3273	9168	9402	9668	10497	10042	10025	10067	10164	10242	10330
Sales Turnover	2991	2761	2628	1661	811	1195	2467	1297	1929	2466	3120	3523
Interest	77	26	90	205	394	331	413	427	6.5	8.5	245	223
Depreciation	75	95	129	139	155	214	319	282	270	270	270	270
Profit Before Tax	427	453	297	92	(537)	(574)	162	(794)	56	(138)	106	37
Profit After Tax	427	453	297	92	(537)	(574)	162	(794)	56	(138)	106	37
Rate of Dividend	20%	15%	-	-	-	-	-	-	-	-	-	-
Earnings Per Share	12.19	5.95	2.70	0.84	-	-	1.47	-	0.51	-	0.96	0.33
Net Worth	1274.83	3680.66	3964.97	4058.61	3524.68	2415.92	2576.48	1581.41	3378.56	3385.13	3035.68	2868.73
Debt/Equity Ratio	0.67	0.23	1.67	1.63	2.16	2.84	2.73	3.14	1.84	1.70	1.91	1.96

ANNUAL REPORT 2004**NOTICE**

Notice is hereby given that the 20th Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 28th June, 2005, at 10.30 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, 2004 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. Bhadresh H. Shah, 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.

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. Bhavesh P. Sheth who was appointed as an additional Director of the company on 28th October 2004 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 reappointed as a Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that consent of the Company be and is hereby accorded for the appointment of Ms. Vilina P. Sheth, Director as an Executive Director of the company for a period of 5 years from 1st November, 2004, and that she will work under the guidance of the Board of Directors of the Company.

FURTHER RESOLVED that pursuant to section 198,269,309,310 and 311 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) the company hereby approves the terms of appointment of Ms. Vilina P. Sheth, as Executive Director (Whole-time) of the company for a period of 5 years w.e.f. 1st November, 2004 to discharge the duties as may be entrusted to her as Executive director of the Company from time to time on the following terms and conditions:

1. Salary of Rs. 40,000/- per month, with an annual increase of Rs. 4,000 upto Rs. 52,000/-
2. The Company's contribution towards Provident Fund as per company's Rule but not exceeding 12% of the salary as laid down in the Income Tax Rule 1962.
3. Privilege Leave on full pay and allowance as per the Rules of the Company but not

Fiberweb (India) Limited

exceeding 1 month's leave for every 11 months of service completed.

4. The Executive Director shall not be entitled to any sitting fees for attending the meeting of the Board of Director or any committee thereof.
5. Gratuity not exceeding half month's salary for each completed year of service.

PERQUISITES:

Ms. Vilina P. Sheth shall be entitled to the following perquisites as Executive Director of the Company. However, the perquisite shall be counted for fulfilling the conditions mentioned in clause I or Part II of Schedule XIII of the Companies Act, 1956.

- a. Reimbursement of Medical expenses actually incurred for self and family subject to a ceiling of one month's salary in any year or three month's salary in block of three years.
- b. Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
- c. Fees of clubs and credit/debit card for official use only.
- d. Personal accident insurance, premium whereof shall not exceed Rs. 10,000/- per annum.
- e. For the purpose of computing the aforesaid ceiling, perquisites would be valued as per the Income Tax Rules, 1962, wherever applicable. Provision for use of Company's car for official duties and cellular phone and telephone at residence (including payment for local calls and long distance

official calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.

RESOLVED FURTHER THAT the terms and conditions of appointment of Ms. Vilina P. Sheth, Director of the Company may be altered and/or varied so as to not exceed the limits specified in schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactments thereof, for the time being in force or any amendments and/or modifications that may hereafter to be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Ms. Vilina P. Sheth or as may be varied by the General Body Meeting.

RESOLVED FURTHER THAT Mr. P.S. Krishnan, Executive Director, and/or Mr. Hiten Vanjara, Company Secretary be and are hereby severally authorised to take necessary action to give effect to the resolution.

