

46th Annual Report 2016

Voith Paper Fabrics India Limited

Life Cycle Partner of the Paper Industry



BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Managing Director

R. Krishna Kumar

Directors

Biren De

Ravinder Nath

Surinder Kumar Nagpal

Patricia Annette Sargeant (up to 05/11/2015)

Shahana Basu (from 06/02/2016)

FINANCE CONTROLLER

Kalyan Dasgupta

COMPANY SECRETARY

C.S. Gugliani

REGISTRAR & TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area, Phase - I,
New Delhi - 110020

REGISTERED OFFICE AND MILL

113/114-A, Sector 24,
Faridabad -121 005, (Haryana)
Delhi NCR, India

AUDITORS

B S R & Co. LLP, Chartered Accountants (Statutory)

Lodha & Co., Chartered Accountants (Internal)

Satyender Kumar & Associates, Company Secretaries (Secretarial)

BANKERS

AXIS Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

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Chairman's Communique

Dear Shareowners,

I feel glad to address you at the end of yet another financial year of your company and feel satisfied to convey that we continue to make steady progress together.

World over, the Voith Group follows tenure of 'October to September' as its period of yearly evaluation and in that sense, the Group is just half-way through its journey of 2015-16. Whereas in the Indian context and as per requirements of local laws of India, your company has completed another year of working and results are before you for consideration.

Newsprint, food packaging paper, bank notes or facial tissue paper: the medium of paper accompanies people all over the world in their everyday lives and Voith paper machines produce almost every paper grade on all continents of the earth.

For all paper grades, Voith provides paper production lines that are optimally coordinated with the regional and individual needs of customers. Targeted rebuilds and modernization measures from Voith enable the optimization of the overall machine performance. For many years together with our customers, we have been successfully developing solutions that meet the increasing demands for paper products and are at the same time both ecological and economically efficient.

Currently, India is amongst one of the leading growing economies in the world and with the revival of sentiments and pick-up in industrial activity, a recovery of private investment is expected to further strengthen growth in India. This is expected to further boost the demand for the products of your company and we look forward to your continued support to meet this opportunity.

I am obliged to all the stakeholders for their unflinching support which forms an indispensable part of journey of Voith in India and look forward to meet you at the forty-sixth Annual General Meeting of your company.

Warm regards,

Martin Gustav Scherrer
Chairman



Managing Director's Communique

Dear Shareowners,

It's the end of another financial year and I feel privileged communicating with you once again in the capacity of Managing Director of your company. I am pleased to inform you that for the current year ended 31st March, 2016, your company has achieved total revenue of INR 835.21 million and 'profit before tax' for the current year was INR 235.64 million.

In the prevailing global market environment, it is a matter of satisfaction that India has been steadily treading the path of growth. Amidst the gloomy landscape of unusual volatility in the international economic environment, India stands as a haven of stability and an outpost of opportunity.

India's economic growth rate is amongst the highest in the world even though on a smaller base. The task is now to sustain the same in an even more difficult and uncertain global environment. Perhaps the underlying anxiety is that the Indian economy is not realizing its fullest potential. Keeping a keen focus on development of infrastructure would provide adequate impetus to the economy, which is likely to have a trickle-down effect on the operations of your company as well.

Customers are becoming more demanding in view of new printing and processing technologies available today and quality has taken a key role. Many paper manufacturers wish to increase machine speed and operating efficiency besides improvement in the quality. The innovative concepts and solutions provided by Voith allow our customers to successfully meet the challenges of the paper industry. With increasing literacy rate and penetration of e-commerce in emerging economies, such as India, demand for paper and board with high print quality is likely to increase.

Also, within the framework of Voith 150+, operational excellence (OPEX) is an important aspect of the Excellence@Voith initiative. All process optimization initiatives in Voith are grouped under the OPEX initiative. All the initiatives follow a common philosophy. Their baseline is: "Becoming better every day". The steps taken by your company under this initiative have started bearing some fruits and I would like to take this opportunity to thank my entire team, which has worked hard towards attaining the desired performance.

I sincerely believe that you would be pleased with the results of your company and we would continue to enjoy your invaluable trust in future also.

Warm regards,

R. Krishna Kumar
Managing Director

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your directors are pleased to present before you, the Forty Sixth Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31st March, 2016.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2016 is summarized below:

	Rs. (In million)	
	For the year ended 31/03/2016 (12 months)	31/03/2015 (18 months)
Sales (Net of Excise Duty)	735.83	1023.21
Profit before taxation	235.64	328.55
Provisions for taxation	80.95	114.80
Profit after taxation	154.70	213.75
Balance brought forward from the previous year	864.03	695.37
Amount available for appropriation	1018.73	909.12
Appropriations:		
-Dividend	17.57	19.77
-Corporate Dividend Tax	3.65	3.95
-Transferred to General Reserve	15.47	21.37
-Surplus carried to Balance Sheet	982.04	864.03
Total	1018.73	909.12

There were no material changes and commitments affecting the financial position of the company, which have occurred since the end of financial year.

DIVIDEND

The dividend payout for the year under review is in accordance with the Company's policy to build long term shareholder value. It is also linked to long term growth objectives of the Company to be met by internal cash.

Accordingly your Directors recommend for your approval a dividend of Rs. 4/- per equity share of Rs. 10/- each fully paid-up for the year ended 31st March, 2016 amounting to Rs. 17.57 million. In addition Rs. 3.65 million shall be payable as Corporate Dividend Tax.

The dividend, if approved at the Annual General Meeting, would be paid to the eligible members within the stipulated time.

DIRECTORS

During the year under review office of Ms. Patricia Annette Sargeant stood vacated on 5th November, 2015, in accordance with the provisions of Section 167 of the Companies Act, 2013.

Mr. R Krishna Kumar shall be retiring by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

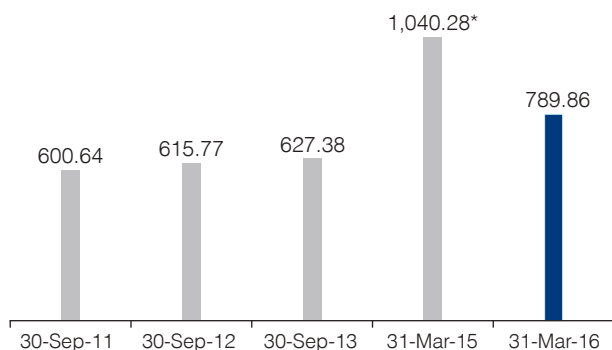
Further, on recommendation of the Nomination & Remuneration Committee, at the Board Meeting held on 6th February, 2016, Ms. Shahana Basu was appointed as an Additional Director, who holds office up to the date of the ensuing Annual General Meeting and is eligible for appointment as a Director.

In Compliance with the requirements of Listing Regulations 2015, brief resume, expertise and details of other directorships, membership in committees of other companies and shareholding in the Company, of persons proposed to be re/appointed as Directors are as under:

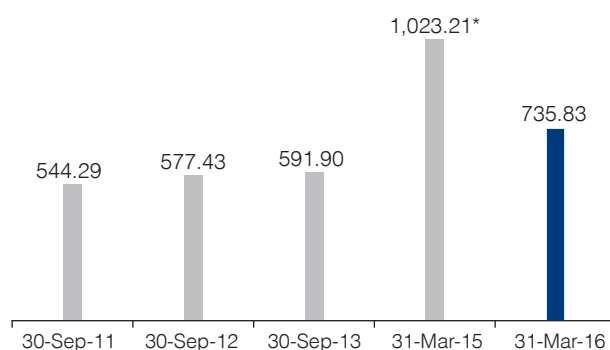
Name of the Director	Mr. R. Krishna Kumar	Ms. Shahana Basu
DIN	05344619	07137715
Age in years	40	47
Date of Appointment	23 rd July, 2014	6 th February, 2016
Expertise in Special Functional Areas	Engineering and Administration	Legal
Qualification	B.E.	Law Graduate and Post Graduate in Sociology & Political Science.
Directorships held in other companies in India, as on 31/03/2016	Voith Paper Technology (India) Private Limited	None
Membership of committees of other companies, in which he/she is a Director, as on 31/03/2016	Voith Paper Technology (India) Private Limited	None
No. of the shares held in the Company (Including those held by relatives)	NIL	NIL

PERFORMANCE OVERVIEW**Order Received**

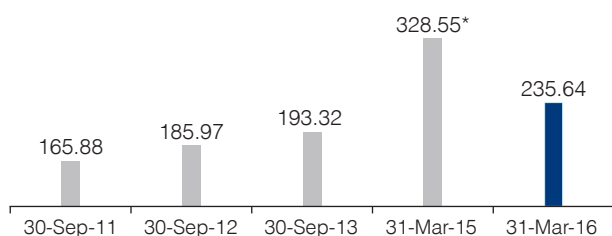
INR in million

**Sales**

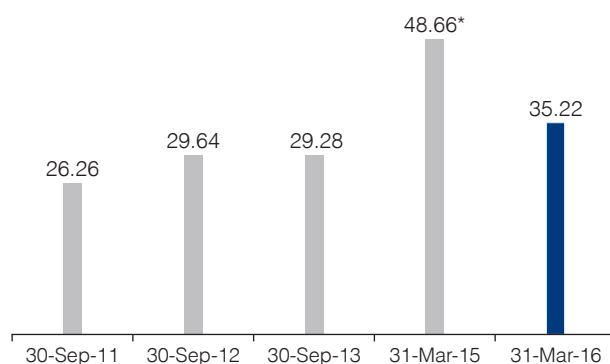
INR in million

**Profit Before Tax**

INR in million

**Earnings Per Share**

INR in rupees



*Pertains to 18 months period.

It is evident from the above graphs that your company has continued to progress during current year ended 31st March, 2016.

TRANSFER TO RESERVES

For the year under review, company has transferred a sum of Rs. 15.47 million to the reserves.

PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

During the year under review, the company neither gave any loans or guarantee nor made any investments in terms of provisions of Section 186 of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the Regulators or Courts or Tribunals, which would impact the 'going concern' status of the Company and its future operations. However members' attention is drawn to the details about Contingent Liabilities and Commitments appearing in the Notes forming part of the Financial Statements.

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Details of Internal Financial Controls and its adequacy are included in the Management Discussion and Analysis Report, which forms part of this Report.

PARTICULARS OF CONTRACT AND ARRANGEMENTS WITH RELATED PARTIES

During the year under review, there were no material transactions, as defined under the provisions of listing regulations, between the company and related parties. All transactions with related parties were carried out in the ordinary course of business at arms length basis and details of such transactions are mentioned in notes attached to the financial statements appearing elsewhere in the Annual Report.

AUDITORS REPORT

The observations of the statutory auditors are self-explanatory and, therefore, do not call for any further comments.

AUDITORS

- A. **Statutory Auditors** - During the year under review, M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a period of five years i.e., from the conclusion of 45th Annual General Meeting up to the conclusion of 50th Annual General meeting subject to ratification by members every year.
- B. **Internal Auditors** - During the year under review, M/s Lodha & Co., Chartered Accountants, carried out the internal audit exercise and submitted their report.
- C. **Secretarial Auditors** - During the year under review, M/s Satyender Kumar and Associates, Company Secretaries, carried out the Secretarial Audit and submitted their report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5), the Board of Directors, to the best of their knowledge and ability, confirm that:

1. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and are prudent so as to give a true & fair view of the state of affairs of the Company at the end of the Financial Year and of the profits of the Company for the period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;
4. the Directors have prepared the Annual Accounts on a 'going concern' basis;
5. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT

The Board confirms that there exists a structure in the company to identify, assess, evaluate and mitigate various types of risks w.r.t. the operations of the company. In view of the Board, none of the elements of any such risk threaten the existence of the company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of Companies Act, 2013 and Regulation 16 of the Listing Regulations, 2015.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act, read along with Rule 8, of Companies (Accounts) Rules, 2014, is given in Annexure – I.

FIXED DEPOSITS

The Company has neither invited nor accepted any deposits from public during the year under review. Accordingly, there are no unclaimed or unpaid deposits lying with the company for the year under review.

PARTICULARS OF EMPLOYEES

Particulars required to be disclosed in pursuance of the provisions of Section 197, read with rule 5 of Companies (Appointment and Remuneration) Rules, 2014, are given in Annexure – II.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Outline of CSR Policy including overview of projects or programs undertaken during the year ended 31st March, 2016: Corporate Social Responsibility (CSR) is the integration of business operations & its values in relation to betterment of society. To achieve this integration of interests of all stakeholders, including investors, customers, employees and community, the company aims to put in efforts for protection & sustenance of environment through its policies, operations and actions.

During the year under review, company had contributed the requisite sums towards fulfilling its CSR obligations, by providing financial aid to some NGOs involved in the field of promoting education, healthcare and women empowerment, especially to those belonging to socially and economically backward strata of society as well as towards promotion of health & hygiene. The CSR Policy and the report can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website www.voithpaperfabricsindia.com

2. Composition: The CSR Committee presently comprises of three directors, two of whom are Non-executive Directors.

Sr. No.	Name & Designation of the Director in the Committee	Category
1	Mr. Martin Gustav Scherrer, Chairman	Non-executive & Non-Independent Director
2	Mr. Biren De, Member	Non-executive & Independent Director
3	Mr. R. Krishna Kumar, Member	Non-executive & Non-Independent Director

3. Average Net Profit of the Company for the last three financial years is Rs.240,631,435/-
4. CSR Expenditure i.e. two percent of Average Net profit for last three financial years is Rs.4,812,629/-.
5. Details of CSR spent during the financial year:
- Total amount to be spent for the financial year: Rs.48.13 lacs.
 - Amount unspent, if any: Not Applicable
 - Manner in which the amount spent during the financial year is detailed below:

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which project is covered	(4) Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (Rs. in Lacs)	(6) Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects and programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent Direct / through implementing agency
1.	Promoting primary and secondary education	Promoting Education	Locally	5.00	5.00	5.00	Prayas Social Welfare Society (Regd.)
2.	Promoting primary and secondary education	Promoting Education	Locally	10.00	10.00	10.00	Bharat Sevashram Sangha
3.	Promoting primary and secondary education	Promoting Education	Locally	5.00	5.00	5.00	Shirdi Sai Baba Temple Society
4.	Empowering Women, setting up homes for orphans	Empowering Women	Locally	10.00	10.00	10.00	Pranab Kanya Sangha
5.	Swachh Bharat	Promoting Sanitation	Locally	4.50	4.50	4.50	FIA Charitable Society
6.	Mental Healthcare	Promoting Health Care	Locally	3.63	3.63	3.63	FIA Charitable Society
7.	Contribution to Prime Minister's National Relief Fund	NA	NA	10.00	10.00	10.00	Direct
	TOTAL			48.13	48.13	48.13	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide reasons for not spending the amount in its Board report: **Not Applicable**
7. Responsibility statement of the CSR Committee of the Board: On behalf of the CSR Committee of the Board, it is hereby stated and confirmed that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

Sd/-
Martin Gustav Scherrer
Chairman of CSR Committee

Sd/-
R. Krishna Kumar
Managing Director

ANNUAL EVALUATION BY THE BOARD

As required under the provisions of Section 134(3)(p) of the Companies Act, 2013 and Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance, of its Committees and individual directors. The manner in which such performance evaluation was carried out is as under:

The performance evaluation framework is in place to seek their response on the evaluation of the entire board and individual directors. The Nomination and Remuneration Committee carries out evaluation of Director's performance.

The performance of the Board and Individual Directors was evaluated by the Board seeking input from all Directors. The performance of committees was evaluated by the Board seeking input from the committee members. The Nomination and Remuneration Committee reviews the performance of the Individual Directors. A separate meeting of the Independent Directors was also held to review the performance of non-independent Directors; performance of the Board as a whole and performance of the Chairman of the company, taking into account the views of executive as well as non-executive Directors.

The criteria of evaluation of Board includes mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which includes attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest, adherence to Code of Conduct and business ethics, monitoring of regulatory compliance, risk management and review of internal control system, etc.

NUMBER OF MEETINGS OF BOARD

During the year under review, six meetings were convened and held. Details of composition of Board and its committees and of the meetings held, attendance of the Directors and other relevant details are provided in the Corporate Governance Report.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 & Listing Agreement/Regulations.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Board has originally constituted its Remuneration Committee on 31st January, 2002 as part of good corporate governance practice. The current policy is to ensure that appropriate and suitable members are appointed on the Board of the Company and that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and meets appropriate benchmarks.

The Nomination & Remuneration Committee, at its sole discretion, consider the integrity, qualification, expertise and experience of the person for appointment as a Director and then recommend the Board of his/her appointment.

REMUNERATION CRITERIA

- Executive Director / Managing Director / Whole-time Director: They shall be paid remuneration comprising of several components (including fixed as well as variable) decided and approved by the Board from time to time on recommendation of the Committee. Such remuneration is determined according to industry standards, experience, laws and regulations, prevailing market conditions and the scale of Company's business relating to the position.
- Other Directors: The Company will remunerate its non-executive Indian director by way of Sitting Fees for attending meeting of the Board and/or Committee thereof as may be decided by the Board from time to time, subject to the maximum amount as may be prescribed by the Central Government in this regard.

