

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 34th Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2019. The summarized financial results are given below:

SUMMARISED FINANCIAL RESULTS: (₹ In Lakhs)

	2018-19		2017-18	
	Standalone	Consolidated	Standalone	Consolidated
Sales and other Receipts	15331.77	19791.43	20606.83	28616.89
Gross Profit / (Loss) before depreciation	2601.06	2931.70	2988.80	3955.77
Less: Depreciation	454.13	454.13	324.86	324.86
Profit from regular Activities	2146.93	2477.57	2663.94	3630.91
Extra ordinary items (Net)	1568.93	1568.93	0	0
Profit/ (Loss) before and after taxation	578.00	908.64	2663.94	3630.91
Balance carried from earlier year	4991.61	6245.61	2414.31	2701.33
Other Adjustments (Dividend)	(57.58)	(57.58)	(86.65)	(86.65)
Profit available for appropriation	520.42	851.06	2577.29	3544.26
Balance carried forward to next year	5512.03	7096.67	4991.61	6245.61

BUSINESS OUTLOOK:

During the year under the review, the total revenue of your Company has been reduced by about 25%. The main reason for the reduction is stoppage of production from machinery lease arrangement. It was observed that the machine which was leased was unable to give quality production & it was actually a drain on other resources of the Company. Due to this there would have been a huge reduction in turnover. But due to the revenue from the MELT BLOWN machine installed last year, your Company could achieve the sales turnover of ₹ 150 Crore. Due to various methods taken by the Company there was improvement in the profitability of the Company as against last year's profit of 12.93%, this year it is 14%.

During the year, the Company had to write off exceptional expense of ₹ 1.82 Crore due to the fraud on the Company and there was extraordinary expenses write off, to the tune of ₹ 13.87 Crore due to write off of Research and Development Expenses as per the advice of Bankers, Auditors and the Independent Board Members.

So the Net profit of the Company has been substantially reduced due to onetime exceptional expenses. In future, such expenses will not occur.

In view of the above facts, the earning per share of the face value of shares ₹ 10.00 each has come down from ₹ 9.25 to ₹ 2.01.

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During the year the Company's 100% subsidiary had to stop the business of exporting to USA from the month of September, 2018, due to high tariff levied by USA on materials imported from China. As you are aware the subsidiary was buying from China and Exporting to USA and the business was well established giving approximately 10% profitability. However, due to high tariff levied the business is unviable.

DIVIDEND:

The Board of Directors have recommended a dividend of ₹ 0.20 per equity share of ₹ 10/- each (@2% per share) for the financial year ended March 31, 2019. During the previous year, the Board of Directors declared and paid Interim Dividends of ₹ 0.50 per equity share on 14395855 equity shares aggregating to ₹ 7198000/-. The payout for the financial year ended March 31, 2019 is expected to be ₹ 57.58 Lacs (exclusive of dividend distribution tax of ₹ 11.52 lacs). The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is annexed herewith and marked as **Annexure VI** to this Report and the same is put up on the Company's website and can be accessed at <http://www.fiberwebindia.com>.

TRANSFER TO RESERVES:

For the year ended March 31, 2019, your Directors do not propose to transfer any amount to the General Reserve and amount of ₹ 520.42 Lakh is proposed to be retained as surplus in the statement of Profit and Loss account under the heading Reserves and Surplus.

EXPANSION AND MODERNISATION:

The Company proposes to expand their manufacturing facility which is presently at Nani Daman which requires huge funds. The Company invested in wholly owned subsidiary Sheth Non Woven Trading FZE. The details of the expansion programme is available at Company's website: www.fiberwebindia.com.

INVESTMENT IN SUBSIDIARY:

Sheth Non Woven Trading FZE, a wholly owned subsidiary of your Company was set up in RAS AL Khaimah Free Trade Zone United Arab Emirates. As of March 31, 2018 the Capital of the Company is AED 100000 (One Lakh) divided into 100 (One Hundred) Shares of the value of AED 1000 (One Thousand) each.

During the year under review, there have been no companies which have become or have ceased to be the subsidiaries or associate companies of your Company except details provided in Annexure I. Further Neither the Managing Director nor the Whole-time Directors of your Company receives any remuneration or commission from any of its subsidiaries.

