

## 49<sup>th</sup> Annual Report 2018/19

### Voith Paper Fabrics India Limited

Papermaking. Next Level





## BOARD OF DIRECTORS

### Chairman

Martin Gustav Scherrer (Until 05/07/2018)

Benno Edmund Morlock (Since 10/11/2018)

### Managing Director

R. Krishna Kumar

### Directors

Biren De

Ravinder Nath

Surinder Kumar Nagpal

Shahana Basu

## 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)

P.C. Jain & Co., Company Secretaries (Secretarial)

## BANKERS

AXIS Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

BNP Paribas

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## Chairman's Communique

Dear Shareowners,

I am excited at the opportunity to communicate with you for the first time since I took over the responsibility as Chairman of your company, last year.

Voith is one of the leading suppliers to the paper industry and is well known as a reliable partner to paper producers, via world-class technology, service and quality. Through improvements in manufacturing efficiencies and structural adaptations Voith has remained competitive, despite the challenging market environment.

To this day Voith Paper as a group division is a mainstay of the Voith Group. When the market for graphic papers slumped, we did our homework: adjusted capacity, reinforced our global presence and fine-tuned and developed our portfolio.

Globally, we can see robust growth in the hygiene paper sector. This market has an annual volume of 37 million tons and is growing yearly by 3.5 percent. Our machines for board and packaging papers are also in great demand. Many manufacturers are switching to produce packaging papers with the machines they have which used to produce graphic paper up to now.

With a more balanced market now in place, Voith can ensure that the ongoing focus remains on the customer; the development of innovative products and solutions; service expertise and support; and ongoing improvement, enabling us to continue to deliver the value that our customers expect. We believe that 'Paper' is the future! It is a sustainable product, is ideal for the circular economy, comes from renewable resources and its ecological footprint during production is becoming ever smaller because the industry has a watchful eye on the costs of power, water and raw materials. Young people especially recognize the advantages of paper in comparison to fossil-based alternatives and consumer goods manufacturers and retailers are also beginning to open their doors. Now it will all depend, for example, on substituting polyethylene coatings on cups and packaging with bio-based, compostable barrier layers.

As we plan and work towards making our business more innovative, by reinventing the way we operate, I seek your continued support and encouragement to take the company to the next level of success.

With best wishes for a promising future, together, I look forward to meet you at the forthcoming Annual General Meeting of your company!

Warm regards,

**Benno Edmund Morlock**  
Chairman



## Managing Director's Communique

Dear Shareowners,

I am pleased to inform you that we have completed yet another successful year and for the year under review, your Company has achieved total revenue of INR 1,120.29 million, whereas 'profit before tax' for the current year was INR 324.76 million, marking an increase of 16.15% and 17.51% respectively, over previous year. I would like to explicitly thank everyone associated with the company who has helped in delivering such performance.

Your company continues to work relentlessly on the areas of excellence, efficiency and reliability. After bringing about noticeable improvements in Operational Excellence (OPEX) on the shop-floor, we are on the path to extend the excellence drive in the entire supply chain in coming years – for which work has already begun.

At Voith, 'safety' is the top most priority and the local managements of all companies and every operating unit closely monitors the implementation of 'safety measures' to remain accident free. I am happy to report that your company continues to be a 'zero accident' operating unit for over 10 years.

I am quite confident that, barring unforeseen circumstances, we shall continue on the path of growth in future also, as your company remains the 'preferred business partner' due to better quality products being manufactured by it, coupled with the efficient and effective 'after-sales support' being provided to its customers. Further, with the ongoing expansion project, we expect to have improved range and quality in products as well as enhanced revenue realization, in coming years.

With this expansion, your company will become the only full range paper machine clothing supplier in the Indian sub-continent.

In the recent past, India has emerged as a vibrant economy and is amongst some of the top few economies where growth is happening at a reasonably good pace. However, India still remains a largely under-penetrated market in paper industry, as despite the sustained growth witnessed by the local industry, the per capita paper consumption in India stands at a little over 13 kg, well below the global average of 57 kg. We expect that this gap between the local and global consumption of paper, would reduce in coming years, providing potential of growth for your company.