The policy is available on the website of the company at www.voithpaperfabricsindia.com

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s Satyender Kumar & Associates, Company Secretaries to undertake secretarial audit of the company. The report of the secretarial audit is annexed as ANNEXURE – III. The secretarial audit report doesn't contains any qualification, reservation or adverse remarks. However, the observations of the secretarial auditor were noted by the Board and the Company Secretary was advised to ensure due compliances.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is annexed as ANNEXURE-IV to the Board's Report.

APPRECIATIONS

Your Directors wish to place on record their appreciation to all the stakeholders for their support and contributions towards achieving the performance of the company. The Board expects to receive their continued support and contributions in future also.

For and on behalf of the Board of Directors

Biren De (DIN: 00011607)
S K Nagpal (DIN: 01171148)
Shahana Basu (DIN: 07137715)
Directors

R. Krishna Kumar (DIN: 05344619)
Managing Director

Date : 7th May, 2016
Place : New Delhi

ANNEXURE - I

Information required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

Your Company carries out its operations in an environment friendly manner and is on the look-out for different ways & means to reduce the consumption of energy in its operations. Fuel & electricity consumption in different stages of production process were monitored regularly and suitable corrective actions were taken wherever possible. The use of alternate source of energy was not mandatory during the year under review. However, the Company is exploring to use available alternate sources of energy in future. Some of the energy conservation measures taken during the year and consequent advantages are given below:

1. Sodium vapor lamps replaced by LED high bay lights in more areas. LED requires less maintenance and life is approximately 10 years.
2. Conventional tube lights were also replaced by LED lights in some more areas of shop-floor.
3. Street light lamps replaced by street lights on park side roads, that requires less maintenance.
4. Installed a water condensate recovery plant for reuse.
5. Converted LPG to PNG burners and connection in canteen which is more secure & safer as compared to LPG.

A. CONSERVATION OF ENERGY

PART A- Power and Fuel Consumption

Sr. No.	Particulars	For the year ended 31/03/2016 (12 months)	For the year ended 31/03/2015 (18 months)
1.	Electricity		
	(a) Purchased units (million)	2.95	4.34
	Total amount (Rs. in million)	25.01	34.62
	Rate/unit (Rs.)	8.48	7.98
	(b) Own Generation		
	(i) Through diesel generating units (million)	0.08	0.07
	Unit per litre of diesel oil	3.17	2.91
	Cost/unit (Rs.)	16.41	20.52
	(ii) Through steam turbine / generator	NIL	NIL
2.	Coal	NIL	NIL
3.	Purchased Fuel Consumed		
	(i) Furnace Oil		
	Quantity (K. Lts.)	-	-
	Total amount (Rs. in million)	-	-
	Average rate (Rs. per litre)	-	-
	(ii) Pipe Natural Gas		
	Quantity (1000 cubic meters)	330.86	487.55
	Total amount (Rs. in million)	11.39	21.31
	Average rate (Rs. per cubic meter)	34.43	43.71

PART B - CONSUMPTION PER UNIT OF PRODUCTION

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	8.41	8.57
Furnace oil (liters)	Nil	Nil
Pipe Natural Gas (cubic meter)	0.92	0.95

Capital Investment made on procuring Energy Conservation Equipment during the year ended on 31st March, 2016 was Rs. 1.57 million.

B. TECHNOLOGY ABSORPTION**Research and Development**

Research & Development (R & D) activities are considered as the foundation for producing better quality products that meet the expectations of customers and for developing indigenous resources for import substitution.

Expenditure incurred on R & D during the year is given below:

	(Rs. In million)
(a) Capital	5.75
(b) Recurring	13.57
(c) Total (a + b)	19.32
(d) Total R & D expenditure as a percentage of total turnover	2.69

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports (excluding Nepal) during the year were Rs. 31.21 million. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

	(Rs. In million)
• Foreign exchange earnings (actual inflows)	39.72
• Foreign exchange expenditure (actual outgo)	204.32

ANNEXURE - II

As at 31st March, 2016 there were 98 employees on the rolls of the company. For the financial year ended on 31st March, 2016, median remuneration of the employees of the company was Rs. 672,241/- . The ratio of remuneration of the Managing Director, Mr. R. Krishna Kumar to the median remuneration of the employees of the company was 19.13 times. The ratio of remuneration of other directors to the median remuneration of employees of the company is as follows: Mr. Biren De – 0.45 times; Mr. Ravinder Nath – 0.40 times; Mr. Surinder Kumar Nagpal – 0.33 times; and Ms. Shahana Basu – 0.04 times.

The percentage increase in the median remuneration of all employees for the year ended 31st March, 2016, over last year's median remuneration was 18.61%, whereas during this period the company has registered a growth of 28.21%. The percentage increase/(decrease) in the remuneration of Managing Director for the said period is not relevant, since he was employed for part of the year during previous accounting period of 18 months; for Mr. Biren De; Mr. Ravinder Nath; Mr. Surinder Kumar Nagpal; and Ms. Shahana Basu the rate of remuneration has remained unchanged as they were paid only the sitting fees for attending the meetings of the Board and/or its committees; and such payment of sitting fee was not revised during the Financial Year ended 31st March, 2016; and that of the CFO, Mr. Kalyan Dasgupta was 20.91% and for the Company Secretary, Mr. C. S. Gugliani it was 11.98%. The average increase in remuneration of employees of the company was about 15% which is in line with the policy of the company.

The aggregate remuneration of Key Managerial Personnel for the year ended 31st March, 2016 against the Revenue & Profit Before Tax (PBT) was 2.06% and 7.30% respectively.

The increase in the market capitalization as at 31st March, 2016 over 31st March, 2015 was 17.06%. The price earnings ratio at the close of the current and previous financial year was 14.22 times & 13.19 times respectively. The increase in market price as compared to the offer price as at the end of the previous year & current year was 4180% & 4910% respectively.

For the year ended on 31st March, 2016, remuneration of the Managing Director, Chief Financial Officer & Company Secretary as compared to revenue of the Company was 1.51%, 0.38% & 0.17% respectively. Whereas, in comparison to PBT the same was 5.34%, 1.36% & 0.60% respectively.

During the year, the average increase in the remuneration of all employees, excluding the remuneration of Managing Director was 14.13 percentile, whereas the increase in remuneration of Managing Director was 19.73 percentile. The increase in remuneration of Managing Director has been as per the Nomination & Remuneration Policy of the company and in accordance with the approval of the shareholders. Besides this, there were no exceptional circumstances for such increase in remuneration of Managing Director. The other Directors, resident in India, are paid only the sitting fee for attending the meetings of the Board and/or its Committees and are not paid any variable component.

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the report of the Board Directors for the financial year ended 31st March, 2016.

Name of Employee	Age (in Years) as on 31/03/2016	Designation; Nature of duties; date of commencement of employment and experience in years	Annual Remuneration (INR in Lacs)	Qualifications	Last employment held
R. Krishna Kumar	40	Managing Director, having total experience of about 20 years. He is responsible for day to day overall management & affairs of the company and has worked in various capacities since 01/01/2010, lastly in the capacity of President	125.77	B.E.	Vice President - Voith Paper Technology (India) Private Limited/Assistant General Manager - Larsen & Toubro Limited.

ANNEXURE - III

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Voith Paper Fabrics India Limited
113-114A, Sector 24
Faridabad-121005
Haryana

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Voith Paper Fabrics India Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering financial year ended on 31st March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and The Securities and Exchange Board of India Prohibition of Insider Trading) Regulations, 2015 (effective from May 15, 2015).
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during audit the period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the audit period)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- vi) On the basis of written representation and details of industry provided by the Company, we confirm that no other industry specific laws are applicable to the company.

We have also examined compliance with the applicable clauses/regulations of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India. (Applicable w.e.f. 01/07/2015).
2. The Listing Agreement entered into by the Company with the Stock Exchange, /SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01/12/2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. We have observed that the Company prior to 06/02/2016 was following the practice of Issue of duplicate share certificates pursuant to Board Resolution dated 31/01/2002 which authorized the Executive Director or the Company Secretary, to sign all documents relating to issue of duplicate share certificates and to do all acts, deeds and things as may be necessary or incidental thereto. We have also observed that such acts of issue of duplicate share Certificates were subsequently noted in the meeting of Stakeholders' Relationship Committee and thereafter by the Board. Whereas, Rule 6(2)(a) of the Companies (Share Capital and Debentures) Rules, 2014 requires that the duplicate share certificate shall not be issued in lieu of those that are lost or destroyed, without the prior consent of the Board. The Ministry of Corporate Affairs vide General Circular No. 19/2014 dated 12th June, 2014 has clarified that committee of directors may exercise powers to issue duplicate share certificates subject to any regulations imposed by Board in this regard.

We have also observed that in order to comply with the provisions of Rule 6(2)(a) of Companies (Share Capital And Debenture) Rules, 2014 read with Ministry Circular 19/2014 dated 12th June, 2014, the Board at its meeting held on 06/02/2016 has passed a resolution and authorised henceforth the Stakeholders' Relationship Committee to consider all requests received from the shareholders or their legal heirs, and to approve the issuance of duplicate share certificates against lost or destroyed certificates.

2. During the year under review, Form 5INV relating to Statement of unpaid/unclaimed amounts as on 31/03/2015 was filed beyond the prescribed time and there was no fees payable on aforesaid form. The other forms were generally filed in time, additional time/fees as permitted by Ministry of Corporate Affairs.
3. During the year under review, the Company has filed form MGT 14 relating to Alteration of Articles of Association pursuant to Special Resolution passed by the members on 31/05/2015 attaching certified copy of special resolution only. Pursuant to Section 14(2) of the Act, the printed copy of altered articles was also required to be attached with the aforesaid Form.
4. The requirements of Secretarial Standard-1 has generally been complied except in few instances, date of entry of minutes in the minutes book as per Clause 7.5; dating of minutes as per Clause 7.6 of Secretarial Standard-1, has not been recorded.
5. We have been informed that the promoters of the company are still holding shares in physical form.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes (during the year under review there were no instance recorded in the minutes where any director has dissented to any particular resolution).

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company and its Directors have received notice for default under Section 159/166/210(3) and 220 of Companies Act, 1956 for the Financial Year ending 31.3.2014 from the Office of Registrar of Companies, NCT of Delhi & Haryana, for which appropriate reply has been submitted by the Company and its Directors.

For SATYENDER KUMAR & ASSOCIATES
Company Secretaries

Place: Gurgaon
Date : 7.5. 2016

Satyender Kumar
(Proprietor)
C.P. No. 5189

Note: This report is to be read with our letter of even date which is annexed as Annexure- A and forms an integral part of this report.

Annexure - A

To,
The Members,
Voith Paper Fabrics India Limited
113-114A, Sector 24
Faridabad-121005
Haryana

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **SATYENDER KUMAR & ASSOCIATES**
Company Secretaries

Place : Gurgaon
Date : 7.5.2016

Satyender Kumar
(Proprietor)
C.P. No. 5189

ANNEXURE - IV**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31/03/2016

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I.	REGISTRATION & OTHER DETAILS:	
1	CIN	L74899HR1968PLC004895
2	Registration Date	20/06/1968
3	Name of the Company	Voith Paper Fabrics India Limited
4	Category/Sub-category of the Company	Public Company / Limited by shares
5	Address of the Registered office & contact details	113/114-A, Sector - 24, Faridabad - 121005, Haryana Phone: +91 129 4292 200; Fax: +91 129 2232 072 E-mail: voithfabrics.faridabad@voith.com Website: http://www.voithpaperfabricsindia.com
6	Whether listed company	Listed
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, First Floor, Okhla Industrial Area Phase - I, New Delhi - 110020 Phone: 011 - 41406149 to 51, Fax: 011 - 41709881

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Industrial Felts	1399	97.99

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	VP Auslandsbeteiligungen GmbH St. Pöltener Straße 43 89522, Heidenheim, Germany.	NA	Holding	74.04	2(46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year [As on 01/04/2015]				No. of Shares held at the end of the year [As on 31/03/2016]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
	(1) Indian									
	a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
	b) Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
	c) State Government(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
	d) Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	0.00%
	e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
	f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
	Sub Total (A) (1)	-	-	-	0.00%	-	-	-	0.00%	0.00%

Category of Shareholders			No. of Shares held at the beginning of the year [As on 01/04/2015]				No. of Shares held at the end of the year [As on 31/03/2016]				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(2)	Foreign									
	a)	NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
	b)	Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
	c)	Bodies Corporate	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%
	d)	Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Sub Total (A) (2)	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%
		TOTAL (A)	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%
B.		Public Shareholding									
	1.	Institutions									
	a)	Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
	b)	Banks / FI	432	274	706	0.02%	432	274	706	0.02%	0.00%
	c)	Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
	d)	State Government(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
	e)	Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
	f)	Insurance Companies	51,331	75	51,406	1.17%	51,331	75	51,406	1.17%	0.00%
	g)	FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
	h)	Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
	i)	Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Sub-total (B)(1)	51,763	349	52,112	1.19%	51,763	349	52,112	1.19%	0.00%
	2.	Non-Institutions									
	a)	Bodies Corporate									
	i)	Indian	115,116	2,104	117,220	2.67%	108058	2104	110,162	2.50%	-0.17%
	ii)	Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
	b)	Individuals									
	i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh	748,360	161,078	909,438	20.70%	784532	148332	932,864	21.24%	0.54%
	ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	40,289	-	40,289	0.92%	27986	0	27,986	0.64%	-0.28%
	c)	Others (specify)									
		Non Resident Indians	17,448	3,634	21,082	0.48%	13383	3634	17,017	0.39%	-0.09%
		Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Sub-total (B)(2)	921,213	166,816	1,088,029	24.77%	933,959	154,070	1,088,029	24.77%	0.00%
		Total Public (B)	972,976	167,165	1,140,141	25.96%	985,722	154,419	1,140,141	25.96%	0.00%
C.		Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
		Grand Total (A+B+C)	972,976	3,419,583	4,392,559	100.00%	985,722	3,406,837	4,392,559	100.00%	0.00%

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	VP Auslandsbeteiligungen GmbH	3,252,418	74.04%	0%	3,252,418	74.04%	0%	0.00%

(iii) Change in Promoters' Shareholding (please specify, if there is no change) No Change in shareholding of Promoter during the year.

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year	01/04/2015		3,252,418	74.04%	3,252,418	74.04%
	Changes during the year			No Change	0.00%	No Change	0.00%
	At the end of the year	31/03/2016		3,252,418	74.04%	3,252,418	74.04%

(iv) Shareholding Pattern of Top Ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year as at 01/04/2015		Cumulative Shareholding during the year as at 31/03/2016	
		No. of shares	% of total shares	No. of shares	% of total shares
1	THE ORIENTAL INSURANCE COMPANY LIMITED	51,331	1.17%	51,331	1.17%
2	SUBODH BHUPATRAI MODY	40,289	0.92%	27,986	0.64%
3	PARUL SHAH	18,000	0.41%	18,000	0.41%
4	OM PRAKASH RAWAT	19,000	0.43%	17,980	0.41%
5	MAYA RAWAT	15,253	0.35%	15,253	0.35%
6	LAUREL SECURITIES PRIVATE LIMITED	14,602	0.33%	13,989	0.32%
7	VIJAY GUPTA (HUF)	11,469	0.26%	12,919	0.29%
8	MUSADDI LAL RAWAT	12,612	0.29%	12,612	0.29%
9	VIJAY PRAKASH GUPTA	10,626	0.24%	11,226	0.26%
10	LILAVATI MANAGEMENT SERVICES PRIVATE LIMITED*	10,335	0.24%	10,835	0.25%
11	BHAVANA GOVINDBHAI DESAI **	10,500	0.24%	10,500	0.24%

* Not amongst Top-10 shareholders as at 31/03/2015, but was forming part of the list of Top-10 shareholders as at 31/03/2016.

** Was part of Top-10 shareholders as at 31/03/2015, but ceased to be amongst Top-10 shareholders as at 31/03/2016.

Shareholding of Top-10 Shareholders is consolidated, based on Permanent Account Number of the shareholder. The date-wise increase or decrease in shareholding of Top-10 shareholders, is available on the website of the Company.

The above list is excluding the 11718 shares belonging to several shareholders, which were lying unclaimed/undelivered and were subsequently dematerialized by the Company in accordance with the requirements of erstwhile Listing Agreement, in consolidated form under "Voith Paper Fabrics India Limited - Unclaimed Shares Demat Suspense Account" as at 31/03/2015 as well as at 31/03/2016.