A Statement containing salient features of the Financial Statement of its Subsidiary Company pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 is provided as Annexure I to this report in form AOC – 1.

CONSOLIDATED FINANCIAL STATEMENTS:

Pursuant to the provisions of Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and applicable Accounting Standards, the Company has prepared a Consolidated Financial Statement of the Company, its Subsidiary Company in the same form and manner as that of the Company,

which shall be laid before the ensuing Annual General Meeting of the Company along with the laying of the Company's Standalone Financial Statement.

The Annual Report of the Company inter alia contains the Audited Financial Statement of the Company and Consolidated Audited Financial Statement of the Company and its wholly owned subsidiary Company Sheth Non Woven Trading FZE.

Pursuant to the provisions of Section 136(1) of the Companies Act, 2013, the Audited Financial Statements of the Company, Consolidated Financial Statements along with relevant documents required to be attached thereto and separate Audited Financial Statements in respect of its Subsidiary Company are also placed on the Company's website: www.fiberwebindia.com.

The Audited Financial Statements of the Subsidiary Company and the related detailed information will be made available to any member of the Company / its Subsidiary Company, who may be interested in obtaining the same. The Audited Financial Statements of your Company and of its Subsidiary Company would be kept for inspection by any Member at the Registered Office of your Company.

HEALTH, SAFETY AND ENVIRONMENT:

Top priority continues to be given to environmental protection for all the units of the Company by keeping emission levels to the minimum possible. Adequate Insurance cover has been taken for properties of the Company including Buildings, Plant & Machineries, Stocks and other assets.

All Plant sites of the Company are environment regulations compliant.

PUBLIC DEPOSITS:

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are set out as follows.

The Company constantly takes effective steps to attain energy conservation.

The Company does not employ any foreign technology which needs absorption or adaptation.

Relevant figures of foreign exchange earnings and outgo are given in notes to accounts paragraph annexed to the financial statements.

SEGMENT REPORTING:

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 Ind AS 108 – Operating Segments (Accounting Standards 17) is not applicable to the Company.

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SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the year under review, companies listed in Annexure I to this Report have become or ceased to be Company's subsidiaries, joint ventures or associate companies.

A statement containing the salient features of the financial statement of subsidiary / associate / joint venture companies is provided as Annexure I to this report and therefore not repeated to avoid duplication.

The audited financial statement including the consolidated financial statement of the Company and all other documents required to be attached thereto may be accessed on the Company's website at the www.fiberwebindia.com. The financial statements of each of the subsidiaries may also be accessed on the Company's website at the link: www.fiberwebindia.com. These documents will also be available for inspection on all working days, that is, except Saturdays, Sundays and Public Holidays at the Registered Office of the Company.

The Company has formulated a policy for determining material subsidiaries. The Policy may be accessed at the link: www.fiberwebindia.com.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of your Company during the Financial Year ended 31st March, 2019.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION:

No material changes and commitments, affecting the financial position of the Company occurred between the end of the Financial Year of the Company i.e. 31st March, 2019 and the date of this Directors' Report i.e. 14th August, 2019 except as mentioned above.

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. As per Clause 'C' of Schedule V on Annual Report pursuant to Regulations 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with all the provisions of Corporate Governance.

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015. This is annexed to the Directors Report.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

Including criteria for determining qualification, positive attributes, independence of a Director, policy relating to remuneration for Directors, Key Managerial Personnel and other employees;

Policy on Directors' Appointment

Policy on Directors' appointment is to follow the criteria as laid down under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Emphasis is given to persons from diverse fields or professions.

Policy on Remuneration

Guiding Policy on remuneration of Directors, Key Managerial Personnel and employees of the Company is that –

- There has never been union since incorporation and is not likely to be there in view of cordial relation with workers. As such the Board felt that there is no need to form policy for unionized workers.
- Remuneration to Key Managerial Personnel, Senior Executives, Managers, Staff and Workmen (non Unionized) is industry driven in which it is operating taking into account the performance leverage and factors such as to attract and retain quality talent.
- For Directors, it is based on the shareholders resolutions, provisions of the Companies Act, 2013 and Rules framed therein, circulars and guidelines issued by Central Government and other authorities from time to time.