I look forward to meet you at the 49th Annual General Meeting of your company with the sincere belief that the management would continue to enjoy the patronage of all its stakeholders in coming years as well.

Warm regards,

R. Krishna Kumar  
Managing Director

## BOARD'S REPORT

Dear Members,

Your directors are pleased to present before you, the Forty Ninth Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2019.

### FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2019 is summarized below:

	(INR in millions)	
	For the year ended	
	31/03/2019	31/03/2018
Revenue from operations	1,120.29	964.53
Profit before taxation	324.76	276.37
Tax expense	93.81	95.22
Total comprehensive income for the year	230.99	183.32
Earnings Per Share (EPS) (In rupees)	52.58	41.24

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

### DIVIDEND

The Company endeavours to make dividend payout in such a way so that it results in capital appreciation for shareholders and also that the long term growth objectives of the Company can be met through internal accruals as and when the need arises.

Accordingly, the Directors are recommending for your approval payment of dividend @ 50%, i.e., of Rs.5/- per equity share of Rs.10/- each fully paid-up, for the year ended 31st March, 2019, aggregating to Rs.21.96 million. In addition, the applicable Corporate Dividend Tax and other taxes, if any, shall also be paid thereon at the time of actual payment of dividend.

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, the holding company withdrew the nomination of Mr. Martin Gustav Scherrer as the Chairman of the Board of Directors of the Company, effective from the close of business hours of 5th July, 2018 and appointed Mr. Benno Edmund Morlock as the new Chairman of the Board of Directors of the Company effective from 6th July, 2018 or such later date from which he acquires his Director Identification Number (DIN) and completing other procedural formalities in this regard.

Accordingly, Mr. Morlock was inducted as a member of the Board and the Chairman of the Board of Directors, effective from 10th November, 2018 not liable to retire by rotation; and was also inducted on some of Board's Committees as Chairman/Member – details whereof are appearing elsewhere in this annual report.

The Board wishes to place on record its appreciation for the valuable contributions made by Mr. Scherrer during his association with the company as the Chairman of the Board.

Further, Mr. R. Krishna Kumar shall be retiring by rotation at the forthcoming Annual General Meeting (AGM) and being eligible, offers himself for reappointment.

In Compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as 'Listing Regulations'), brief resume, expertise and details of other directorships, membership in committees of other companies and shareholding in the Company, of Mr. R. Krishna Kumar, who is proposed to be reappointed as Director are as under:

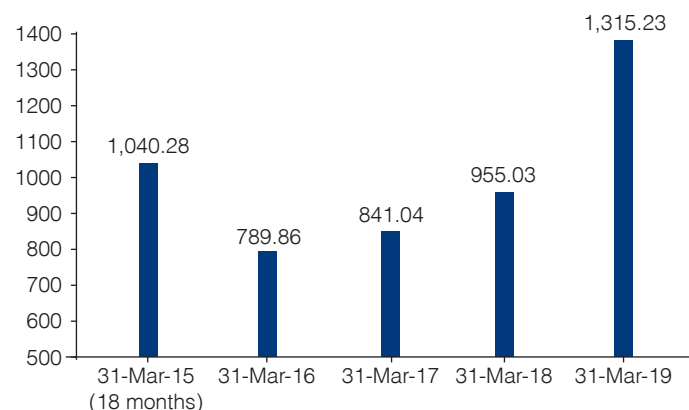
Name of the Director	Mr. R. Krishna Kumar
DIN	05344619
Age in years	44 years
Date of Appointment	23rd July, 2014
Expertise in Special Functional Areas	Engineering and Administration
Qualification	B.E.
Directorships held in other companies in India, as on 31/03/2019	Voith Paper Technology (India) Private Limited Voith Digital Solutions India Private Limited
Membership of committees of other companies, in which he is a Director, as on 31/03/2019	CSR Committee – Voith Paper Technology (India) Private Limited
No. of shares held in the Company (Including those held by relatives)	NIL