By Order of the Board
For **Fiberweb (India) Limited**

Hiten P. Vanjara
Company Secretary

Place : Daman
Date : 29th April, 2005

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

ANNUAL REPORT 2004**NOTES :**

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under items No.4 & 5 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 holds 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 21st June 2005 to 28th June, 2005 (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 at least 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, Member 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 Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahemdabad - 380 015.
 - The Stock Exchange, Mumbai, Phiroze Jeejeebhoy towers, Dalal Street, Mumbai - 400 001

Fiberweb (India) Limited

The Listing fees to the above exchanges have been paid.

11. The change of name of the company, as approved by a Special Resolution passed on 26-06-2004, has given effect to, and the Registrar of Companies, Gujarat has issued a fresh certificate of incorporation in the name of FIBERWEB (INDIA) LIMITED.

In respect of the shares held in Physical form, we are sending the Sticker/s bearing the new name of the company. The Shareholders are requested to affix the sticker/s on share certificate/s.

12. 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 : Mr. Bhadresh H. Shah **Age :** 52 years, **Qualification :** B.E, (Civil), **Nature of expertise :** Vast experience in Industry. Basically he is an Engineer and guide the company with his vast knowledge and experience to the Company. Name of the companies in which he also holds directorship: 1. Chemical & Alkali Distributors Limited. 2. Stallion Breweries Limited 3. Kunststoffe Industries Limited Name of the company's committees in which he holds Memberships/Chairmanship: Kunststoffe Industries Limited. Chairman Audit Committee and Investor Grievance Committee.

It will be in the interest of the company that Mr. Bhadresh H. Shah 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 28th October, 2004 Mr. Bhavesh P. Sheth was appointed as 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. Bhavesh P. Sheth holds office only 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. Bhavesh P. Sheth 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. Bhavesh P. Sheth is elected as a Director.

Mr. Bhavesh P. Sheth is a Practicing Chartered Accountant and is expert in Computer Technology. With his vast experience in the IT Industry, his continued association will be beneficial to the Company and hence your directors recommend his reappointment.

Mr. Bhavesh P. Sheth, is interested in the proposed resolution since it relates to his appointment, Mr. Pravin V. Sheth and Ms. Vilina P. Sheth being relatives of Mr. Bhavesh P. Sheth, may be deemed to be interested in the Resolution.

Item No. 5

The Board unanimously decided to appoint Ms. Vilina P. Sheth, Director as an Executive Director

ANNUAL REPORT 2004

of the Company for the period of 5 years from 1st November 2004 to 31st October, 2009 on the remuneration determined by the Remuneration committee of the Board of Directors but subject to the approval of the members in the general meeting, for smooth and efficient conduct of the company.

The information required to be disclosed to the shareholders as per Schedule XIII of the Companies Act, 1956 is as under :

The Company is engaged in the business of manufacture, export and sale of various polymer products. It has manufacturing facilities at Daman (U.T.) and corporate office in Mumbai. The Products manufactured by the company at present include Mono-layer and Multi-layer films for packaging, lamination, masking etc. The 100% export oriented units of the company Manufacture and export plastic films, garbage bags and carrier bags and polypropylene Spun Bond Nonwoven Fabrics and products made thereof. The products of the Company are exported to more than 15 countries in the world. For more details about operations of the company please refer to the Management Discussion and analysis Report attached to the Director's Report.

Ms. Vilina P. Sheth, aged about 45 years is a B.A. and Master of Business Administration from USA, and having vast experience in Export and Marketing Advisory.

She is also Director of the following companies (1) Bharat Capital & Holdings Limited (2) Star

Developers Pvt. Limited (3) Sun Capital & Consultancy Pvt. Limited and (4) Sun Properties Pvt. Limited. She have more than 20 years of experience in the Industry.