ANNUAL EVALUATION BY THE BOARD OF ITS OWN PERFORMANCE, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The Board of Directors of the Company has initiated and put in place evaluation of its own performance, its committees and individual directors. The results of the evaluation are satisfactory and adequate and meet the requirement of the Company.

DECLARATION OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS:

Pursuant to Section 149(7) of the Companies Act, 2013, Independent Directors of the Company have made a declaration confirming the compliance of the conditions of the independence stipulated in Section 149(6) of the Act and the same has been taken on record by the Board of Directors of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Bhavesh P. Sheth and Ms. Soniya P. Sheth, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your Directors recommend that re-election of Mr. Bhavesh P. Sheth and Ms. Soniya P. Sheth will be in the interest of the Company.

During the year Mr. G. Ravindran, resigned from the Board of the Company as Executive / Whole Time Director of the Company. However the Board has appointed him as CEO designated as Deputy President (Operation) of the Company with effect from 22nd October, 2018.

During the year Mr. Rajinder Kumar Jain (DIN: 07337113) resigned as Director of the Company with effect from 22nd October, 2018.

Pursuant to sub-regulation (1A) of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members by way of a Special Resolution is necessary for appointment / continuation of appointment of any Non-Executive Director who has attained the age of 75 (Seventy Five) years. Hence approval of the Members sought for the continuation of appointment of Mr. Pravin V. Sheth (DIN: 00138797) and Mr. Gopalji M. Rana (DIN: 01982997).

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During the year Company has appointed Mr. Manoj Pragji Unadkat as an Additional Director of the Company with effect from 22nd October, 2018 and who holds office up to the date of ensuing Annual General Meeting. None of the member has given notice for proposing his candidature for appoint him as an Independent Director of the Company. Therefore, he would be ceased to be Director of the Company with effect from 26th September, 2019.

The Company Secretary Ms. Sonal Sharma resigned on 31/05/2019 due to personal reason and in her place Ms. Dipika A. Shinde has been appointed as Company Secretary w.e.f. 16/08/2019.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 134(3) (c) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- That in the preparation of the accounts for the financial period ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 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, 2013 for safe guarding 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 March, 2019 on a 'going concern' basis.
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

NUMBER OF MEETINGS OF THE BOARD:

Six meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance in the Annual Report.

DETAILS OF COMMITTEE OF DIRECTORS:

Composition of Audit Committee of Directors, Nomination and Remuneration Committee of Directors and Stakeholders Relationship/ Grievance Committee of Directors, Number of meetings held of each Committee during the financial year 2018-19 and meetings attended by each member of the Committee as required under the Companies Act, 2013 are provided in Corporate Governance Report forming part of the report.

All the recommendations made by the Audit Committee were accepted by the Board.

SECRETARIAL STANDARDS:

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTY:

There is no transaction with Related Party which requires disclosure under Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014.

There were no Material Related party transaction(s) made with the Company's promoters, Directors, Key Managerial Personnel or their relatives as specified under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All Related Party Transactions are placed before the Audit Committee for their prior approval. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website: www.fiberwebindia.com.

Since all the transaction with Related Parties entered during the Financial Year 2018-19 by the Company, were in its ordinary course of business and on arm's length basis FORM AOC- 2 is not applicable to the Company. However the same are provided in the financial statement forming part of this annual report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

Particulars of Loans given, investments made, guarantees given and securities provided, if any, along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement forming part of this annual report.

INTERNAL FINANCIAL CONTROLS:

The Company is having in place Internal Financial Controls System. The Internal Financial Controls with reference to the financial statements were adequate and operating effectively.

RISK MANAGEMENT:

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the board in (a) Overseeing and approving the Company's risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. A Group Risk Management Policy was reviewed and approved by the Committee.

The Company manages monitors and reports on the principle risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organizational structures, processes, standards, code of conduct and behaviors that governs how the Group conducts the business of the Company and manages associated risks.