## PERFORMANCE OVERVIEW

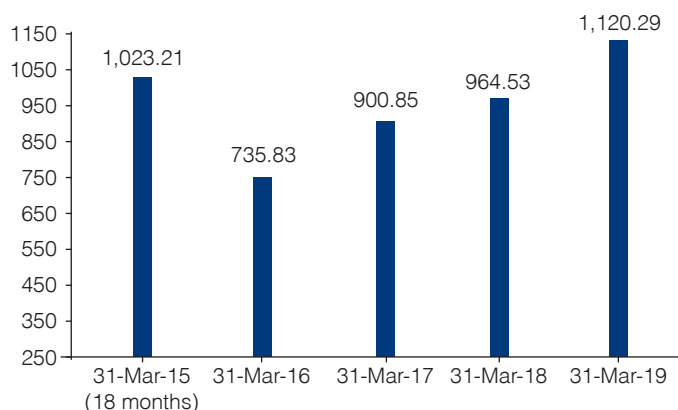
### Order Received

■ INR in million



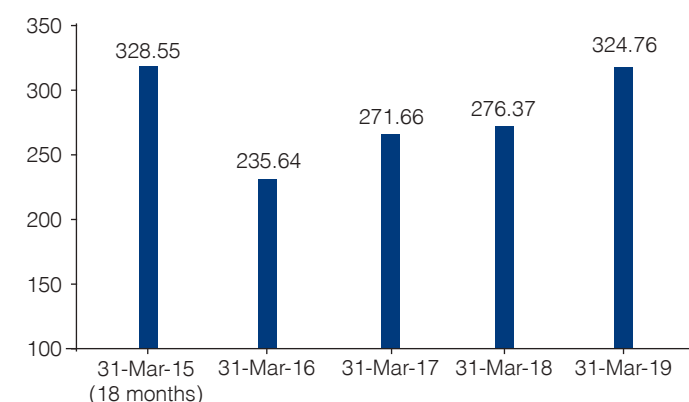
### Sales/Revenue

■ INR in million



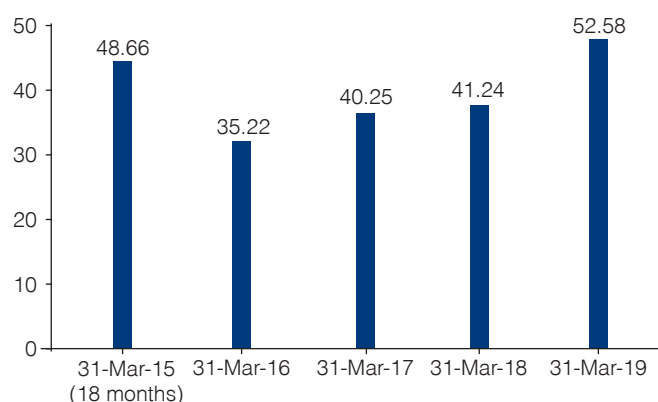
### Profit Before Tax

■ INR in million



### Earnings Per Share

■ INR in million



## TRANSFER TO RESERVES

For the year under review, Company has added the entire available surplus to the brought forward balance in "Statement of Profit and Loss", without making any transfer to the general reserve.

## PARTICULARS OF LOANS, GUARANTEES 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.

## CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2018/19.

## CAPACITY ENHANCEMENT

The Company is in the process of its capacity enhancement by around 30% over next 2 years. In the first phase, construction of building is almost complete and installation of the machinery is presently underway. The Production is likely to commence in the current financial year. This will help us to improve quality, productivity and customer satisfaction in coming years.

## 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

As per the provisions of Companies Act, 2013 and Regulation 23 of 'Listing Regulations', the Company has formulated a Policy on Related Party Transaction to ensure transparency in transactions between the Company and the related parties. The said Policy is available at link of 'Company Policies' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

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. Further, Form AOC-2 containing the necessary disclosure in this regard is attached as Annexure – I and forms an integral part of this 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, carried out the Statutory Audit exercise and submitted their report.
- 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 P.C. Jain & Co., 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 efficiently; 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 they meet the criteria of independence laid down in Section 149(6) of Companies Act, 2013 and Regulation 16 of the 'Listing Regulations'.

## CORPORATE GOVERNANCE

The Board of Directors has laid down a Code of Conduct to be followed by all the Directors and members of Senior Management of your Company. The Board of Directors supports the principles of Corporate Governance and lays strong emphasis on transparency, accountability and integrity.