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Biren De, Director						
	At the beginning of the year	01/04/2015		1,370	0.03%	1,370	0.03%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31/03/2016		1,370	0.03%	1,370	0.03%

No other Director or KMP holds any share in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	
	Name	R. Krishna Kumar	
	Designation	Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,250,166	12,250,166
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	326,627	326,627
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit		
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	12,576,793	12,576,793
	Ceiling as per the Act	It is in accordance with the ceiling as specified under section 197 of the Companies Act, 2013.	

B. Remuneration to other Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			
1	Independent Directors	Mr. Biren De	Mr. Ravinder Nath	Mr. S. K. Nagpal	
	Fee for attending board and committee meetings	300,000.00	270,000.00	225,000.00	795,000.00
	Commission	-	-	-	-
	Others, please specify (Swachh Bharat Cess, directly deposited by Company)	375.00	300.00	300.00	975.00
	Total (1)	300,375.00	270,300.00	225,300.00	795,975.00
2	Other Non-Executive Directors	Mr. Martin G. Scherrer	Ms. Shahana Basu	-	-
	Fee for attending board committee meetings	-	30,000.00		30,000.00
	Commission	-	-	-	-
	Others, please specify (Swachh Bharat Cess, directly deposited by Company)	-	150.00		150.00
	Total (2)	-	30,150.00	-	30,150.00
	Total (B)=(1+2)	300,375.00	300,450.00	225,300.00	826,125.00
	Total Managerial Remuneration				826,125.00
	Overall Ceiling as per the Act	Not applicable, as only sitting fee has been paid to eligible directors.			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
	Name	Mr. Kalyan Dasgupta	Mr. C. S. Gugliani	
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,071,036	1,335,705	4,406,741
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	142,974	68,800	211,774
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	3,214,010	1,404,505	4,618,515

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the breach of any section of Companies Act, against the Company or its Directors or other Officers in Default, if any, during the year.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY @ VOITH

Corporate governance is the frame work of rules and practices by which the Board of Directors ensures accountability, fairness and transparency in a Company's relationship with all its stakeholders. Corporate Governance by Voith is manifestation of its culture and internal policies which founded its way back in 1927, long before this concept was reckoned by the Indian Corporate World, which is based on the ideology that "In Business world one must be ethical, decent and honest. If the contracting party or competitor behaves unfairly, this does not give us a right to deviate from this principle." Firm commitment to our values is vital to gain and retain trust of our stakeholders.

Over the years we have reinforced the corporate governance practices and during the year under review the company has embraced the corporate governance guidelines as required by the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as 'Listing Regulations, 2015').

BOARD OF DIRECTORS

➤ Board's Composition:

As on 31st March, 2016, the Board of Directors of the company comprised of six directors including a Non-executive Chairman, a Managing Director, a Woman Director and three Non-executive Independent Directors. The Chairman of the Board is nominee of the holding company.

The Composition of Board is in conformity with the provisions of the Companies Act, 2013 and Listing Regulations, 2015. All Statutory and material information is made available to the Board of Directors to ensure adequate disclosures and transparent decision making.

➤ Details of Board Meetings

During the financial year ended 31st March, 2016, the Board of Directors held six meetings, as follows:

- On 27th April, 2015 & 31st May, 2015 in Quarter I
- On 8th August, 2015 & 23rd September, 2015 in Quarter II
- On 30th October, 2015 in Quarter III
- On 6th February, 2016 in Quarter IV

➤ Meeting of Independent Directors:

As per requirements of Regulation 25 of Listing Regulations, 2015 and provisions of Section 149 read with Schedule IV of Companies Act, 2013, an exclusive meeting of Independent Directors was also held without the presence of Non-independent Directors & members of management, on 06/02/2016, at which all Independent Directors were present.

➤ Names and Categories of Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting and number of Directorships and Committee positions held by them in other companies, as at 31/03/2016, are as follows:

Name of Director	Category	Number of Board Meetings attended during the year	Attendance at the last AGM held on 31/05/2015	Number of Directorships held as on 31/03/2016 in other Indian Companies (Public and Private)		Number of Committee Memberships, in other Public Limited Companies as on 31/03/2016	
				As Chairman	As Director	As Chairman	As Member
Mr. Martin Gustav Scherrer (Chairman of the Board)	Non-executive, Non-independent Director (Nominee of the Holding Company)	1	Not Present	-	1	-	-
Mr. Biren De	Non-executive and Independent Director	6	Present	-	-	-	-
Mr. Ravinder Nath	Non-executive and Independent Director	5	Not Present	-	10	-	5
Mr. Surinder Kumar Nagpal	Non-executive and Independent Director	5	Present	-	2	1	4
Ms. Patricia Annette Sargeant*	Non-executive and Non-Independent Director	None	Not Present	-	-	-	-
Ms. Shahana Basu^	Non-executive Woman Director	1	Not Applicable	-	-	-	-
Mr. R. Krishna Kumar	Managing Director	6	Present	-	1	-	-

*The office of Ms. Patricia Annette Sargeant stood vacated under Section 167(1)(b) with effect from 5th November, 2015.

^ Ms. Shahana Basu was appointed as an Additional Director of the Company by Board of Directors at its meeting held on 6th February, 2016.

- Details of shareholding of Directors and their relatives in the company, as on 31/03/2016:

Name of Director	Shares held by director in the Company	Shares held by Relatives	Total Shares held
Mr. Martin Gustav Scherrer	NIL	NIL	NIL
Mr. Biren De	1370	NIL	1370
Mr. Ravinder Nath	NIL	NIL	NIL
Mr. Surinder Kumar Nagpal	NIL	NIL	NIL
Ms. Shahana Basu	NIL	NIL	NIL
Mr. R. Krishna Kumar	NIL	NIL	NIL

- Familiarization Programme for Independent Directors:

The Independent directors are already conversant about their roles, rights, duties and responsibilities in the company, nature of industry in which the company operates, business model of the company etc., as they have been associated with the company for many years.

Further, they are regularly informed about relevant updates relating to the requirements of Companies Act, 2013, Listing, along with changes/amendments proposed by SEBI, MCA and other such authorities, industry status, business model, etc. by the Managing Director, Company Secretary and Statutory Auditors of the Company, from time to time.

This is also disclosed on the website of the Company at http://India.voithpaper.com/vp_india_en_investors-corner.html

- Committees of the Board:

The company has constituted following four Committees of the Board:

A. AUDIT COMMITTEE:

Terms of reference - The Audit Committee provides direction to the audit function in the company and monitors/reviews the quality of financial management and internal audit. It also oversees the financial reporting process for proper disclosure in the financial statements and recommends appointment, re-appointment and removal of the auditors and about fixing their remuneration.

The Committee also reviews the quarterly, half-yearly as well as annual financial statements before the same are submitted to the Board, with particular reference to matters to be included in Directors' Responsibility Statement, changes, if any, in the accounting policies and practices, major accounting entries involving estimates based on exercise of judgment by the management, significant adjustments made in financial statements, compliance with listing and other legal requirements relating to financial statements, disclosure and approval of related party transactions, qualifications, if any, in the draft audit report, etc. It also oversees the working of the Internal Audit system, including the internal control mechanism of the company.

Composition - The Audit committee presently comprises of three Non-executive & Independent Directors.

Mr. Surinder Kumar Nagpal is the Chairman of the Audit Committee.

Meetings and Attendance - Four meetings of the Audit committee of the Board of Directors took place during the year under review. As at 31/03/2016, the composition of the committee and the attendance details of Members at the four Committee Meetings held on 27th April, 2015; 8th August, 2015; 30th October, 2015 and 6th February, 2016, during the year under review, is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Surinder Kumar Nagpal, Chairman	Non-executive & Independent Director	3
Mr. Biren De, Member	Non-executive & Independent Director	4
Mr. Ravinder Nath, Member	Non-executive & Independent Director	4

Mr. S.K. Nagpal attended the last Annual General Meeting of the Company as the Chairman of the Audit Committee.

Mr. C.S. Gugliani, Company Secretary, is the Secretary to the Committee.

Related Party Transaction Policy

Company has formulated a Policy on Related Party Transactions as per the requirements of Listing Agreement/Regulations. The policy is available on the website of the Company at the following link: http://India.voithpaper.com/vp_india_en_investors-corner.html

B. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

Terms of Reference - The salient functions of the Stakeholders' Relationship Committee (SRC) include, overseeing the allotment/approvals & rejection of transfer/transmission of shares etc.; issue of duplicate share certificates; review and redressal of investors' complaints; and compliance with listing requirements for securities of the Company, including dematerialization and/or rematerialization of securities and all allied matters related thereto.

Composition - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 20 of Listing Regulations, 2015, the Company has constituted SRC, comprising of two directors. A Non-executive & Independent Director, Mr. Ravinder Nath, an advocate by profession, chairs the meetings of the Committee.

Meetings and Attendance - Four meetings of SRC of the Board of Directors took place during the year under review. As at 31/03/2016, the composition of the SRC and the attendance details of Members at the four Committee Meetings held on 27th April, 2015; 8th August, 2015; 30th October, 2015 and 6th February, 2016, during the year under review, is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Ravinder Nath, Chairman	Non-executive & Independent Director	4
Mr. R. Krishna Kumar, Member	Managing Director	4

Mr. C.S. Gugliani, Company Secretary, is the Compliance Officer.

Details of Investor Complaints received & disposed-off during the year are as follows:

Particulars	Related to Share Transfers	Other Complaints
Number of complaints pending as on 01/04/2015	-	-
Number of complaints received during the period from 01/04/2015 to 31/03/2016	2	3
Number of complaints disposed-off during the period from 01/04/2015 to 31/03/2016	2	2
Number of complaints pending as on 31/03/2016	-	1

C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Terms of Reference - The CSR Committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013; recommending to the Board the amount of expenditure to be incurred; monitoring the implementation of framework of CSR Policy and ensuring that implementation of the projects and programmes is in compliance with the CSR policy of the company.

Composition - The CSR Committee presently comprises of three directors. Two of whom are Non-executive Directors. Mr. Martin Gustav Scherrer, Chairman of the Board is also the Chairman of the CSR Committee.

Meetings and Attendance - Two meetings of the CSR Committee of the Board of Directors took place during the year under review. As at 31/03/2016, the composition of the CSR Committee and the attendance details of Members at the two Committee Meetings held on 30th October, 2015 and 6th February, 2016, during the year under review, is as follows:

Name & Designation of the Director in the Committee	Category	No. of Meetings Attended
Mr. Martin Gustav Scherrer, Chairman	Non-executive & Non-Independent Director	0
Mr. Biren De	Non-executive & Independent Director	2
Mr. R. Krishna Kumar	Managing Director	2

D. NOMINATION AND REMUNERATION COMMITTEE (NRC)

Terms of Reference - Salient Features of NRC includes, recommending to the Board about appointment and removal of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs); carry out evaluation of every director's performance and recommend to the Board a Policy pertaining to remuneration for Director(s), KMPs, SMPs and other employees.

Composition - NRC of the Board of Directors comprises of three Non-executive Directors, two of whom are Independent Directors. Mr. Biren De, an Independent Director is the Chairman of the NRC.

Meetings and Attendance - Two meetings of the NRC of the Board of Directors took place during the year under review. As at 31/03/2016, the composition of the committee and the attendance details of Members at the two Committee Meetings held on 27th April, 2015 and 6th February, 2016, during the year under review, is as follows:

Name & Designation of the Director in the Committee	Category	No. of Meetings Attended
Mr. Biren De, Chairman	Non-executive & Independent Director	2
Mr. Martin Gustav Scherrer, Member	Non-executive & Non-Independent Director	0
Mr. Surinder Kumar Nagpal	Non-executive & Independent Director	2

PERFORMANCE EVALUATION CRITERIA OF DIRECTORS

The committee shall carry out the evaluation of performance of every Director and forward the report along with its recommendation, if any, to the Board on annual basis.

Remuneration Policy - Executive Directors including Managing Director (MD) and Whole Time Director (WTD) shall be paid remuneration comprising several components (including fixed as well as variable), as the case may be, decided and approved by the Board from time to time, on the recommendation of the Committee and also approved by the shareholders and the Central Government, if so required. Such remuneration will be determined according to the industry standards, experience, laws and regulations, prevailing market conditions and scale of Company's business relating to the position. The policy also contains the scope and criteria for evaluation of Independent Directors and the Board as a whole.

Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) shall be paid such remuneration as recommended by the committee and approved by the Board from time to time. However, for all KMPs (except for the MD/MTD) and/or SMP or other employees the Committee/Board may also authorize the person in-charge of day-to-day affairs of the company to decide their remuneration based on their qualification, experience, expertise and their performance.

Details of payment made to Non-executive Directors - In order to retain seasoned professional on board & to receive their valuable guidance, the non-executive may be paid such remuneration as permissible under the applicable provisions of the Companies Act, 2013 as amended from time to time.

Presently, the Non-executive Directors, resident in India are paid only the sitting fee for attending the meetings of the Board and its Committees at the following rates:

	Board Meetings	Committee Meetings
With effect from January 1, 2015	Rs. 30,000 per meeting	Rs. 15,000 per meeting

Name of the Director	Sitting Fees (in Rs.) paid, during the year under review, for attending meetings of					Total Sitting Fees paid (Rs.)*
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	
Mr. Biren De	180,000	60,000	30,000	-	30,000	300,000
Mr. Ravinder Nath	150,000	60,000	-	60,000	-	270,000
Mr. S. K. Nagpal	150,000	45,000	30,000	-	-	225,000
Ms. Shahana Basu	30,000	-	-	-	-	30,000

* Excluding Swach Bharat cess amounting to Rs. 1,125 for all directors taken together, w.e.f. November, 2015.

PAYMENTS MADE TO THE MANAGING DIRECTOR (CEO FOR THE PURPOSE OF LISTING REQUIREMENTS):

Following are the details of remuneration (including perquisites and retirement benefits) paid/payable to the Managing Director, Mr. R. Krishna Kumar, for the financial year ended 31st March, 2016

Particulars	Amount (Rs.)
Basic	2,342,700
Performance Linked Reward	4,600,500
Allowances and perquisites	5,282,188
Contribution to Provident Fund	12% of basic
Contribution to Gratuity Fund	Through group gratuity Scheme with LIC
Contribution to Superannuation Fund	15% of basic

GENERAL BODY MEETINGS

➤ Details of last three Annual General Meetings held

Year (AGM)	Venue	Day & Date	Time
2015 (45 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Sunday 31/05/2015	3:30 p.m.
2013 (44 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Tuesday 10/12/2013	3:30 p.m.
2012 (43 rd)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Wednesday 12/12/2012	3:30 p.m.

➤ Special Resolutions:

The following Special Resolutions were passed at the last three Annual General Meetings:

Year (AGM)	Matter(s) for which Special Resolution was passed
2015 (45 th)	<ul style="list-style-type: none"> Appointment of Auditors; Appointment of Managing Director; and Alteration of Articles of Association
2013 (44 th)	None
2012 (43 rd)	Appointment of Sole Selling Agent

SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT:

There was no item during the year under review that was required to be passed through the process of Postal Ballot. Further, there is no special resolution proposed to be passed at the ensuing Annual General Meeting which is required to be approved by the shareholders through Postal Ballot.

Requirement of Postal Ballot shall be complied with, wherever applicable, as required by law.

DISCLOSURES:

- i. During the year ended 31st March, 2016, there has been no materially significant transaction entered by the company with any party which is considered to have potential conflict of interest with the company at large. The details of all related party transactions are placed and approved by the audit committee and Board of Directors on periodical basis.
- ii. During the last three years there has been no instance of non-compliance and no penalties or strictures imposed on the company by Stock Exchanges or the SEBI or any other statutory authorities on any matter related to capital market.
- iii. In accordance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, 2015, the Company has formulated a 'Vigil Mechanism/Whistle Blower Policy' which provides an avenue to the Directors and employees of the Company to directly report, their genuine concerns including unethical behavior and violation of code of conduct, to the chairman of the Audit Committee.

No person has been denied access to the chairman of the Audit Committee of the Board of Directors of the Company.

- iv. The Company has complied with the mandatory requirements of Listing Regulations, 2015. Compliance status about the non-mandatory requirements of the Listing Regulations, 2015 are disclosed separately elsewhere.

DISCLOSURES OF ACCOUNTING TREATMENT:

While preparation of Financial Statements, the Accounting Standards, issued by The Institute of Chartered Accountants of India (ICAI), have generally been followed.

MEANS OF COMMUNICATION:

- Intimation to Stock Exchange - Your Company believes that all the stakeholders should have access to adequate information about the Company. All information, which could have a material bearing on the share prices, is released at the earliest to the BSE in accordance with the requirements of Listing Regulations, 2015.
- Newspapers - The financial results and other communications of the Company were normally published in 'The Hindu Business Line' and 'Rashtriya Sahara'.
- Website - The financial Results were also displayed on the Company's website www.voithpaperfabricsindia.com. The Company also keeps updating the website with other relevant information, as and when required.
- The Company did not make any official news release nor made any presentations to the institutional investors or analysts, during the year under review.