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VIGIL MECHANISM:

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or the Chairman of the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link:www.fiberwebindia.com

WHISTLE BLOWER MECHANISM:

Your Company has put in place Whistle Blower Mechanism. The detailed mechanism is given in Corporate Governance Report forming part of this report.

PARTICULARS OF EMPLOYEES:

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in a separate statement attached herewith and forming part of the report. (Annexure-II)

CORPORATE SOCIAL RESPONSIBILITY (CSR):

As per section 135 of Companies Act, 2013, all the companies having net worth of ₹ 500 crores or more, or a turnover of ₹ 1,000 crores or more or a net profit of ₹ 5 crores or more during financial year will be required to constitute corporate social responsibility (CSR) committee of the board of directors comprising three or more directors, at least one of whom will be an independent director.

Aligning with the guidelines, we have constituted a committee comprising of Mr. C. A. Rege (Non-Executive & Independent Director) being the Chairman of Committee, Mr. Bhadresh H. Shah (Non-Executive & Independent Director) and Mrs. Soniya P. Sheth (Non-Executive & Non-Independent Director) being the members of the Committee. The committee is responsible for formulating and monitoring the CSR policy of the Company.

The Annual Report on CSR activities of the Company is furnished in Annexure III and is attached to this report.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provision of Section 134(3) (a) and 92(3) of the Companies Act, 2013 read along with Rule 12 of the Companies ((Management & Administration) Rules 2014, an extract of Annual Return as of 31st March 2019 in Form No. MGT-9 is annexed herewith as AnnexureIV to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules should be provided in the Annual Reports. None of the Company's employees were covered by the disclosure requirement.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not provided in the Annual Report but will be provided to shareholders on asking for the same.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The full Annual Report including the aforesaid information is being sent electronically to all those members who have registered their email addresses and is available on the Company's website.

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 March, 2019, about 95.53% shareholding representing 27504924 Equity Shares of the Company has been dematerialized. Your Company has executed agreements with both NSDL and CDSL for demat of its shares.

INTER-SE TRANSFER OF SHARES AMONG PROMOTERS:

During the year there is inter-se transfer of shares among promoters which is carried out in compliance with the provision of the Companies Act, 2013 and rules and regulation of SEBI (LODR) Regulation, 2015.

AUDITORS AND AUDITORS'REPORT:

In terms of Section 139 of the Companies Act, 2013 ("the Act"), and the Companies (Audit and Auditors) Rules, 2014, made thereunder, the present Statutory Auditors of the Company, M/s. A. V. Jobanputra & Co., Chartered Accountants (Firm Registration No. 104314W), will hold office until the conclusion of the ensuing Annual General Meeting and will not seek re-appointment as his term of five years completed.

The Board of Directors at its meeting held on 14th August, 2019, after considering the recommendations of the Audit Committee, had recommended the appointment of M/s. Akshay Kirtikumar & Associates, Chartered Accountants (Firm Registration No.138182W), as the Statutory Auditors of the Company for approval of the members.

Subject to approval of members in the ensuing Annual General Meeting, M/s. Akshay Kirtikumar & Associates, Chartered Accountants (Firm Registration Number.138182W), will be appointed as the Statutory Auditors of the Company to hold office from the conclusion of this 34th Annual General Meeting (AGM) till the conclusion of the 39th Annual General Meeting (AGM), i.e., for the Financial Years from 2019-20 to 2023-24.

The notes on financial statement referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation. The Auditor's Report does not contain any qualification, reservation or adverse remark. IND AS is Applicable from FY 2017-18.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read along with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. K. Pratik & Associates, Mumbai, Practising Company Secretary (COP No. 12368) as Secretarial Auditor, for the year ending 31st march, 2019. The Secretarial Audit Report contains Qualifications, Reservation and explanations which are self explanatory.

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The Secretarial Auditor has submitted its Report in Form No. MR-3 for the Financial Year ended 31st March, 2019 and the same is set out in Annexure V, forming part of this Report.

GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

SONIYA P. SHETH
Director

PRAVIN V. SHETH
Director

Place: Mumbai
Date: 14th August, 2019

Registered Office:

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