A Report on Corporate Governance along with required Certificate from a Company Secretary in Practice, pursuant to requirements of the Listing Regulations has been included in this Report separately. In terms of Regulation 17(8) of the Listing Regulations, a Certificate of CEO & CFO is also provided to the Board.

## 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 – II.



## 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 of Managerial Personnel) Rules, 2014, are given in Annexure – III.

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- Outline of CSR Policy including overview of projects or programs undertaken during the year ended 31st March, 2019: 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 had contributed requisite sums towards fulfilling its CSR obligations, by providing financial aid to some NGOs involved in the field of promoting education, healthcare, animal welfare, environment sustainability, eradicating hunger and sanitation, especially for the benefit of those belonging to socially and economically backward strata of society.

The CSR Policy and the report can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

- 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. Benno Edmund Morlock, Chairman*	Non-executive & Non-Independent Director
2	Mr. Biren De, Member	Non-executive & Independent Director
3	Mr. R. Krishna Kumar, Member	Executive & Non-Independent Director

\*Effective from 10th November, 2018

- Average Net Profit of the Company for the last three financial years is Rs.260,896,761/-
- CSR Expenditure i.e. two percent of Average Net profit for last three financial years is Rs.5,217,935/-.
- Details of CSR spent during the financial year:
  - Total amount to be spent for the financial year: Rs.52.18 lakhs.
  - Amount unspent, if any: Not Applicable
  - Manner in which the amount spent during the financial year is detailed below:

(Amount INR in Lakhs)

(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 were undertaken	(5) Amount outlay (budget), projects or programs wise	(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 through implementing agency or direct
1.	Organisation of health camps	Promoting Health Care	Locally (Faridabad, Haryana)	15.00	15.00 (Direct)	15.00	Help Age India
2.	Setting up solar power plant for generation of clean energy.	Promoting Environment Sustenance	Locally (Faridabad, Haryana)	7.86	7.86 (Direct)	7.86	Direct
3.	Renovation of shed, etc., for animals	Animal welfare	Locally (Faridabad, Haryana)	4.50	4.50 (Direct)	4.50	People for Animals Trust
4.	Mid-day meal for school going students	Eradicating Hunger	Vrindavan, Uttar Pradesh	11.00	11.00 (Direct)	11.00	The Akshaya Patra Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget), projects or programs wise	Amount spent on the projects or programs. Sub-heads: 1) Direct expenditure on projects and programs 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent through implementing agency or direct
5.	Distribution of bags for school going children in educational & other charitable organizations; Renovation and providing infrastructural & other facilities, to educational & other institutes / organizations; and work related to environmental sustainability, ecological balance, animal welfare, etc.	Promoting Education & Environment Sustenance	Locally (Faridabad, Haryana)	13.82	13.82 (Direct)	13.82	FIA Charitable Society
	<b>TOTAL</b>			<b>52.18</b>	<b>52.18</b>	<b>52.18</b>	

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. A responsibility statement by CSR Committee of the Board: We hereby state that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Sd/-  
Benno Edmund Morlock  
Chairman of the CSR Committee  
(DIN: 08276536)

Sd/-  
R. Krishna Kumar  
Managing Director  
(DIN: 05344619)

#### ANNUAL EVALUATION BY THE BOARD

The Board has carried out the annual evaluation of its own performance, of each of its Committee and of all individual Directors, as required under the provisions of Section 134(3)(p) of the Companies Act, 2013 and the applicable provisions of Listing Regulations. The manner in which such performance evaluation exercise was carried out is given below:

The Nomination and Remuneration Committee (NRC) carries out the evaluation process at initial stage, followed by evaluation by Board. The performance evaluation framework is in place to seek the response of each Director on the evaluation of the entire Board and Individual Directors, on defined parameters.

The criteria of evaluation of Board as well as that of its each Committee; and individual Directors, including the Chairman of the Board; as defined by NRC in this regard, includes attendance and contribution of each Director at the meetings or otherwise, independent judgment, adherence to code of conduct and business ethics, monitoring of regulatory compliance, risk management and review of internal control system, etc.

The performance of the Board and Individual Directors was also evaluated by the Board seeking inputs from all Directors on aforesaid parameters. The performance of Committees was evaluated by the Board seeking inputs from concerned Committee Members. 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.