GENERAL SHAREHOLDER INFORMATION:**ANNUAL GENERAL MEETING**

Day & Date	Time	Venue
Friday, 8 th July, 2016	3:30 p.m.	Maggie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.

Financial Calendar (1st April, 2016 - 31st March, 2017)

Results for quarter ending:

- 30th June, 2016 - By 14th August, 2016
- 30th September, 2016 - By 14th November, 2016
- 31st December, 2016 - By 14th February, 2017
- 31st March, 2017 - By 30th May, 2017

Book Closure and Dividend Payment date:

Book Closure: From Saturday, 25th June, 2016 to Friday, 8th July, 2016

Dividend Payment Date: Dividend would either be credited in the account or dispatched to all eligible shareholders within thirty days of declaration at the Annual General Meeting.

Further, the amount of unpaid/unclaimed dividend for the year 2007-08, that became due to be transferred during the year under review, was transferred to the Investor Education and Protection Fund (IEPF) in accordance with the applicable provisions of the Companies Act.

LISTING ON STOCK EXCHANGE:

The Equity Shares of the Company are currently listed for trading under Group/Index 'XT' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2016/17.

The Company also confirms that it has paid the annual custodial fees, to the Central Depository Services (India) Limited (CDSL) & National Securities Depository Limited (NSDL) for the year 2016/17.

STOCK CODE:

BSE Limited (BSE) : 522122

ISIN for NSDL/CDSL : INE285C01015

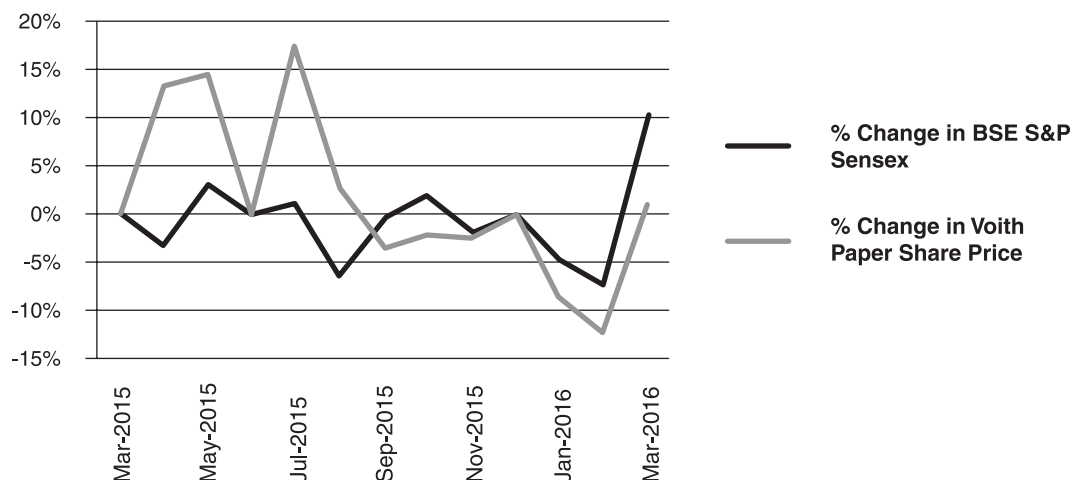
MARKET PRICE INFORMATION:

The monthly 'high' and 'low' closing prices (rounded off to the nearest rupee) of the shares traded during the period from April, 2015 to March, 2016 on BSE are given below:

Month	High (in Rs.)	Low (in Rs.)
April, 2015	499	434
May, 2015	579	470
June, 2015	575	483
July, 2015	675	535
August, 2015	821	610
September, 2015	683	620
October, 2015	710	620
November, 2015	648	602
December, 2015	622	573
January, 2016	625	552
February, 2016	589	477
March, 2016	534	476

Source: BSE Website

SHARE PRICE VIS-À-VIS SENSEX MOVEMENT:



REGISTRAR & TRANSFER AGENT (RTA) :

MCS Share Transfer Agent Limited
 F-65, First Floor, Okhla Industrial Area, Phase - I, New Delhi - 110020
 Phone: 011 - 41406149 to 51
 Fax: 011 - 41709881, E-mail: helpdeskdelhi@mcsregistrars.com

SHARE TRANSFER SYSTEM:

Investors may kindly note that SEBI has mandated that in case of Securities market transactions and off-market/private transactions involving transfer of shares of a listed company in physical mode, it shall be compulsory for the transferee(s) to furnish a copy of the PAN Card to the Company/RTA, together with the transfer documents for registering transfer of such shares.

MCS Share Transfer Agent Limited handles the investor services of the Company and also share transfer related work in respect of shares held in physical form. Such transfers are registered within the stipulated time prescribed under applicable laws, if the documents are found correct and valid in all respects.

As per the requirements of Regulation 40(9) of the Listing Regulations, 2015, Company has regularly obtained the necessary certificate from a Company Secretary in Practice and submitted the same to BSE on half-yearly basis, confirming due compliance of share transfer related activities by the Company.

As per the requirement of SEBI guidelines, the Company's shares are to be traded only in dematerialized form.

INFORMATION ON SHAREHOLDING:**A. Shareholding Pattern of the Company as on 31st March, 2016**

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a % of (a+b)	As a % of (a+b+c)
(a)	Shareholding of Promoter and Promoter group					
	(1) Indian	Nil	Nil	Nil	N.A.	N.A.
	Sub Total (a)(1)	Nil	Nil	Nil	N.A.	N.A.
	(2) Foreign					
	Bodies Corporate	1	3,252,418	Nil	74.044	74.044
	Sub Total (a)(2)	1	3,252,418	Nil	74.044	74.044
	Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2)	1	3,252,418	Nil	74.044	74.044
(b)	Public shareholding					
	(1) Institutions					
	Financial Institutions / Banks	5	706	432	0.016	0.016
	Insurance Companies	2	51,406	51,331	1.170	1.170
	Sub Total (b)(1)	7	52,112	51,763	1.186	1.186
	(2) Non institutions					
	a) Bodies Corporate	108	110,162	108,058	2.508	2.508
	b) Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.2 Lakh	3,669	932,864	784,532	21.237	21.237
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 Lakh	1	27,986	27,986	0.637	0.637
	NRIs	59	17,017	13,383	0.387	0.387
	c) Any Other (Specify)	Nil	Nil	Nil	N.A.	N.A.
	Sub-Total (b)(2)	3837	1,088,029	933,959	24.770	24.770
	Total Public shareholding (b)=(b)(1)+(b)(2)	3844	1,140,141	985,722	25.956	25.956
	TOTAL (a)+(b)	3845	4,392,559	985,722	100.00	100.00
(c)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	N.A.	N.A.
	Grand Total (a+b+c)	3845	4,392,559	985,722	100.00	100.00

B. Shareholders with more than one percent holding as on 31st March, 2016:

Sr. No.	Name of the Shareholder	No. of shares held	%of shares held
1.	VP Auslandsbeteiligungen GmbH	3,252,418	74.044
2.	The Oriental Insurance Company Limited	51,331	1.169

Distribution of Shareholding as on 31st March, 2016:

No. of Shares held (range)	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1 - 500	3442	89.52	343,698	7.82
501 - 1000	232	6.03	167,990	3.82
1001 - 2000	90	2.34	124,692	2.84
2001 - 3000	28	0.73	68,791	1.57
3001 - 4000	11	0.29	38,036	0.87
4001 - 5000	9	0.23	41,443	0.94
5001 - 10000	19	0.49	130,970	2.98
10001 - 50000	12	0.31	173,190	3.94
50001 - 100000	1	0.03	51,331	1.17
100001 and above	1	0.03	3,252,418	74.04
Total	3845	100.00	4,392,559	100.00

DEMATERIALIZATION OF SHARES:

The Company's shares are available for trading in the depository systems of both the NSDL and the CDSL.

3,252,418 equity shares owned by the holding company are held in physical mode.

Out of remaining 1,140,141 equity shares; 985722 equity shares of the company forming 22.44% of the total shareholding, stand dematerialized as on 31st March, 2016.

LIQUIDITY OF SHARES:

The Equity shares of the Company have been included in the 'XT' Group of the BSE Limited, Mumbai (BSE).

OUTSTANDING ADR'S / GDR'S / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

Till date your company has not issued any ADR/GDR/Warrant or any other Convertible Instruments.

PLANT LOCATION:

113/114-A, Sector-24, Faridabad - 121005 (Haryana). Delhi NCR, India.

ADDRESS FOR CORRESPONDENCE:

The Company Secretary,
Voith Paper Fabrics India Limited
113/114-A, Sector-24, Faridabad - 121005 (Haryana), Delhi NCR, India
Phone : 0129 - 4292200 Fax : 0129 - 2232072
E-mail : investorcare.vffa@voith.com (dedicated e-mail for investors as per Regulation 13 of Listing Regulations, 2015)

PARTICULARS OF UNCLAIMED/UNDELIVERED SHARES

The shareholders may kindly take note that as per Regulation 39 read with Schedule VI of the Listing Regulations, 2015, the Company has consolidated and transferred the unclaimed/undelivered shares lying with the Company, in one folio in dematerialized mode. It may kindly be noted that the voting rights on such shares shall remain frozen till the shares are reclaimed by the rightful owners.

The details of such unclaimed / undelivered shares are as follows:

Sr. No.	Particulars	No. of cases	No. of Shares
1	Status as on 01/04/2015	107	11,718
2	Total request received during the year, from shareholders for dispatch of shares to them.	0	0
3	Shares dispatched in pursuance of valid requests received from shareholders	0	0
4	Undelivered / unclaimed shares lying with the Company as on 31/03/2016	107	11,718

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:

In accordance with the requirements for a listed company, as stipulated by SEBI, a 'Reconciliation of Share Capital Audit' is conducted on a Quarterly basis by a firm of Company Secretaries, for the purpose of, inter alia, reconciliation and confirmation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity share capital of the Company as listed on the BSE.

Certificates issued in this regard are placed before the Board of Directors and forwarded to the BSE, where the equity shares of the company are listed.

CEO & CFO CERTIFICATION:

The Board confirms that CEO & CFO certificate relating to the financial statements has been placed before it regularly.

CODE OF CONDUCT:

The company has formulated a Code of Conduct for its Board of Directors and members of Senior Management. The Code of Conduct is available on the website of the Company.

DECLARATION BY THE MANAGING DIRECTOR:

It is hereby declared that in terms of requirements of Regulation 17(5) and 34 read with Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct for the Board of Directors and the Senior Management team of the Company is available for reference of public at large, on the website of the Company www.voithpaperfabricsindia.com

Further, the Company has also obtained affirmation from each individual member of the Board of Directors and the Senior Management team confirming compliance with the conditions of the said Code of Conduct.

For Voith Paper Fabrics India Limited

R. Krishna Kumar
Managing Director

STATUS OF ADOPTION OF NON-MANDATORY / DISCRETIONARY REQUIREMENTS:

1. The Board - The Corporate Office of the Company does not bear the expenses of the office of the Chairman, as he is stationed outside India.
2. Shareholders Rights - The quarterly financial results and other material information, if any, are published in an English newspaper having nation-wide circulation and a local language newspaper. The results are also displayed on the website of the Company besides being available for public viewing through the website of BSE. Therefore, the half yearly results including summary of the significant events are not separately sent to the shareholders.
3. Audit Qualifications - The Company does not have any qualifications from the Auditors in its Financial Statements as on 31st March, 2016
4. Chairman & CEO - The positions of Chairman and CEO are held by two different individuals.
5. Reporting by the Internal Auditor - The Audit Committee and the Board were duly briefed about the Internal Audit Report submitted by the Internal Auditor.

COMPLIANCE CERTIFICATE:

The Company has obtained a certificate from a Company Secretary in Practice regarding compliance of conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same is reproduced below:

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34 READ WITH SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of
Voith Paper Fabrics India Limited
113/114-A, Sector-24
Faridabad - 121005 (Haryana)

I have reviewed the implementation of Corporate Governance procedures by **M/s. VOITH PAPER FABRICS INDIA LIMITED** for the period of 12 months ended 31st March, 2016, with the relevant records and documents maintained by the Company, furnished to me for my review and the report on Corporate Governance as approved by the Board of Directors.

The compliances of the conditions of Corporate Governance are the responsibility of the management. Our examination was limited to a review of procedures and implementations thereof, as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my review and according to the information and explanation provided to me, it is hereby certified and confirmed:

- That the conditions of Corporate Governance as stipulated in the Listing Regulations, with Stock Exchanges (BSE) have been complied with in all material respect by the Company; and
- That 'No' investor grievance is pending for a period exceeding one month as per the records maintained by the Company.

**FOR M.BANGIA & ASSOCIATES
COMPANY SECRETARIES**

**MANOJ BANGIA
PROPRIETOR
C.P. NO. 3655**

Place: **NEW DELHI**
Dated: 7th May, 2016

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The relevant industry for the company is Paper, which is one of the core industries and is linked to the basic human needs. Paper is the pre-requisite for education and literacy and its use is an index of advancement in these two fields as well as the overall well-being of the society and is considered as a touchstone of socio-economic development of the country. The century old pulp and paper industry occupies an important position in the Indian economy for its extended role of early industrialization and social sector development.

Paper manufacturing has been carried on in India since tenth century as a small cottage industry by the traditional craftsmen called kagzis. They used gunny bags, rags, ropes, etc. for making paper. This industry could not survive the onslaught of the machine made paper and declined considerably. However, a part of it has managed to survive and even today, a large number of small units are producing handmade paper.

The beginning of modern paper industry goes back to 1816 when a factory was set up near Chennai. This venture proved abortive. Another paper mill was set up in 1832 at Serampore on the bank of Hugli in West Bengal. This venture also failed and the first successful effort was made in 1870 with the setting up of the Royal Bengal Paper mills at Ballyganj near Kolkata. The progress of Paper Industry in India continued to be sluggish until Independence, and actually made good progress only in the post-independence arena. However, there is a growing need to modernize the Indian mills, improve productivity and build new capacities.

OUR STRENGTHS

Your Company is the single largest Indian manufacturer and supplier of entire range of paper machine clothing (Industrial Felts) for pulp, paper & paperboard and fibre-cement industries.

Your Company belongs to Voith Group, which is famous for its "Engineered reliability" in all business segments where they operate. This provides the company a significant edge over its competitors. We perceive ourselves to be preferred supplier for majority of our customers as our products continue to enjoy a high level of acceptance in the market. The custom-made paper machine clothing solutions provided by the company, also continue to assist papermakers apply the best methods to improve sheet-properties and productivity.

The untiring support of employees at all levels has helped your Company to grow, despite increased competition and prevailing economic uncertainty at global level.

OUR WEAKNESS

As the major consumers of the Company's product are paper industry and the fiber-cement industry, the prospects of the company are largely dependent in the growth of these industries.

Also, about 75% of the raw materials used to manufacture paper machine clothing are imported and hence input costs increases significantly in the eventuality of adverse fluctuation in rates of rupee vis-à-vis dollar and euro. Further, the industry specific policies framed by the government, from time to time, may have an impact on the business environment for the industry as well as the company.

THE OPPORTUNITIES

The paper industry in India has become more promising as the domestic demand is rising. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth of paper industry of India. Some of the existing paper manufacturers are planning to increase their capacity to meet the growing demand. The focus of Paper Industry is now shifting towards more eco-friendly products and technology.

THE THREATS

With easing of import norms, paper industry can freely import the felts from overseas market which are able to offer industrial clothing at relatively economical price. However, the adverse forex rate mitigates this threat to a large extent. Besides this, the Paper industry in India faces many serious problems and prospects do not seem very bright. The biggest problem faced by this industry is the scarcity of raw materials. Most of the materials used for manufacturing paper are derived from the forests. With the increasing degradation of forest and fast depletion of forest based raw materials, like bamboo, the paper industry is facing a severe raw material crisis.

With the exploitation of forests based raw materials reaching its saturation, the growth of industry has almost come to a standstill. In order to survive and expand, the industry will have to look for unconventional raw materials.

SEGMENT WISE REPORTING

The Company is mainly engaged in the production of Industrial Felts. Hence, there is no separate reportable segment as per Accounting Standard - 17 issued by the Institute of Chartered Accountants of India.

OUTLOOK

As discovered through a market research report on Pulp and Paper Chemicals, Europe represents the largest market worldwide, closely followed by Asia-Pacific. Asia-Pacific ranks as the fastest growing market with a CAGR of 3.8%. Expanding population, steady economic growth, increased urbanization, rapid industrialization, rising infrastructure development, and growing production and consumption of paper represent key growth drivers in the region.

The Indian paper and paperboards industry has potential and also capabilities to service the growing demand in domestic and international market and also to create huge employment avenues in the rural-India. No doubt the inevitable effects of economic slow-down on Paper Industry has slowly started showing up. However, several perceptible key drivers of growth capable of propelling the Indian paper industry are still very much in place and there is ample space for the paper producers, equipment and technology suppliers and more so for the trade players to draw an effective strategy to chart aggressive growth.