The Remuneration payable to Ms. Vilina P. Sheth is in consonance with remuneration being paid by other companies of similar size in the industry to their Executive Directors.

This may please be treated as an abstract of the terms and conditions together with the accompanying Notice regarding the appointment of Ms. Vilina P. Sheth as Executive Director is and should be treated as an abstract under section 302 of the Companies Act, 1956.

Ms. Vilina P. Sheth is interested in this resolution. Since it relates to her appointment Mr. Pravin V. Sheth and Bhavesh P. Sheth being relatives of Ms. Vilina P. Sheth may be deemed to be interested in the resolution.

By Order of the Board
For **Fiberweb (India) Limited.**

HITEN P. VANJARA
Company Secretary

Place : Daman

Date : 29th April, 2005

Registered Office :

Amee Co-op. Hsg. Society Ltd.,

Ground Floor, G.I.D.C.,

Vapi - 396 195 Dist. Valsad, Gujarat

Fiberweb (India) Limited

DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 20th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st December, 2004. The summarised financial results are given below:

1. SUMMARISED FINANCIAL RESULTS:

	(Rs. In Lakhs)	
	2004	2003
Sales and other Receipts	3522.81	3120.12
Gross Profit before depreciation	306.79	375.84
Less: Depreciation	270.12	269.96
Profit before and after taxation	36.67	105.88
Add: Balance carried from earlier year (1146.73)	(1252.61)	
Profit available for appropriation	—	—
Balance carried forward to next year	(1110.06)	(1146.73)

2. OPERATIONS :

During the year under review, the operations of the Company were better than the previous year. The performance improved as sales increased by about 13% over the previous year to Rs.3522.81 lakhs. Due to increase in price of raw material and stagnant selling price the profits have gone down. This was mainly because of severe competition in the international market. Due to excess production capacity in various countries, particularly in China. The Indian market was flooded with cheap Chinese goods, which had adversely affected Indian manufacturers of quality goods like your Company. The overall economy situation all over world was down. There was a paucity of working capital in your Company during the previous year, as the bankers had not considered the request for increase in working capital limits. Your Company has made re-payment of loans to various financial institutions by way of re-

schedulment, which has resulted in financial constraints on the Company.

The performance of the company for the first four months of the year is satisfactory and in-line with the expectations. Efforts are being made to penetrate the segment of the market for value added products for improving the profitability. Barring unforeseen circumstances, the company is expected to declare better results for the current financial year, compared to the year under review.

ISO 9001-2000 certification : As reported last year your company was certified by KPMG Quality Registrar as a ISO 9001-2000 certified company and certification continues to hold the same in the new name of the company.

3. CHANGE OF NAME OF THE COMPANY

During the year, the name of the company was changed from PVD Plast Mould Industries Limited to Fiberweb (India) Limited, in order to reflect the present activities of the company. Over a period of year, the company had gradually discontinued the manufacture of Injection moulded and Blow moulded products and concentrated on its present manufacturing activities in Spun Bond Non-Woven Fabrics & products thereof and films, garbage bags, carrier bags etc. With the view to correctly highlight the present activities of the Company a Special Resolution was passed at the 19th Annual General Meeting held on 26th June, 2004 to change of name of the company from PVD Plast Mould Industries Limited to Fiberweb (India) Limited. The Registrar of Companies has

ANNUAL REPORT 2004

also issued a fresh Certificate of Incorporation to give effect to the change of name.

4. DIVIDEND :

In order to conserve the resources of the company and owing to inadequate profits, your Directors do not recommend any dividend.

5. MANAGEMENT DISCUSSION AND ANALYSIS :

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.

6. 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.

7. SETTLEMENT OF DUES WITH IDBI:

Your Company was successful in rescheduling of its entire debts with I.D.B.I.

8. 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. 2302.90 lakhs and incurred expenditure in foreign currency to the extent of Rs.2151.33 lakhs.

9. 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.

10. 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.