#### PREVENTION OF SEXUAL HARASSMENT CASES

As required under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with rules made thereunder, the Company has constituted an "Internal Complaints Committee" which is responsible for redressal of

complaints related to sexual harassment. The necessary disclosure in terms of requirements of Listing Regulations in this regard is given below:

- a) Number of complaints filed during the financial year – Nil
- b) Number of complaints disposed of during the financial year – Nil
- c) Number of complaints pending as on end of financial year – Nil

#### NUMBER OF MEETINGS OF THE BOARD

During the year under review, five 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 and Listing 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, considers the integrity, qualification, expertise and experience of the person for appointment as a Director and then recommends to 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 remunerates its non-executive Indian directors by way of Sitting Fees for attending meetings of the Board and/or any 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 at 'Company Policies' link on 'Investors Corner' page at company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

#### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s P.C. Jain & Co., Company Secretaries to undertake the Secretarial Audit of the company. The report of the secretarial audit is annexed as Annexure – IV.

The Secretarial Audit Report does not contain any qualification, observation or other adverse remarks, except that the constitution of the Nomination and Remuneration Committee of the Board was not in compliance with the applicable Listing Regulation for the period from 6th July, 2018 to 9th November, 2018. The Board had already advised the Company Secretary to pursue the representation already made to BSE in the matter and to ensure that such things do not occur in future.

#### SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company neither has any subsidiary, joint venture or associate company; nor has any company become or ceased to be its subsidiary, joint venture or associate company, during the year.

#### ANNUAL RETURN

As required under the provisions of Section 92(3) read with section 134(3)(a) of the Companies Act, 2013, a copy of the relevant Annual Return would be made available at 'Investor Relations' link on the 'Investors Corner' page of company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

#### APPRECIATIONS

The Board wishes to place on record its appreciation for the untiring efforts & contributions of all the employees of the Company and for the trust & support of all other stakeholders associated with the company. The Board expects to continue to receive the same in future also.

For and on behalf of the Board of Directors

Biren De (DIN: 00011607)  
 Ravinder Nath (DIN: 00062186)  
 S K Nagpal (DIN: 01171148)  
 Shahana Basu (DIN: 07137715)  
 Directors

R. Krishna Kumar (DIN:05344619)  
 Managing Director

Date : 16<sup>th</sup> May, 2019  
 Place : New Delhi

**ANNEXURE - I****FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2019, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2019. However, the particulars of related party transactions carried out in the ordinary course of business at arm's length basis, are appearing at Note No. 36 forming part of the financial statements of this annual report.

**ANNEXURE - II**

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

The Company remains in constant pursuit to carry out its operations in an environment friendly manner as well as to reduce the consumption of energy. This is done by regularly monitoring the consumption of fuel & electricity at various stages of production process and taking suitable corrective steps wherever possible. Some of the energy conservation measures taken during the year and consequent advantages are given below:

- Replaced conventional lights with LED lights in some more areas. LED requires less maintenance and life is approximately 10 years.
- Some conventional motors were also replaced with energy efficient motors, for energy saving.
- Besides the above ongoing measures, in the year 2017/18, Company had also installed a Solar Power PV Plant of 81 KW capacity as an alternate source of power. This is resulting in savings in the power cost and the Company expects to continue to derive the benefit during its estimated life-span of 25 years.

**A. CONSERVATION OF ENERGY****PART A- Power and Fuel Consumption**

Sr. No.	Particulars	For the Year ended 31/03/2019	For the Year ended 31/03/2018
1.	<b>Electricity</b>		
(a)	Purchased units (million)	3.29	3.03
	Total amount (INR in million)	26.47	24.39
	Rate/unit (INR)	8.06	8.06
(b)	Own Generation		
(i)	Through diesel generating units (million)	0.10	0.07
	Unit per litre of diesel oil	3.42	3.06
	Cost/unit (INR)	17.33	18.58
(ii)	Through steam turbine / generator	NIL	NIL
2.	<b>Solar power (million KWH)</b>	0.14	NIL
3.	<b>Purchased Fuel Consumed</b>		
(i)	<b>Furnace Oil</b>		
	Quantity (K. Lts.)	-	-
	Total amount (INR in millions)	-	-
	Average rate (INR per litre)	-	-
(ii)	<b>Pipe Natural Gas</b>		
	Quantity (1000 cubic meter)	475.52	433.15
	Total amount (INR in million)	19.06	14.90
	Average rate (INR per cubic meter)	40.09	34.41