RISK & CONCERN

The present risks and anticipated future risks are reviewed by the management of your company at regular intervals. Based on its past experiences, the management tries to remain vigilant about all prospective risks and takes suitable preventive measures to adequately safeguard its resources like men, machine & money so that business continues as usual even during difficult situations.

The company also follows the norms of EMS 14001:2015 and OHSAS 18001:2007, to provide a risk free work environment to the employees, by providing them with the necessary safety equipment & gears to enable them to perform their tasks safely.

INTERNAL CONTROL SYSTEM & ADEQUACY

The Company has adequate internal control systems, including financial controls with reference to the financial statements, commensurate with its size. The Audit Committee of its Board of Directors, comprising of Independent Directors, also reviews the systems at regular intervals.

Moreover, the Company has appointed M/s Lodha & Co., Chartered Accountants, as its Internal Auditors and they periodically test the efficacy of the prevailing internal control system.

Also, the statutory auditors, M/s B S R & Co LLP, Chartered Accountants, have evaluated and given their opinion on the Internal Financial Control, as per the provisions of the Companies Act, 2013.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the company had been able to enhance its sales & profits due to its operational efficiency brought about through better utilisation of available resources and proper execution of business strategies. The Company continued the implementation of 'Operational Excellence (OPEX) Programme' which also contributed to the bottom line.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

The dedicated workforce of the company has been the back-bone for achievement of better profitability during the year under review. The company expects to continue to get their unflinching support in future also. During the year under review, industrial relations have generally remained healthy, cordial and harmonious.

There were 98 permanent employees on the rolls of the company as on 31st March, 2016.

RECOGNITIONS

During the year under review, your Company continued with the following certifications related to quality; environment protection; and occupational health & safety:

- ISO 9001:2008
- EMS 14001:2015
- OHSAS 18001:2007

Your company expects to continue to keep the above certifications valid.

CAUTIONARY STATEMENT

Statements in foregoing paragraphs of this report describing the current industry structure, outlook, opportunities, etc., may be construed as "forward looking statements", based on certain assumptions of future events over which the Company exercises no control. Therefore, there can be no guarantee as to their accuracy. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be implied by these forward looking statements. Such risks and uncertainties include, but are not limited to: growth, competition, domestic & international economic conditions, changes in Government regulations, tax regimes and other statutes.

INDEPENDENT AUDITOR'S REPORT

To the Members of Voith Paper Fabrics India Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Voith Paper Fabrics India Limited** ('the Company'), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure A, a Statement of the matters specified in paragraphs 3 and 4 of the Order.
- (ii) As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) on the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No: 091765

Place: New Delhi
Dated: 07 May, 2016

Annexure A referred to in paragraph 5 (i) of the Independent Auditor's Report to the Members of Voith Paper Fabrics India Limited on the financial statements for the year ended 31 March, 2016

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every two years. In accordance with the said programme, fixed assets were physically verified by the management during the period ended 31 March, 2015. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties are held in the name of the Company (also refer Note 9 to the financial statements).
- (ii) The inventories except goods-in-transit and stock lying with third parties have been physically verified by the management during the year. For stock lying with third party, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances covered under the provisions of section 185 and 186 of the Act. Thus, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public during the year.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product sold by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty of excise, sales tax, duty of customs, service tax, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount Involved (Rs.)	Amount paid under protest (Rs.)	Amount not paid (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of repair expenses on Machinery and others	6,614,020	6,614,020	-	AY 2007-08	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of repair expenses on Machinery and others	1,715,600	1,715,600	-	AY 2008-09	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how, repair expenses on Machinery and others	6,385,564	-	6,385,564	AY 2009-10	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	8,393,370	-	8,393,370	AY 2013-14	Commissioner (Appeals)

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Vikram Advani

Partner

Membership No: 091765

Place: New Delhi

Dated: 07 May, 2016

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Voith Paper Fabrics India Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani

Partner

Membership No: 091765

Place: New Delhi

Dated: 07 May, 2016

BALANCE SHEET AS AT 31 MARCH 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	43,925,590	43,925,590
Reserves and surplus	4	1,559,564,865	1,430,902,962
		<u>1,603,490,455</u>	<u>1,474,828,552</u>
Non-current liabilities			
Deferred tax liabilities (net)	5	9,343,107	5,585,935
Long-term provisions	6	16,795,256	14,296,128
		<u>26,138,363</u>	<u>19,882,063</u>
Current liabilities			
Trade payables	7	-	-
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		78,147,306	100,824,482
Other current liabilities	8	37,311,536	19,143,491
Short-term provisions	6	43,190,612	46,253,483
		<u>158,649,454</u>	<u>166,221,456</u>
		<u>1,788,278,272</u>	<u>1,660,932,071</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	9	460,357,990	354,509,342
Capital work-in-progress	9	13,949,890	75,696,307
Long-term loans and advances	10	30,625,954	16,785,091
Other non-current assets	11	-	631,253
		<u>504,933,834</u>	<u>447,621,993</u>
Current assets			
Inventories	12	92,314,951	100,106,405
Trade receivables	13	190,475,244	167,285,657
Cash and bank balances	14	951,290,283	880,862,312
Short-term loans and advances	10	19,188,785	27,562,195
Other current assets	11	30,075,175	37,493,509
		<u>1,283,344,438</u>	<u>1,213,310,078</u>
		<u>1,788,278,272</u>	<u>1,660,932,071</u>

Significant accounting policies

2.1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLPICAI Firm Registration Number: 101248W/W-100022
Chartered Accountants

Vikram Advani

Partner

Membership No. 091765

Place : New Delhi
Date: 07 May 2016**For and on behalf of the Board of Directors of
Voith Paper Fabrics India Limited**Biren De (DIN: 00011607)
DirectorS.K. Nagpal (DIN: 01171148)
DirectorShahana Basu (DIN: 07137715)
DirectorPlace : New Delhi
Date: 07 May 2016R. Krishna Kumar (DIN: 05344619)
Managing DirectorKalyan Dasgupta (PAN-ABBD4105F)
Finance ControllerC.S. Gugliani (FCS No. 4301)
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
REVENUE FROM OPERATIONS			
Sale of products (gross)	15	822,187,877	1,139,579,390
Less : Excise Duty		86,353,304	116,372,829
Sale of products (net)		735,834,573	1,023,206,561
Sale of services	15	9,151,698	-
Other operating revenues	15	10,281,833	-
Other income	16	79,943,668	140,654,128
Total revenue		835,211,772	1,163,860,689
EXPENSES			
Cost of materials consumed	17	178,288,572	293,031,984
Purchases of stock-in-trade	18(a)	9,939,245	28,422,036
Changes in inventories of work-in-progress, finished goods and stock-in-trade	18(b)	11,097,803	(14,987,720)
Employee benefits	19	104,189,868	188,353,966
Depreciation expenses	20	51,368,103	62,711,114
Other expenses	21	244,687,030	277,762,660
Finance costs	22	-	18,793
Total expenses		599,570,621	835,312,833
Profit before taxes		235,641,151	328,547,856
Tax expense			
Current tax		76,082,583	109,821,149
Income tax relating to previous year		(1,441,130)	3,118,327
Deferred tax charge		6,304,889	1,855,844
Total tax expense		80,946,342	114,795,320
Profit after taxes		154,694,809	213,752,536
Earnings per share (not annualised)			
[Nominal value of shares Rs 10 (previous period Rs. 10)]			
Basic	35	35.22	48.66
Diluted	35	35.22	48.66
Significant accounting policies	2.1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
ICAI Firm Registration Number: 101248W/W-100022
Chartered Accountants

Vikram Advani
Partner
Membership No. 091765

Place : New Delhi
Date: 07 May 2016

For and on behalf of the Board of Directors of
Voith Paper Fabrics India Limited

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

Place : New Delhi
Date: 07 May 2016

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (PAN-ABBP4105F)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	235,641,151	328,547,856
Adjustments for:		
Depreciation	51,368,103	62,711,114
(Gain) on sale of fixed assets (net)	(1,065,076)	(1,143,807)
Provision for contingencies written back	-	(469,000)
Liabilities/ provisions no longer required written back	(657,419)	(1,637,744)
Provision for doubtful debts written back	(2,182,237)	(3,037,933)
Provision for doubtful advances written back	(1,147,164)	(627,963)
Provision for doubtful debts charged	-	5,862,842
Provision for doubtful advances charged	-	547,603
Bad debts written off	22,127	80,333
Unrealised foreign exchange (gain)/loss (net)	(943,658)	1,898,431
Interest income on fixed deposits	(72,789,922)	(104,824,369)
Interest income - others	(152,730)	-
Interest expense	- (27,547,976)	18,793 (40,621,700)
Operating profit before working capital changes	208,093,175	287,926,156
Movements in working capital :		
(Increase) in trade receivables	(20,821,145)	(6,392,423)
Decrease/(increase) in inventories	7,791,454	(15,475,601)
(Increase) in loans and advances	(5,874,552)	15,813,202
Decrease/(increase) in other current assets	6,313,263	(3,951,316)
(Decrease)/increase in trade payables	(22,417,527)	18,991,472
Increase/(decrease) in current liabilities	18,386,586	(17,139,553)
Increase in provisions	2,718,551	5,099,033
Cash generated from operations	194,189,805	284,870,970
Income taxes (paid)/refunded	(81,264,585)	(125,622,736)
Net Cash flow from operating activities (A)	112,925,220	159,248,234
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase or construction of fixed assets	(94,668,234)	(138,579,009)
Proceeds from sale of fixed assets	1,167,556	2,527,149
Interest received	74,678,976	74,449,072
Bank deposit	(1,597,011,126)	(1,670,154,119)
Redemption of bank deposit	1,367,600,000	1,263,360,481
Net cash used in investing activities (B)	(248,232,828)	(468,396,426)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on equity shares	(19,651,549)	(13,313,292)
Tax paid on dividends	(4,023,998)	(2,239,546)
Interest paid	-	(18,793)
Net cash used in financing activities (C)	<u>(23,675,547)</u>	<u>(15,571,631)</u>
 Net increase/(decrease) in cash and cash equivalents (A + B + C)	 (158,983,155)	 (324,719,823)
Cash and cash equivalents at the beginning of the period	190,608,193	515,328,016
Cash and cash equivalents at the end of the period	31,625,038	190,608,193

Notes to cash flow statement

Components of Cash and Cash Equivalents

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Cash on hand	20,459	104,315
Balances with banks:		
- Current accounts/ EEFC accounts	30,124,372	33,838,638
- Unclaimed dividend accounts*	1,480,207	1,365,240
- Deposit accounts	919,665,245	845,554,119
Cash and bank balance as per note 14	<u>951,290,283</u>	<u>880,862,312</u>
Less: Fixed deposits not considered as cash equivalents	<u>919,665,245</u>	<u>690,254,119</u>
Cash and cash equivalents in Cash Flow Statement	<u>31,625,038</u>	<u>190,608,193</u>

* The company can utilise these balances only towards settlement of the respective unpaid dividend liabilities.

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022
Chartered Accountants

Vikram Advani

Partner

Membership No. 091765

Place : New Delhi
Date: 07 May 2016

For and on behalf of the Board of Directors of Voith Paper Fabrics India Limited

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

Place : New Delhi
Date: 07 May 2016

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (PAN-ABBP4105F)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a public limited company incorporated, domiciled and headquartered in India. The Company's shares are listed on BSE Ltd., Mumbai. The Company is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

2. Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India.

Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

2.1 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is charged on straight-line basis as per the useful life of the assets specified in part 'C' Schedule II of the Companies Act 2013, which are as follows:

Class of Assets	Useful life
Buildings (including temporary structure)	3-30 Years
Plant & Machinery *	10-15 Years
Furniture and fixtures	10 Years
Office Equipment	5 Years
Computers	3-6 Years
Vehicles	8-10 Years

*For the following assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given below best represent the period over which the Management expects to use these assets. Hence, the useful lives of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013:-

Class of Assets	Useful Life of Asset
4 looms and 2 pre-tackers	10 Years
Needle loom, weaving loom, 1 oil heated cylinder, 1 chiller and 1 thermax heater	12 Years
1 oil heated cylinder, 1 loom and 1 warping machine	13.48 Years

Depreciation on additions or deletions is charged based on pro-rata basis.

For significant modifications capitalized, depreciation is charged over the remaining useful life out of the originally assessed useful life of such assets. Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalized and are depreciated over the residual useful life of the respective assets.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

Component Accounting

Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

d) Inventories

Inventories are valued as follows:

Raw materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.
Work-in-process and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on weighted average basis.
Traded goods	Lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Stores and Spare parts	Lower of cost and net realizable value. Cost is determined on First in First Out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:-

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services (Commission)

Commission is recognized as and when these services are rendered and it is probable that economic benefits will flow to the Company as per the terms of the agreement.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in statement of profit and loss.

Export Benefits

Export benefits are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist and all the conditions attached to export benefits have been complied with.

f) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

g) Retirement and other employee benefits

i. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

ii. Long term service award and other retirement benefit is provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss and are not deferred.

iii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of a separate fund. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss and are not deferred.

iv. A retirement benefit in the form of superannuation fund is a defined contribution scheme. The company recognizes contribution payable to the scheme as expenditure, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective fund.

v. The Provident Fund (where administered by a Trust) is a defined benefit scheme whereby the Company deposits amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employee is adjusted on an annual basis to confirm to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementation of Accounting Standard -15 Employee Benefits (Revised 2005), issued by the Institute of Chartered Accountants of India states that provident fund set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. There is no deficit in the fund at the year end.

h) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

i) Provisions

A provision is recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required

to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty provisions

Provision for warranty related costs are recognized when the product is sold or service provided. Provision is based on historical experience.

j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

k) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

l) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

m) Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in profit & loss except that tax expenses related to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

n) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

o) Operating leases

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased assets is diminished. Costs, including depreciation, incurred in earning the lease income are recognized as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognized in the Statement of Profit & Loss over the lease term in proportion to the recognition of lease income.

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

3. Share Capital

	As at 31 March 2016	As at 31 March 2015
Authorised		
25,000,000 (previous period 25,000,000) equity shares of Rs. 10 each	250,000,000	250,000,000
Issued, subscribed and fully paid-up shares		
4,392,559 (previous period 4,392,559) equity shares of Rs. 10 each	43,925,590	43,925,590

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2016	As at 31 March 2015
At the beginning and at the end of the year/period	43,925,590	43,925,590
4,392,559 (previous period 4,392,559) equity shares of Rs. 10 each fully paid		

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March, 2016, the amount of per share dividend paid as distributions to equity shareholders and pertaining to the period ended 31 March, 2015 is Rs. 4.5 (previous period Rs. 3)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

	As at 31 March 2016	As at 31 March 2015
VP Auslandsbeteiligungen GmbH, Germany		
3,252,418 (previous period 3,252,418) shares of Rs. 10 each	32,524,180	32,524,180

d. Particulars of shareholders holding more than 5% shares in the Company

	As at 31 March 2016		As at 31 March 2015	
	No. of Equity shares	% holding in the class	No. of Equity shares	% holding in the class
VP Auslandsbeteiligungen GmbH	3,252,418	74.04	3,252,418	74.04

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of equity shares.

4. Reserves and Surplus

		As at 31 March 2016	As at 31 March 2015
General reserve			
Balance at the commencement of the year/period		566,874,099	545,498,845
Amount transferred from surplus balance in the statement of profit and loss		15,469,481	21,375,254
Adjusted for depreciation#		(7,361,643)	-
Adjusted for deferred tax#		2,547,717	-
Closing balance	I	577,529,654	566,874,099
Surplus in the statement of profit and loss			
Balance at the commencement of the year/period		864,028,863	695,370,238
Add: Profit for the year/period		154,694,809	213,752,536
	II(a)	1,018,723,672	909,122,774
Less: Appropriations:			
Transfer to general reserve		15,469,481	21,375,254
Proposed equity dividend		17,570,236	19,766,516
Tax on proposed equity dividend		3,648,744	3,952,141
Total appropriation	II(b)	36,688,461	45,093,911
Net Surplus in the statement of profit and loss	III [II(a)-II(b)]	982,035,211	864,028,863
Total Reserves and Surplus	I+III	1,559,564,865	1,430,902,962

Due to applicability of Companies Act 2013 w.e.f. 01 April, 2015, the opening balance of retained earnings as on 01 April, 2015 is adjusted by Rs. 4,813,926 (net of deferred taxes of Rs. 2,547,717) for tangible fixed assets where the remaining useful life of assets has expired.