**PART B - CONSUMPTION PER UNIT OF PRODUCTION**

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	7.78	7.89
Furnace oil (litre)	NIL	NIL
Pipe Natural Gas (cubic meter)	1.05	1.10

(INR in millions)

Capital Investment made on procuring Energy Conservation Equipment:

Nil

**B. TECHNOLOGY ABSORPTION****Research & 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 are given below:

(INR in millions)

(a) Capital	NIL
(b) Recurring	16.29
(c) Total (a + b)	16.29
(d) Total R & D expenditure as a percentage of total turnover	1.83

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Exports (excluding Nepal) during the year were Rs.47.25 million. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

(INR in Millions)

• Foreign Exchange Earnings (actual inflows)	54.61
• Foreign Exchange Expenditure (actual outgo)	594.47

**ANNEXURE - III**

As at 31<sup>st</sup> March, 2019 there were 103 employees on the rolls of the company. For the financial year ended on 31<sup>st</sup> March, 2019, median remuneration of the employees of the company was Rs. 895,546/-.

The ratio of remuneration of the Managing Director, Mr. R. Krishna Kumar to the median remuneration of the employees of the company was 18.01 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: 0.50 times; Mr. Surinder Kumar Nagpal: 0.33 times; and Ms. Shahana Basu: 0.22 times.

The percentage increase in the median remuneration of all employees for the year ended 31<sup>st</sup> March, 2019, over last year's median remuneration was 22.01%. The percentage increase/(decrease) in the remuneration of Managing Director for the said period was 3.99%. Other directors, viz., Mr. Biren De; Mr. Ravinder Nath; Mr. Surinder Kumar Nagpal; and Ms. Shahana Basu; were not paid any remuneration except the sitting fee for attending the meetings of the Board and/or its Committees.

In case of the CFO, Mr. Kalyan Dasgupta and the Company Secretary, Mr. C.S. Gugliani, the increase in remuneration was 14.27% & 7.26% respectively. Whereas, the average increase in remuneration of employees of the company was 14.34% which is in line with the policy of the company and prevailing market conditions.

During the year, the average increase in the remuneration of all employees, excluding the remuneration of Managing Director was 14.45%, whereas the increase in remuneration of Managing Director was 3.99%. 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 increase in remuneration of Managing Director. The other Directors, who are 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 Board's Report for the financial year ended 31<sup>st</sup> March, 2019, is as follows:

Name of Employee	Age (in Years) as on 31/03/2019	Designation; Nature of duties; date of commencement of employment and experience in years	Annual Remuneration (INR in Million)	Qualifications	Last employment held	% of Equity Shares Held by Employee	Whether related to any Director of the Company
R. Krishna Kumar	44	Appointed as the Managing Director with effect from 1st August, 2014 for a period of five years. He possesses a total experience of about 23 years. He is responsible for overall management and day-to-day affairs of the company. He has worked for the company in various capacities, lastly in the capacity of President, since 01/01/2010.	16.126	B.E.	Vice President - Voith Paper Technology (India) Private Limited / Assistant General Manager - Larsen & Toubro Limited.	NIL	No

#### REMUNERATION OF TOP 10 EMPLOYEES

Sr. No.	Name of Employee	Designation / Nature of Duties	Remuneration (Amount in INR)	Nature of Employment (Contractual or otherwise)	Qualifications	Experience (in years)	Date of Commencement of Employment	Age in years	Last Employment Held	% of Equity Shares Held by Employee	Whether related to any Director of the Company
1	Kalyan Dasgupta	VP	4,670,710	Permanent	Bachelors in Accounting and AICWA	30	16.07.2009	56	Jindal Saw Ltd	Nil	No
2	Karunakar Pant	VP	4,007,200	Permanent	Bachelors in Science from BITS Pilani and Diploma in Paper Technology	40	21.10.1998	63	Sinar Mas India Limited	Nil	No
3	Praveen Batra	AGM	2,938,710	Permanent	Masters in Pulp and Paper Technology from IIT Rorkee	29	27.06.2005	53	Wires and Fabriks (S.A.) Limited	Nil	No
4	Rakesh Kumar Malani	AGM	2,836,355	Permanent	Bachelors in Textile Technology & PGDBA from IGNOU	23	06.07.2007	46	Wires and Fabriks (S.A.) Limited	Nil	No
5	Rajesh Pruthi	Manager	2,235,350	Permanent	Diploma in Chemical Engg. Specialising in Pulp and Paper Technology	22	08.09.2003	42	Nalco Chemicals India Limited	Nil	No
6	Shailesh Jha	Chief Manager	2,228,068	Permanent	Bachelors in Mechanical Engineering from BIT Mesra	15	05.10.2012	37	Timken India Limited	Nil	No
7	Mahesh Arora	Sr. Manager	2,195,395	Permanent	Bachelors in Textile Technology (GMTA) and PGDBA from IGNOU	31	17.07.1990	52	Nuchem Limited	40 shares (0.0009%)	No
8	Y. Harshavardhana	Sr. Manager	2,114,240	Permanent	Bachelors in Science and Diploma in Paper Technology	37	07.10.1986	41	Magna Foudrinier	4 shares (0.00009%)	No
9	Bhatu Kuwar	Sr. Dy. Manager	2,109,860	Permanent	Bachelors in Pulp and Paper Technology	25	17.08.2006	46	Wires and Fabriks (SA) Limited	Nil	No
10	Chander Shekhar Gugliani	Chief Manager	2,020,994	Permanent	Masters in Commerce and Fellow Member of ICSI	32	08.02.2002	54	KCC Software Limited	Nil	No



## ANNEXURE - IV

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

[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,  
113/114 - A, Sector - 24,  
Faridabad – 121005 (Haryana)

Dear Members,

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, CIN: L74899HR1968PLC004895 (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 the financial year ended on 31st March, 2019 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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;
- (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; **(Not applicable during the audit period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit 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; **(Not applicable during the audit period)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the audit period)**
- (vi) On the basis of written representation and detail of Industry provided by the company, we confirm that no other laws are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except SEBI (LODR) Regulation No. 19(1)/19(2) i.e. non-compliance with the constitution of Nomination and Remuneration Committee for the period 6th July 2018 to 9th November 2018. However, the company has given a representation to the BSE Limited in this regard.*

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, if any, are captured and recorded as part of the minutes.

**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 no specific events/actions were taken by the Company which has a major bearing on the Company's affairs in pursuance of the act, rules, regulations, guidelines, standards, etc.

For P. C. Jain & Co.  
Company Secretaries  
(FRN: P2016HR051300)

Date: 16<sup>th</sup> May, 2019  
Place: Faridabad

(P C Jain)  
Partner  
CP No. 3349  
FCS 4103

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**  
113/114-A, Sector-24,  
Faridabad-121005 (Haryana)

Dear Members,

Our Secretarial Audit Report for the financial year 2018-19 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, personal records of employee(s) 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 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 P. C. Jain & Co.  
Company Secretaries  
(FRN: P2016HR051300)

Date: 16<sup>th</sup> May, 2019  
Place: Faridabad

(P C Jain)  
Partner  
CP No. 3349  
FCS 4103

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY OF VOITH

"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."

Your Company believes that good Corporate Governance is essential to achieve long-term goals and is committed to the adoption of best governance practices and its adherence in the true spirit at all levels and facets. Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices.

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. Firm commitment to our values is vital to gain and retain trust of our stakeholders.

It aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner for achieving the corporate objectives so as to provide best services in the best interests of the Stakeholders, Employees, Customers, Suppliers, Vendors, etc.