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

5. Deferred tax liabilities (net)

	As at 31 March 2016	As at 31 March 2015
Deferred tax liabilities		
Excess of depreciation on fixed assets under income-tax law over depreciation provided in accounts	27,933,228	23,783,871
Others	202,760	661,670
	<u>28,135,988</u>	<u>24,445,541</u>
Deferred tax assets		
Provision for employee benefits	677,623	-
Provision for expenses	7,541,405	-
Expenditure covered by section 43B of the Income-tax Act, 1961	8,776,790	-
Provision for doubtful trade receivables	1,797,063	-
Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purpose on payment basis	-	9,141,705
Provision for doubtful debts and advances	-	3,188,277
Provision for warranties	-	3,825,171
Provision for contingencies	-	2,704,453
Gross deferred tax asset	<u>18,792,881</u>	<u>18,859,606</u>
Net deferred tax liability#	<u>9,343,107</u>	<u>5,585,935</u>

Refer note above

6. Provisions

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Provision for Employee benefits				
Provision for leave encashment	15,312,262	13,038,271	1,337,195	1,585,191
Provision for other retirement benefits	191,065	188,062	25,000	75,000
Provision for long service award	1,291,929	1,069,795	450,000	32,012
	<u>16,795,256</u>	<u>14,296,128</u>	<u>1,812,195</u>	<u>1,692,203</u>
Other provisions				
Provision for taxation (net of advance tax of Rs. Nil ; (previous period Rs. 77,690,996))	-	-	921,437	1,632,197
Provision for warranties#	-	-	12,163,188	11,253,812
Provision for contingencies##	-	-	7,146,669	7,956,614
Proposed equity dividend	-	-	17,570,236	19,766,516
Tax on proposed equity dividend	-	-	3,576,887	3,952,141
	<u>-</u>	<u>-</u>	<u>41,378,417</u>	<u>44,561,280</u>
	<u>16,795,256</u>	<u>14,296,128</u>	<u>43,190,612</u>	<u>46,253,483</u>

Additional disclosures relating to certain provisions (as per AS 29)

	Warranties#		Contingencies##	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
At the commencement of the year/period	11,253,812	10,984,289	7,956,614	8,425,614
Provision made during the year/period	5,203,601	11,253,812	-	-
Provision utilised during the year/period	(4,294,225)	(6,590,962)	(40,256)	(469,000)
Unutilised provision written back during the year/period	-	(4,393,327)	(769,689)	-
At the end of the year/period	<u>12,163,188</u>	<u>11,253,812</u>	<u>7,146,669</u>	<u>7,956,614</u>

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of level of claim settlement. It is expected that the most of this cost will be incurred within one year of the balance sheet date. Assumption used to calculate the provision for warranties were based on current sales level and current information about claims settlement based on the five year warranty period for all products sold.

Provision for contingencies represents the following:-

- (a) Potential tax liability estimated through various notices issued by sales tax department towards differential amount of sale tax applicable on products sold - Rs. 2,707,113 (previous period : Rs. 3,476,802)

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

- (b) Estimated contingencies in respect of Local area development tax, applicability of which is not certain on the Company - Rs. 4,439,556 (previous period : Rs. 4,439,556)

- (c) Provision for 1% additional duty on import - Rs. Nil (previous period - Rs. 40,256)

Above represents provisions made for probable liabilities/ claims arising out of pending disputes/litigations with various regulatory authorities. These provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases.

7. Trade payables

	As at 31 March 2016	As at 31 March 2015
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 38)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	78,147,306	100,824,482
	<u>78,147,306</u>	<u>100,824,482</u>

8. Other current liabilities

	As at 31 March 2016	As at 31 March 2015
Creditors for purchase of capital goods	6,023,814	5,699,903
Employee related payables#	17,243,632	-
Other payables:-		
Unclaimed dividend	1,480,207	1,365,240
Statutory liabilities	5,117,432	3,286,652
Advances from customers	5,946,451	7,291,696
Security deposit received (refer note 26)	1,500,000	1,500,000
	<u>37,311,536</u>	<u>19,143,491</u>

Previous period amount is included within Trade payables.

9. Fixed assets

	Freehold Land*	Buildings	Plant and machinery	Furniture and fixtures	Office equipments (including Computers)	Vehicles	Total
		Owned	Given on lease				
Gross block as on 1 October, 2013	1,809,080	93,993,805	-	439,893,889	5,176,562	21,941,374	566,884,926
Additions during 18 months period	-	-	-	218,375,294	48,741	12,460,055	230,884,090
Less : Deletions during 18 months period	-	30,232	-	49,876,749	46,841	3,599,891	53,553,713
Gross block as on 31 March, 2015	1,809,080	93,963,573	-	608,392,434	5,178,462	30,801,538	744,215,303
Additions during the year	-	2,958,291	13,967,871	139,408,790	3,073,918	5,272,005	164,680,875
Less : Deletions during the year	-	-	-	6,049,668	28,814	1,286,469	7,364,951
Gross block as on 31 March, 2016	1,809,080	96,921,864	13,967,871	741,751,556	8,223,566	34,787,074	901,531,227
Accumulated depreciation as at 1 October, 2013	-	37,372,822	-	322,829,517	3,532,586	13,418,440	379,165,220
Depreciation for 18 months period	-	4,910,858	-	52,756,948	374,611	4,088,689	62,711,112
Less : Depreciation on deletions during 18 months period	-	19,782	-	48,875,091	46,841	3,228,657	52,170,371
Accumulated depreciation as at 31 March, 2015	-	42,263,898	-	326,711,374	3,860,356	14,278,472	389,705,961
Depreciation for the year	-	2,067,731	426,369	41,286,419	360,253	6,271,611	51,368,103
Depreciation for the year - transferred to Reserves	-	3,797,341	-	691,487	459,726	2,413,090	7,361,644
Less : Depreciation on deletions during the year	-	-	-	5,974,943	28,814	1,258,714	7,262,471
Accumulated depreciation as at 31 March, 2016	-	48,128,970	426,369	362,714,337	4,651,521	21,704,459	441,173,237
Net block as at 31 March, 2015	1,809,080	51,699,675	-	281,681,060	1,318,106	16,523,066	354,509,342
Net block as at 31 March, 2016	1,809,080	48,792,894	13,541,502	379,037,219	3,572,045	13,082,615	460,357,990

Capital work-in-progress

Balance as at 1 October, 2013	168,001,389
Additions	132,945,442
Assets Capitalised during the year	(225,250,524)
Balance as at 31 March, 2015	75,696,307
Balance as at 1 April, 2015	75,696,307
Additions	70,540,669
Assets capitalised during the year	(132,287,086)
Balance as at 31 March, 2016	13,949,890

* Land measuring 145,200 square yards consisting site no. 113 and half of the 114 is titled in the name of the Company vide conveyance deed dated 16 March, 1970.

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

10. Loans and advances

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Capital advances				
Unsecured, considered good	2,637,213	10,103,848	-	-
Security deposits				
Unsecured, considered good	3,980,217	2,267,217	1,375,000	2,435,000
Advance recoverable in cash or kind				
Unsecured, considered good	-	-	-	8,065,649
Other loans and advances (Unsecured, considered good)				
Advance to employees	-	-	604,837	-
Advance to suppliers	-	-	4,569,251	-
CENVAT credit receivable	-	-	3,986,049	-
Service tax credit receivable	-	-	1,396,721	-
Advances income tax (net of provision for tax Rs. 224,094,410; (previous period Rs. 71,051,201))	23,443,862	4,414,026	-	13,117,464
Prepaid expenses	-	-	2,279,861	3,215,478
Balances with government authorities	-	-	540,978	688,348
Advance to VPFIL provident fund trust	-	-	2,000,000	-
SVB claim recoverable	-	-	1,257,359	40,256
Lease equalization reserve receivable	564,662	-	-	-
Other advances	-	-	1,178,729	-
Unsecured, considered doubtful				
SVB claim recoverable	-	1,563,671	416,509	-
	30,625,954	18,348,762	19,605,294	27,562,195
Provision for doubtful SVB claim recoverable	-	(1,563,671)	(416,509)	-
	30,625,954	16,785,091	19,188,785	27,562,195

11. Other current assets

Unsecured, considered good unless stated otherwise

	Non-current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on fixed deposits	-	-	29,987,860	31,724,184
Receivable from custom authorities	-	-	-	5,068,625
Assets held for sale	-	-	-	700,700
Gratuity fund (refer note 24)	-	631,253	87,315	-
	-	631,253	30,075,175	37,493,509

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

12. Inventories

(Valued at the lower of cost and net realisable value)

	As at 31 March 2016	As at 31 March 2015
Raw materials (including goods in transit Rs. 9,280,728; (previous period Rs. 7,134,747))	61,907,510	55,903,275
Work-in-progress	12,681,582	14,101,709
Finished goods	10,868,525	16,914,313
Stock-in-trade (including goods in transit Rs. 1,006,127; (previous period Rs. 4,638,015))	1,006,127	4,638,015
Stores and spare parts (including goods in transit Rs. Nil; (previous period Rs. 61,776))	5,851,207	8,549,093
	<u>92,314,951</u>	<u>100,106,405</u>

13. Trade receivables

	Non-current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Receivable outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	7,282,711	2,165,947
Doubtful	-	7,124,247	5,192,622	-
	-	7,124,247	12,475,333	2,165,947
Provision for doubtful receivables	-	(7,124,247)	(5,192,622)	-
	-	-	7,282,711	2,165,947
Other receivables				
Unsecured, considered good	-	-	183,192,533	165,119,710
Doubtful	-	692,125	-	-
	-	692,125	183,192,533	165,119,710
Provision for doubtful receivables	-	(692,125)	-	-
	-	-	183,192,533	165,119,710
	-	-	<u>190,475,244</u>	<u>167,285,657</u>

14. Cash and bank balances

	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Cash on hand	20,459	104,315
Balances with banks:		
- On current accounts/ EEFC account	30,124,372	33,838,638
- Deposits with original maturity of less than 3 months	-	155,300,000
- On unclaimed dividend account	1,480,207	1,365,240
	<u>31,625,038</u>	<u>190,608,193</u>
Other bank balances		
Deposits due to mature within 12 months of reporting date	918,100,000	688,800,000
Margin money deposits	1,565,245	1,454,119
	<u>919,665,245</u>	<u>690,254,119</u>
	<u>951,290,283</u>	<u>880,862,312</u>

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

15. Revenue from operations

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Sale of products (I)		
Finished goods (felts)#	805,690,532	1,103,784,726
Traded goods	16,497,345	30,324,601
Sale of products (gross)	822,187,877	1,134,109,327
Less: Excise duty##	86,353,304	115,876,453
Sale of products (net)	735,834,573	1,018,232,874
Sale of services (II)		
Commission###	9,151,698	-
Other operating revenues (III)		
Scrap Sales	5,516,481	5,470,063
Less : Excise duty on scrap sales	414,377	496,376
	5,102,104	4,973,687
Export incentive - duty drawback	-	-
Liabilities/provisions no longer required, written back##	657,419	-
Provision for doubtful debts written back (net)##	2,182,237	-
Provision for doubtful advances written back (net)##	1,147,164	-
Miscellaneous income##	1,192,909	-
Other operating revenues	10,281,833	4,973,687
Total revenue (I)+(II)+(III)	755,268,104	1,023,206,561

The company manufactures only felts and thus the details of sale of finished goods under broad heads is not applicable.

Excise duty on sales amounting to Rs. 86,767,681 (previous period : Rs. 116,372,829) has been reduced from sales in statement of profit and loss and excise duty on decrease in inventory of finished goods amounting to Rs. 1,612,307; (previous period : Rs. 2,105,882) has been considered as income (expense in previous period) in note 21 of financial statement.

These amounts were grouped under the schedule of "Other income" for the previous period ended on 31 March, 2015, whereas during the current year, these amounts are re-grouped to "Other operating revenue" as per the requirements of Schedule III of the Companies Act, 2013.

16. Other income

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Interest income on		
- Deposits with banks	72,789,922	104,824,369
- Others	152,730	-
Commission	-	19,301,421
Profit on sale/discard of fixed assets	1,065,076	1,143,807
Rent income	5,935,940	-
Export incentive - duty drawback	-	5,068,625
Liabilities/provisions no longer required, written back	-	1,637,744
Provision for doubtful debts written back	-	3,037,933
Provision for doubtful advances written back	-	627,963
Provision for contingencies written back	-	469,000
Foreign exchange fluctuation gain	-	1,024,650
Miscellaneous income	-	3,518,616
	79,943,668	140,654,128

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

17. Cost of materials consumed

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Inventory of materials at the beginning of the year/period	55,903,275	55,030,480
Add: Purchases	184,292,807	293,904,779
Less: Inventory of materials at the end of the year/period	61,907,510	55,903,275
Cost of materials consumed	178,288,572	293,031,984
Break-up of materials consumed		
Yarn	111,826,185	179,901,855
Fibre	57,678,387	87,665,321
Fabric	8,784,000	25,464,808
	178,288,572	293,031,984
Break-up of materials inventory		
Yarn	32,111,585	35,331,628
Fibre	10,189,705	18,885,585
Fabric	19,606,220	1,686,062
	61,907,510	55,903,275

18(a) Details of purchase of traded goods

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Balancing Element	83,576	717,713
Doctors Blade	759,575	-
Fabrics	4,989,050	5,206,371
Qualiflex Sleeves	2,897,044	22,497,952
Rolls	1,210,000	-
	9,939,245	28,422,036

18(b) (Increase)/decrease in inventories

Inventories at the end of the year/period		
Work-in-progress	12,681,582	14,101,709
Finished goods-Manufactured	10,868,525	16,914,313
Finished goods- Traded	1,006,127	4,638,015
	24,556,234	35,654,037
Inventories at the beginning of the year/period		
Work-in-progress	14,101,709	13,521,787
Finished goods-Manufactured	16,914,313	7,144,530
Finished goods- Traded	4,638,015	-
	35,654,037	20,666,317
	11,097,803	(14,987,720)
Details of inventory		
Work-in-progress		
Felts	12,681,582	14,101,709
Finished goods (including traded goods)		
Fabrics	1,006,127	1,840,287
Qualiflex Sleeves	-	2,797,728
Felts	10,868,525	16,914,313
	11,874,652	21,552,328

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

19. Employee benefit expenses

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Salaries, wages and bonus	87,770,561	166,446,562
Contribution to provident and other funds	5,638,401	8,240,311
Gratuity (refer note 24)	891,109	3,645,908
Compensated absences	2,637,823	-
Other retirement benefit (refer note 24)	28,003	-
Long service award	1,600,122	-
Staff welfare expenses	5,623,849	10,021,185
	<u>104,189,868</u>	<u>188,353,966</u>

20. Depreciation expense

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Depreciation on tangible fixed assets	51,368,103	62,711,114
	<u>51,368,103</u>	<u>62,711,114</u>

21. Other expenses

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Consumption of stores and spares	37,534,084	47,051,312
Contract labour cost	32,952,883	-
(Increase)/decrease of excise duty on inventory of finished goods	(1,612,307)	2,105,882
Power and fuel	38,156,258	58,113,313
Freight and forwarding charges	3,821,434	6,420,394
Rates and taxes	5,546,127	5,764,263
Insurance	1,752,092	2,834,531
Repairs and maintenance		
- Plant and machinery	20,439,182	19,864,049
- Buildings (owned)	12,914,911	10,644,439
- Others	7,731,843	5,443,424
Sales commission	1,268,782	2,978,304
Travelling and conveyance	9,270,863	13,928,539
Communication expenses	4,251,984	6,505,621
Legal and professional fees	4,825,180	5,874,138
Directors' sitting fees	826,125	910,000
Payment to auditor (refer details below)	2,337,470	3,888,700
Warranty expense (refer note 6)	5,203,601	6,860,485
Bad debts written off	463,640	115,142
Less : Provision utilized	(441,513)	(34,809)
Provision for doubtful debts (net)	-	5,862,842
Provision for doubtful advances	-	547,603
Technical know how fees/Royalty	36,048,535	49,513,631
Foreign exchange fluctuation loss (net)	14,864	-
Advertising and sales promotion	2,259,591	2,329,484
Security charges	2,452,278	-
Corporate social responsibility expenditure (refer note 35)	4,813,000	-
Training and development charges	1,056,931	-
Miscellaneous expenses	10,799,192	20,241,373
	<u>244,687,030</u>	<u>277,762,660</u>

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Payment to auditor (excluding service tax)		
As auditor:		
Statutory audit	1,050,000	1,100,000
Tax audit	100,000	337,500
Limited reviews of quarterly results	750,000	1,375,000
In other capacity:		
Group audit	324,000	660,000
Certification fee	40,000	40,000
Reimbursement of expenses	73,470	376,200
	<u>2,337,470</u>	<u>3,888,700</u>

22. Finance costs

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Interest - other than banks	-	18,793
	<u>-</u>	<u>18,793</u>

23. Earnings per share (EPS)

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
The following reflects the profit and share data		
Net profit for the period/year	154,694,809	213,752,536
Weighted average number of equity shares in calculating basic and diluted EPS	4,392,559	4,392,559
Earnings per share - Basic	35.22	48.66
Diluted	35.22	48.66

24. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has also agreed to pay Rs 25,000 at retirement to all the workers (Other Retirement Benefit). These benefits are unfunded.

The following tables summarize the components of net benefit expense recognized in the statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employment cost

	Gratuity		Other Retirement Benefit	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Current service cost	1,732,749	2,267,069	9,231	22,107
Interest cost on benefit obligation	1,775,539	2,772,459	17,594	45,935
Expected return on plan assets	(2,062,214)	(3,315,403)	-	-
Net actuarial(gain) / loss recognized in the period/year	(554,965)	1,911,488	1,178	(57,747)
Net expense	<u>891,109</u>	<u>3,635,613</u>	<u>28,003</u>	<u>10,295</u>

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Balance sheet

Benefit asset/liability

	Gratuity		Other Retirement Benefit	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Present value of defined benefit obligation	24,474,438	23,995,516	216,065	263,062
Fair value of plan assets	24,561,753	24,626,769	-	-
Plan asset / (liability)	87,315	631,253	(216,065)	(263,062)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity		Other Retirement Benefit	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Opening defined benefit obligation	23,995,516	23,889,422	263,062	427,766
Current service cost	1,732,749	2,267,069	9,231	22,107
Interest cost	1,775,539	2,772,459	17,594	45,936
Benefits paid	(2,464,380)	(6,705,377)	(75,000)	(175,000)
Actuarial (gains) / losses	(564,987)	1,771,943	1,178	(57,747)
Closing defined benefit obligation	24,474,437	23,995,516	216,065	263,062

Changes in fair value of plan assets are as follows:

	Gratuity		Other Retirement Benefit	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Opening fair value of plan assets	24,626,769	26,338,684	-	-
Expected return	2,062,214	3,315,403	-	-
Contributions by employer	347,171	1,817,603	-	-
Benefits paid	(2,464,380)	(6,705,377)	-	-
Actuarial gains / (losses)	(10,021)	(139,544)	-	-
Closing fair value of plan assets	24,561,753	24,626,769	-	-

The Company expects to contribute Rs. 1,735,692 to gratuity in the next year (Previous year Rs. 2,861,367).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-

	Gratuity	
	31 March 2016	31 March 2015
Investment with insurer	100%	100%

The principal assumptions used in determining gratuity and post-employment other retirement benefit obligations for the Company's plans are shown below:

Particulars	Gratuity		Other Retirement Benefit	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Discount rate	7.85%	7.80%	7.85%	7.80%
Expected rate of return on assets	8.85%	8.75%	-	-
Employee turnover	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Amount for the current and previous four periods are as follows:-

Gratuity

	31 March 2016	31 March 2015	30 September 2013	30 September 2012	30 September 2011
Defined benefit obligation	24,474,438	23,995,516	23,889,422	28,981,808	30,395,933
Plan assets	24,561,753	24,626,769	26,338,684	26,458,801	33,143,924
Surplus/(Deficit)	87,315	631,253	2,449,262	(2,523,007)	2,747,991
Experience adjustment on plan liabilities	(454,399)	(427,982)	(1,028,163)	2,135,881	3,190,733
Experience adjustment on plan assets	(10,021)	(139,544)	(103,299)	52,295	-

Other retirement benefit

	31 March 2016	31 March 2015	30 September 2013	30 September 2012	30 September 2011
Defined benefit obligation	216,065	263,062	427,766	729,844	1,074,776
Experience adjustment on plan liabilities	1,553	-	-	-	23,522

Super Annuation Plan

	31 March 2016	31 March 2015
Charged to Statement of Profit and Loss	2,323,986	3,272,339

25. Segment Reporting

(a) Primary Segment

The company is engaged in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry. The entire operation is governed by the same set of risk and returns and hence, the same has been considered as representing a single primary segment.

(b) Geographical Segments

The following is the distribution of the company's consolidated sales (including other operating revenue) by geographical market, regardless of where the goods were produced:

Particulars	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Domestic market	711,928,086	950,683,233
Overseas market	43,340,018	72,523,329
Total	755,268,104	1,023,206,562

The following table shows the carrying value of trade receivable (net) as per geographical market:

Particulars	As at 31 March 2016	As at 31 March 2015
Domestic market	179,954,980	161,150,101
Overseas market	10,520,264	6,135,556
Total	190,475,244	167,285,657

All the assets of the Company except trade receivables (disclosed above) are located in India, therefore, separate figures for fixed assets/additions to fixed assets and other assets have not been furnished.

26. Related party disclosures

a. List of related parties :

Names of Related Parties where control exists irrespective of whether transactions have occurred or not:

(A) Holding Company	VP Auslandsbeteiligungen GmbH, Germany
(B) Ultimate Holding Company	Voith Paper Holding GmbH & Co. KG, Germany (Holds 100% Equity of VP Auslandsbeteiligungen GmbH)

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Names of Related Parties with whom transactions have occurred during the period

- (A) Fellow subsidiaries
- Syn Strand Inc., United State of America
 - Voith Paper Fabrics Stubbins Ltd., United Kingdom
 - Voith IT Solution GmbH, Germany
 - Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia
 - Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia
 - Voith Paper Fabrics GmbH & Co. KG, Germany
 - Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany
 - J.M. Voith GmbH & Co. Beteiligungen KG, Germany
 - Voith Paper (China) Co., Ltd., China
 - Voith Paper Technology (India) Private Limited, India
 - Voith Hydro Private Limited, India
 - Voith GmbH, Germany
 - Voith Paper Fabric & Roll Systems Inc., United State of America
 - Voith Turbo Private Limited, India
 - Voith Paper GmbH & Co. KG, Germany
 - Voith Paper Rolls GmbH & Co KG, Germany
 - Voith Paper Fabrics GmbH, Austria
 - Voith Paper GmbH, Austria
 - Voith Paper Fabrics Högsjö AB, Sweden
- (B) Key Management Personnel
- R. Krishna Kumar, Managing Director (w.e.f. 01 August 2014)

b. Transactions with Related Parties :

Nature of transaction		For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
i.	Transaction with Holding Company		
	Payment of Dividend (also refer note no. 33)	14,635,881	9,757,254
ii.	Transactions with Fellow Subsidiaries		
	Sale of goods		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	1,529,551	3,903,152
	Voith Paper (China) Co., Ltd., China	-	234,818
	Voith Paper GmbH & Co. KG, Germany	-	968,992
		<u>1,529,551</u>	<u>5,106,962</u>
	Sale of services (Commission income)		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	3,577,622	11,701,219
	Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	5,184,006	6,771,758
	Voith Paper Rolls GmbH & Co KG, Germany	390,070	828,444
		<u>9,151,698</u>	<u>19,301,421</u>
	Lease rent income		
	Voith Paper Technology (India) Private Limited, India	5,371,278	-
	Purchase of materials		
	Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	1,707,863	10,991,652
	Voith Paper Fabrics GmbH, Austria	12,337,404	-
	Syn Strand Inc., USA	25,120,320	31,996,399
	Voith Paper Fabrics Stubbins Ltd., United Kingdom	2,654,704	2,164,023
	Voith Paper (China) Co., Ltd., China	6,487,760	-
	Total	<u>48,308,051</u>	<u>45,152,074</u>

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

Nature of transaction	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Purchase of traded goods		
Voith Paper (China) Co., Ltd., China	4,877,193	5,033,585
Voith Paper GmbH, Austria	83,576	707,972
Voith Paper Rolls GmbH & Co KG, Germany	746,618	-
Voith Paper GmbH & Co. KG, Germany	2,788,077	21,380,177
Total	8,495,464	27,121,734
Purchase of stores & spares		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	76,626	-
Technical know-how fees/Royalty		
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany (formerly known as Voith Paper Fabrics GmbH & Co. KG, Germany)	36,048,535	49,513,631
Communication expenses		
Voith IT Solution GmbH, Germany	3,239,856	5,167,471
Voith Hydro Private Limited, India	254,860	172,840
	3,494,716	5,340,311
Security deposit received		
Voith Paper Technology (India) Private Limited, India	-	1,500,000
Repair expenses		
Voith Paper Fabric & Roll Systems Inc., United State of America	-	10,420
Reimbursement of expenses from related parties		
Voith Paper Technology (India) Private Limited, India	1,573,487	4,265,872
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	7,640	-
Voith Paper (China) Co., Ltd., China	-	17,161
Voith Paper Fabrics Högsjö AB, Sweden	-	18,948
Voith Paper GmbH & Co. KG, Germany	9,233	-
	1,590,360	4,301,981
Reimbursement of expenses to related parties		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	8,219	15,903
Voith Paper Fabrics GmbH & Co. KG, Germany	-	52,550
Voith Paper Fabrics Stubbins Ltd., United Kingdom	-	38,690
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	-	14,646
Voith Paper GmbH & Co. KG, Germany	-	34,505
Voith Paper Technology (India) Private Limited, India	1,432,535	961,473
Voith Hydro Private Limited, India	-	181,577
Voith GmbH, Germany	253,795	227,442
J.M. Voith GmbH & Co. Beteiligungen KG, Germany	18,168	-
Voith Turbo Private Limited, India	-	21,221
Total	1,712,717	1,548,007
iv. Remuneration Paid:-		
R. Krishna Kumar	12,857,917	8,666,610

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

c. Year end balances

Nature of Balances	As at 31 March 2016	As at 31 March 2015
Trade Receivables		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	1,653,310	2,606,015
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	2,414,397	126,081
Voith Paper (China) Co., Ltd., China	-	230,692
Voith Paper GmbH & Co. KG, Germany	9,890	840,069
Voith Paper Technology (India) Private Limited, India	522,277	158,400
Voith Paper Rolls GmbH & Co KG, Germany	130,934	-
Voith Paper Fabrics Högsjö AB, Sweden	-	19,208
Total	4,730,808	3,980,465
Trade Payables		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	56,400	-
Voith Paper (China) Co., Ltd., China	1,245,381	3,007,291
Voith IT Solution GmbH, Germany	251,603	232,156
Voith Hydro Private Limited, India	43,848	44,064
Voith Paper Technology (India) Private Limited, India	925,818	-
Voith Paper GmbH & Co. KG, Germany	-	4,834,106
Voith GmbH, Germany	-	40,323
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	14,576	-
Voith Paper Fabrics GmbH, Austria	6,571,951	-
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	16,527,782	15,543,409
Syn Strand Inc., United States of America	13,840,856	16,262,090
Total	39,478,215	39,963,439
Advances receivable		
Voith IT Solution GmbH, Germany	15,576	-
Other liabilities (Security Deposit)		
Voith Paper Technology (India) Private Limited, India	1,500,000	1,500,000
Remuneration payable		
R. Krishna Kumar	441,322	338,057
Reimbursement of expenses		
R. Krishna Kumar	162,314	-

d. Other transactions

During the year ended 31 March, 2016, the amount of per share dividend paid as distributions to equity shareholders and pertaining to the period ended 31 March, 2015 is Rs. 4.5 (previous period Rs.: 3)

27. The company used forward exchange contracts to hedge its exposure in foreign currency. The information on forward contract is as follows:

a) Forward contracts outstanding:

Purpose	Currency hedged	As at 31 March 2016		As at 31 March 2015	
		(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Trade payables	EUR	87,126.72	6,571,951	-	-

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

b) Foreign currency exposure not hedged by forward contracts:

Purpose	Currency	As at 31 March 2016		As at 31 March 2015	
		(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Trade payables	USD	267,092.67	17,695,878	472,064.03	29,539,407
	EUR	3,335.59	251,603	37,632.29	2,529,097
	GBP	312.60	29,789	312.60	29,041
	SEK	-	-	8,580.00	62,260
Creditors for capital goods	EUR	4,532.59	341,892	-	-
	NOK	216,000.00	1,730,614	427,263.25	3,317,656
Trade receivables	USD	112,964.50	7,484,316	76,867.87	4,810,007
	EUR	33,875.48	2,555,221	14,376.05	966,150
Cash & cash equivalent	USD	40,212.61	2,664,234	106,710.94	6,702,193
	EUR	2,598.98	196,041	998.53	67,107

28. Capital and other commitments

At 31 March, 2016, the Company has capital commitments of Rs. 4,190,412 (Previous year Rs 33,980,801) net of advances.

29. Contingent liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
a) Income tax demand*	14,715,184	2,665,270
b) Bank guarantees given by the Company	5,253,346	6,063,748

* Income tax demand consists of:-

- (a) Rs. 6,385,564 (Previous period - Rs 949,670) as the amount of demand raised by the assessing officer for assessment year 2009-10 on account of disallowances in respect of shifting expenses, repair building & technical know-how expenses.

The assessing officer disallowed in his assessment order expenses on shifting, repair building, provision for leave encashment & warranty and technical know-how fees/royalty. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order. The Commissioner (Appeals) had allowed all other grounds in favour of the company except shifting expenses pursuant to which the Company and the department have filed cross appeals in Income Tax Appellate Tribunal.

The amount disclosed above raised on account of shifting expenses, repair building and technical know-how expenses.

- (b) Rs. 1,715,600 (Previous period - Rs. 1,715,600) as the amount of demand raised by the assessing officer for assessment year 2008-09 on account of shifting expenses.

The assessing officer disallowed in his assessment order expenses on shifting, repair, forex expenditure on capital assets, legal expenses and additional depreciation. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against said order. The Commissioner (Appeals) had allowed only repair expenses in favour of the company. Aggrieved by the order, the Company had preferred its appeal to Income Tax Appellate Tribunal. Department has also filed an appeal in Income Tax Appellate Tribunal against one ground allowed in favour of the company.

The amount disclosed above is raised on account of shifting expenses.

- (c) Rs. 6,614,020 (Previous period - Rs. Nil) as the amount of demand raised by assessing officer for assessment year 2007-08 on account of repair expenses.

The assessing officer re-opened the assessment u/s 147/148 and disallowed all the repair expenditure claimed in the Statement of Profit & Loss account. Aggrieved by the order, the Company filed an appeal with Commissioner (Appeals) which was allowed in favour of the Company. Pursuant to this order, the department has filed an appeal in the Income Tax Appellate Tribunal.

In all of the above cases, the management is confident of a favorable outcome from higher appellate authority.

Labour case:

15 contractual ex-employees had filed a case against the Company under Industrial Tribunal cum Labour Court II, Haryana. The dispute pertains to reinstatement of these employees with continuity of service, full back wages and all consequential benefits since the date of termination. The labour court had decided the case in favour of the workmen. The Company had filed a writ petition in High Court (Punjab & Haryana) based on a legal opinion sought in the matter. In this scenario, the company's exposure in this case is still not finally ascertainable.

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

30. Value of imports calculated on CIF basis

Particulars	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Raw material	117,262,667	205,831,017
Stores and spares (including those for repairs)	7,534,963	3,805,974
Capital goods	50,927,871	77,673,621
Total	175,725,501	287,310,612

31. Expenditure in foreign currency

Particulars	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Traded goods	8,001,387	27,121,734
Travelling	1,195,242	2,129,307
Repair & maintenance	-	838,952
Sales commission	1,268,782	2,978,304
Communication expenses	3,239,856	5,167,471
Postage	-	14,646
Training cost	253,795	227,442
Total	13,959,062	38,477,856

32. Imported and indigenous raw material and spare parts consumed

	For the year ended 31 March 2016		For the 18 months period ended 31 March 2015	
	% of total Consumption	Value	% of total Consumption	Value
Raw materials				
Imported	72.74	129,689,717	73.07	214,125,755
Indigenous	27.26	48,598,855	26.93	78,906,229
Total	100.00	178,288,572	100.00	293,031,984
Spare parts				
Imported	9.99	3,749,676	20.04	9,430,022
Indigenous	90.01	33,784,408	79.96	37,621,290
Total	100.00	37,534,084	100.00	47,051,312

33. Net dividend remitted in foreign exchange

Year of remittance ending on	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
Period to which it relates	1 October 2013 to 31 March 2015	1 October 2012 to 30 September 2013
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	3,252,418	3,252,418
Amount remitted (in Rs.)	14,635,881	9,757,254

34. Earnings in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
FOB value of exports *	30,570,830	65,100,972
Sale of service	9,151,698	19,301,421
Total	39,722,528	84,402,393

*excludes export to Nepal of Rs. 3,347,146 (Previous period: Rs. 6,721,605)

Notes to Financial Statements for the year ended 31 March 2016

(All amounts are in Indian Rupees, unless otherwise stated)

35. Corporate social responsibility expenditure

Particulars	For the year ended 31 March 2016			For the 18 months period ended 31 March 2015		
a) Gross amount required to be spent by the company during the year	4,812,629			-		
b) Amount spent during the year on:						
Particulars	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	4,813,000	-	4,813,000	-	-	-

36. Figures have been regrouped/ rearranged wherever necessary to confirm to the classification adopted for the current year.

37. During previous period, the financial year of the Company had been extended to 31 March, 2015 in order to comply with the provisions of the Companies Act, 2013. Hence, the amounts of current period 12 months (from 1 April, 2015 to 31 March, 2016) and previous period 18 months (from 1 October, 2013 to 31 March, 2015) are not comparable.

38. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	For the year ended 31 March 2016	For the 18 months period ended 31 March 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

As per our report of even date attached

For B S R & Co. LLP
ICAI Firm Registration Number: 101248W/W-100022
Chartered Accountants

Vikram Advani
Partner
Membership No. 091765

Place : New Delhi
Date: 07 May 2016

For and on behalf of the Board of Directors of
Voith Paper Fabrics India Limited

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

Place : New Delhi
Date: 07 May 2016

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (PAN-ABBP4105F)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

Regd. Office: 113/114A, Sector-24, Faridabad (Haryana) - 121 005

Phone: +91-129-4292200 Fax: +91-129-2232072

Website: <http://www.voithpaperfabricsindia.com>

E-mail: voithfabrics.faridabad@voith.com

FORM NO. MGT-12 POLLING PAPER

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1) (c) of the Companies
(Management and Administration) Rules, 2014]

BALLOT PAPER		
Sr. No.	Particulars	Details
1.	*Name of Sole/First Shareholder OR Proxy Holder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No. or DP ID No. & Client ID No.	
4.	Class of Share	Equity Shares

*Please strike-off which-ever is not applicable OR select the appropriate option by ticking it.

I hereby exercise my vote in relation to each business item enumerated below, for the proposed Ordinary Resolutions, by recording my assent or dissent to the respective resolution in the following manner:

Item No.	Description	No. of shares held	I assent (agree) to the Resolution	I dissent (disagree) from the Resolution
	Ordinary Business (Ordinary Resolutions)			
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March 2016, together with the Board's Report and Auditor's Report thereon.			
2.	To declare a dividend.			
3.	To consider reappointment of Mr. R. Krishna Kumar as Director who retires by rotation.			
4.	To ratify the appointment of Statutory Auditors.			
	Special Business (Ordinary Resolution)			
5.	To consider the appointment of Ms. Shahana Basu as Director of the Company, liable to retire by rotation.			

Place: _____

Date : _____

(Signature & Name of Sole/First Shareholder or Proxy)*

*Please strike-off which-ever is not applicable.

FORM NO. MGT.11**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L74899HR1968PLC004895

Name of the Company: Voith Paper Fabrics India Limited

Registered office: 113/114-A, Sector-24, Faridabad - 121005, Haryana.

Name of the member(s):

Sole/First

Second

Third

Registered Address:

E-mail ID:

Folio No./Client ID:

DP ID:

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name:

Address:

E-mail ID:

Signature: _____, or failing him

2. Name:

Address:

E-mail ID:

Signature: _____, or failing him

3. Name:

Address:

E-mail ID:

Signature: _____

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the Forty Sixth Annual General Meeting of the company, to be held on Friday, the 8th day of July, 2016 at 3:30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana, and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my proxy to vote in the manner as indicated in the box below:

RESOLUTIONS	FOR (Approved)	AGAINST (Rejected)
1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March 2016, together with the Board's Report and Auditor's Report thereon.		
2. To declare a dividend.		
3. To consider reappointment of Mr. R. Krishna Kumar as Director who retires by rotation.		
4. To ratify the appointment of Statutory Auditors.		
5. To consider the appointment of Ms. Shahana Basu as Director of the Company, liable to retire by rotation.		

**This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed this _____ day of _____, 2016

Sign of the Member(s):

Sole/First

Second

Third

Sign of Proxy holder(s):

Sole/First

Second

Third

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 113/114-A, Sector-24, Faridabad - 121005, Haryana, not less than 48 hours before the commencement of the Meeting.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so desires.

Affix
Revenue
Stamp

Voith Paper Fabrics India Limited

Registered Office: 113/114-A, Sector-24

Faridabad 121005 (Haryana)

Delhi NCR, India

CIN: L74899HR1968PLC004895

Tel. + 91 129 4292200; Fax + 91 129 2232072

www.voithpaperfabricsindia.com

email: voithfabrics.faridabad@voith.com

VOITH
Engineered Reliability

NOTICE

Notice is hereby given that the Forty Sixth Annual General Meeting of the members of **Voith Paper Fabrics India Limited** will be held on **Friday, 8th July, 2016 at 3:30 p.m.**, at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16-A, Mathura Road, Faridabad - 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2016, together with the Board's Report & Auditor's Report thereon.
2. To declare a dividend.
3. To consider re-appointment of Mr. R. Krishna Kumar (DIN: 05344619) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution to ratify the appointment of Statutory Auditors of the Company and to fix their remuneration:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time, and in continuation of the resolution passed by the members at 45th Annual General Meeting (AGM) held on 31st May, 2015 in this regard; the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), having their office at Building No. 10, 8th Floor, Tower B, DLF Cyber City, Phase II, Gurgaon - 122002, Haryana, as statutory auditors of the Company, from the conclusion of this AGM until the conclusion of 50th AGM of the Company be and is hereby ratified and confirmed, at such remuneration as may be mutually acceptable and decided by the Board of Directors, from time-to-time."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of Sections 149, 160 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, Ms. Shahana Basu (DIN: 07137715), who was appointed as an Additional Director by the Board of Directors at its Meeting held on 6th February, 2016 and who holds office up to the date of this Annual General Meeting, and who has sent a written request proposing her candidature for appointment as a director, together with the requisite sum as per the requirements of Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company whose term of office shall be subject to retirement by rotation."

Registered Office:

113/114-A, Sector - 24,
Faridabad - 121005 (Haryana) Delhi NCR, India.
CIN: L74899HR1968PLC004895
Telephone: +91 129 4292200; Fax: +91 129 2232072
Website: www.voithpaperfabricsindia.com, E-mail: investorcare.vffa@voith.com
Place: New Delhi
Date: 7th May, 2016

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED/ELIGIBLE TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND SUCH 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 OF THE COMMENCEMENT OF THE MEETING.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company.

A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.

2. A statement under Section 102(1) of the Companies Act, 2013 setting out the material facts concerning relevant item of the business to be transacted is annexed hereto.
3. Corporate members are requested to send a duly certified copy of the resolution passed by their Board of Directors authorizing their representatives to attend and vote at the Annual General Meeting.
4. Members/Proxies for members should bring with them the duly filled in Attendance Slip along with their copy of the Annual Report. Members/Proxies for members holding shares in dematerialized form should bring their latest statement of account with the concerned Depository Participant, for attending the meeting.

5. The details of the shareholding of Directors who are proposed to be re/appointed at the Forty Sixth Annual General Meeting of the Company are as follows:-

Name of the Director	Shares of the Company held in own name	Shares of the Company held by relatives	Shares of the Company held by/for any other person on a beneficial basis	Aggregate share-holding in the Company
Ms. Shahana Basu	NIL	NIL	NIL	NIL
Mr. R. Krishna Kumar	NIL	NIL	NIL	NIL

6. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 25th June, 2016 to Friday, 8th July, 2016 (both days inclusive) in terms of the provision of Section 91 of the Companies Act, 2013.
7. The dividend as recommended by the Board of Directors, if declared at the meeting, would be paid to those members whose name would appear in the Register of Members as at Friday, 8th July, 2016. In respect of shares held in dematerialized mode, dividend would be paid to the beneficial owners of shares as at the end of business hours on Friday, 24th June, 2016 as per details furnished by the depositories for this purpose.
8. In accordance with a circular issued by SEBI, the NECS facility should be mandatorily used by the companies for distribution of dividend to its members. Accordingly, your Company has sent the required forms and details to all the members on several occasions in the past. Members who have not yet sent the duly filled NECS form, to avail the benefits of NECS facility, are once again requested to send the same at the earliest.
9. **Members holding shares in physical form** are requested to promptly **notify the change** in their respective address and / or their NECS/ bank details to the Registrar & Share Transfer Agent (RTA), MCS Share Transfer Agent Limited, New Delhi.
10. **Members holding shares in electronic / dematerialized mode** are requested to **notify the change, if any**, in their respective addresses and/or their NECS / bank details, **to their respective Depository Participant (DP) and not to the company or RTA.**
11. Members are requested to note that the equity shares of the company are compulsorily traded in dematerialized form. Members are therefore advised to immediately dematerialize their shareholding to avoid any inconvenience in future.
12. In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same name and in identical order. Please note that consolidation of folios does not amount to transfer of shares and therefore, no stamp duty will be payable for the same. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the company or its RTA, MCS Share Transfer Agent Limited.
13. Pursuant to the applicable provisions of the Companies Act, 1956/2013, unpaid/unclaimed dividend for the financial year 2007-08, has been transferred to the Investor Education & Protection Fund (IEPF) during the year under review. It may be noted that once the unclaimed / unpaid dividend is transferred to the IEPF; no claim shall lie in respect thereof.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic mode are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in the physical form are requested to submit their PAN details to the RTA.
15. Electronic copy of the Annual Report for the year ended 31st March, 2016 along with the notice of the 46th Annual General Meeting of the Company (including Ballot Form, Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with RTA/Depository Participants. Physical copy of the Annual Report is being sent by other permissible means to remaining members who have not yet registered their e-mail addresses.
16. Members may also note that the Notice of 46th Annual General Meeting and the Annual Report for year ended 31st March, 2016 will also be available on the company's website www.voithpaperfabricsindia.com and on the website of CDSL, www.evotingindia.com for their download. Even after registering for e-communication, members are entitled to receive the Annual Report in physical mode by any permissible mode, free of cost, upon making a specific request for the same.
17. Members are requested to kindly bring their own copy of Annual Report to the Meeting, as the Annual Report will not be distributed at the Meeting.
18. Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.
19. Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.
20. Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (passport / driving license/ voter's card / PAN card) proof with them for the purpose of verification at the venue.
21. Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the Meeting are requested to send their queries, at least 10 days before the date of the meeting, addressed to the Company Secretary at the registered office of the company.
22. Members must always mention their Folio or DP-ID & Client ID Number in all correspondence with the Company or the RTA.

23. E-voting

- a. In compliance with the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your company is pleased to offer E-voting facility to the Members of the Company to exercise their rights to vote by electronic means in respect of the items contained in the notice. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the Authorized Agency to provide E-voting facility. E-voting is optional and a member may physically vote at the Annual General Meeting at their discretion.
- b. The Board of Directors have appointed Mr. P.C. Jain (FCS - 4103), Partner of M/s P.C. Jain & Co., Company Secretaries, Faridabad as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
- c. The E- voting Facility will be available during the following voting period after which the portal will be blocked and shall not be available for E-voting. Once the vote on the resolution is cast by any member, he/she shall not be allowed to change it subsequently.

Commencement of E-voting	Tuesday, 5 th July, 2016, 9:00 a.m.
End of E-voting	Thursday, 7 th July, 2016, 5:00 p.m.

- d. The cut-off date (record date) for the purpose of E-voting is 2nd July, 2016. The voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.
- e. The results of E-voting and physical voting at the Annual General Meeting along with Scrutinizers' Report shall be placed on the website of the company viz. www.voithpaperfabricsindia.com and shall also be communicated to the Stock Exchange.

The Instructions for shareholders voting electronically are as under:

- i. The voting period begins on 05/07/2016 at 09:00 a.m. and ends on 07/07/2016 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 02/07/2016, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the E-voting website www.evotingindia.com
- iv. Click on shareholders.
- v. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 character DP ID followed by 8 digits Client ID,
 - c. Members holding shares in physical form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

	For members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as mentioned on the address label of the envelope of this Annual Report) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded in the depository or company record please enter the Member ID / Folio Number in the Dividend Bank Details field as mentioned in instruction (v)

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on EVSN for Voith Paper Fabrics India Limited.

- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on "RESOLUTION FILE LINK" if you wish to view the entire resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
- xviii. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non-Individual shareholders and custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as corporates.
 - A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 2nd July, 2016, may follow the same instructions as mentioned above for e-voting.

In case you have any query or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and E-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

The result declared, along with the Scrutinizer's Report shall be placed on Company's website, <http://www.voithpaperfabricsindia.com> and on the website of CDSL, <http://www.evotingindia.com> within two days of passing of the resolutions at the 46th AGM of the Company and shall also be communicated to BSE Limited - where shares of the company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO.: 5

To comply with the provisions of Section 149 of Companies Act, 2013 and requirements of Listing regarding appointment of a Woman Director, the Board of Directors of the Company at their meeting held on 6th February, 2016 appointed Ms. Shahana Basu as an Additional Director, on recommendation of Nomination & Remuneration Committee, who holds office up to the date of ensuing 46th Annual General Meeting of the Company.

Ms. Shahana Basu is a rank holder Graduate in History Honours from Delhi University, with additional qualifications in Social & Political Sciences, Sociology and Law, from Cambridge University, England; University of Chicago and Yale Law School, USA. She is widely traveled in Asia, Europe, North & South America and Africa and possesses varied experience of having worked in five countries around the globe, viz. USA, India, UK, Netherlands and Spain. It is also confirmed that she has no inter-se relationship with any of the Director of the Company.

She has submitted in writing, along with the deposit of requisite amount under the provisions of Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director in the Company.

The Board recommends for your approval, the appointment of Ms. Shahana Basu as a Director of the Company, whose term of office shall be subject to retirement by rotation.

Save and except the above, none of the Directors/Key Managerial Personnel (KMPs) of the Company and/or their relative is, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 5.

Registered Office:

113/114-A, Sector - 24,
Faridabad - 121005 (Haryana) Delhi NCR, India.

CIN: L74899HR1968PLC004895

Telephone: +91 129 4292200; Fax: +91 129 2232072

Website: www.voithpaperfabricsindia.com, E-mail: investorcare.vffa@voith.com

Place: New Delhi

Date: 7th May, 2016

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

FORM NO. SH-13
NOMINATION FORM

*[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies
(Share Capital and Debentures) Rules, 2014]*

To
Voith Paper Fabrics India Limited
113/114A, Sector - 24,
Faridabad - 121005, Haryana.

I/We _____ the holder(s) of the securities, particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made), HELD IN PHYSICAL MODE:

Nature of securities	Folio Number	Number of Shares	Certificate Numbers	Distinctive Numbers
Equity Shares				

2. PARTICULARS OF NOMINEE/S -

- a. Name:
- b. Date of Birth:
- c. Father's / Mother's /Spouse's name:
- d. Occupation:
- e. Nationality:
- f. Address:
- g. E-mail id:
- h. Relationship with the share-holder:

3. IN CASE NOMINEE IS A MINOR -

- a. Date of Birth:
- b. Date of attaining majority:
- c. Name of guardian:
- d. Address of guardian:

4. PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY -

- a. Name:
- b. Date of Birth:
- c. Father's / Mother's /Spouse's name:
- d. Occupation:
- e. Nationality:
- f. Address:
- g. E-mail id:
- h. Relationship with the share-holder:
- i. Relationship with minor nominee:

Name of Sole/First Shareholder:

Registered Address:

Name of the Share-holder(s)	Signature	Witness (Sign with name and address)
1.		
2.		
3.		

FORM NO. SH-14**CANCELLATION OR VARIATION OF NOMINATION**

[Pursuant to sub- section (3) of Section 72 of the Companies Act, 2013 and Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014]

Voith Paper Fabrics India Limited

113/114A, Sector - 24,
Faridabad - 121005, Haryana.

I/ We _____ hereby cancel the nomination(s) made by me/us in favour of:

(name and address of nominee) in respect of below mentioned securities.

Or

I / We _____ hereby nominate the following person in place of _____, as nominee in respect of the below mentioned securities in whom shall vest, all the rights in the event of my / our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied), HELD IN PHYSICAL MODE:

Nature of securities	Folio Number	Number of shares	Certificate Numbers	Distinctive Numbers
Equity Shares				

2 (I) PARTICULARS OF THE NEW NOMINEE:

- Name:
- Date of Birth:
- Father's / Mother's /Spouse's name:
- Occupation:
- Nationality:
- Address:
- E-mail id:
- Relationship with the share-holder:

(II) IN CASE NEW NOMINEE IS A MINOR -

- Date of Birth:
- Date of attaining majority:
- Name of guardian:
- Address of guardian:

3 PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY -

- Name:
- Date of Birth:
- Father's / Mother's /Spouse's name:
- Occupation:
- Nationality:
- Address:
- E-mail id:
- Relationship with the share-holder:
- Relationship with the minor nominee:

Name of Sole/First Shareholder:

Registered Address:

Name of the Share-holder(s)	Signature	Witness (Sign with name and address)
1.		
2.		
3.		

ATTENDANCE SLIP

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

Registered Office: 113/114-A, Sector-24, Faridabad - 121 005, (Haryana), Delhi NCR, India

Folio No.(s) :

Client ID No.:

No. of shares held :

DP ID No. :

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional slip on request in advance or they may use a copy of this Attendance Sheet.

Name and Address of the Shareholder :

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I/We hereby record my presence at the 46th Annual General Meeting of the Company, held on Friday, 8th July, 2016, at 3:30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana.

Signature of the Shareholder/Proxy*

*Strike-out whichever is not applicable and also write the name in legible Capital Letters.

AGM VENUE MAP