The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

### BOARD OF DIRECTORS

- Board's Composition – As at 31<sup>st</sup> March, 2019, the Board of Directors of the company comprised of six Directors including a Non-executive Chairman, a Managing Director, a Non-executive Woman Director and three Non-executive Independent Directors. The Chairman of the Board is nominated by the holding company. None of the directors hold any inter-se relationship with each other.
- Skill/expertise/competence of the Board of Directors of the Company – The Board of directors have identified the following list of core skills/expertise/competencies required of its members, in context of business of the company and for it to functions effectively:
  - Engineering & Technical;
  - Finance & Accounts;
  - Legal

The Board already has a balanced mix of persons, comprising of individuals possessing rich experience in areas like engineering & technical, finance & accounts, legal, administration & operations, etc., and are functioning quite good as a team. The Composition of Board is in conformity with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations). All Statutory and material information are made available to the Board of Directors to ensure adequate disclosures and transparent decision making process.

- Details of Board Meetings – Between the period from 1<sup>st</sup> April, 2018 and 31<sup>st</sup> March, 2019, the Board met on five occasions as follows:
  - On 4<sup>th</sup> May, in first Quarter of 2018/19.
  - On 5<sup>th</sup> July, 2018 & 7<sup>th</sup> August, 2018 in second Quarter of 2018/19.
  - On 23<sup>rd</sup> October, 2018 in third Quarter of 2018/19.
  - On 6<sup>th</sup> February, 2019 in last Quarter of 2018/19.
- Meeting of Independent Directors – As per requirement of Regulation 25 of Listing Regulations 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 6<sup>th</sup> February, 2019, at which all Independent Directors were present.

The Board also confirms that in its opinion, all the independent directors fulfill the applicable conditions of independence as specified in the Listing Regulations and that they are independent of the management of the company.

- Names and Categories of Directors on the Board, their attendance at the Board Meeting and Annual General Meeting and number of Directorships and Committee positions held by them in other companies, as at 31/03/2019, are as given below:

Name of Director	Category	Number of Board Meetings attended during the year	Attendance at the last AGM held on 05/07/2018	No. of Directorships held as on 31/03/2019 in other Indian companies (Public and Private)		No. of Committee Memberships in other Indian Public Companies as on 31/03/2019	
				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)	None	Not present	Not applicable	Not applicable	Not applicable	Not applicable

Name of Director	Category	Number of Board Meetings attended during the year	Attendance at the last AGM held on 05/07/2018	No. of Directorships held as on 31/03/2019 in other Indian companies (Public and Private)		No. of Committee Memberships in other Indian Public Companies as on 31/03/2019	
				As Chairman	As Director	As Chairman	As Member
Mr. Benno Edmund Morlock (Chairman of the Board)@	Non-executive, Non-independent Director (Nominee of the Holding Company)	1	Not applicable	-	-	-	-
Mr. Biren De	Non-executive and Independent Director	5	Present	-	1	-	-
Mr. Ravinder Nath	Non-executive and Independent Director	5	Present	-	8	-	5
Mr. Surinder Kumar Nagpal	Non-executive and Independent Director	4	Present	-	2	1	4
Ms. Shahana Basu	Non-executive Woman Director	4	Present	-	-	-	-
Mr. R. Krishna Kumar	Managing Director	5	Present	-	2	-	-

\* Until close of business hours of 5<sup>th</sup> July, 2018.

@ Effective from 10<sup>th</sup> November, 2018.

- Details of other listed entities where the Directors, Mr. Nath and Mr. Nagpal are holding any Board position is given below:

Name of Director	Directorships (with Category) held in other Listed Companies as on 31/03/2019
Mr. Ravinder Nath	Somany Ceramics Limited – Independent Director Hero Motocorp Limited – Independent Director Kanoria Chemicals & Industries Limited – Independent Director
Mr. S. K. Nagpal	Shiv Kamal Impex Limited – Independent Director Oracle Credit Limited – Independent Director

- Details of shareholding of Directors and their relatives as on 31/03/2019

Name of Director	Shares held by Director in the Company	Shares held by Relatives	Total Shares held
Mr. Benno Edmund Morlock	NIL	NIL	NIL
Mr. Biren De	1,380	NIL	1,380
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, various updates about Companies Act, 2013, Listing Regulations, as well as changes in provisions or procedures under relevant legislations proposed by authorities through circulars and notifications, industry status, business model, etc. are presented to the Directors by Managing Director, Company Secretary and Statutory Auditors of the Company, on periodical basis.

The necessary disclosures about the familiarization programme for independent directors is available at link of 'Investor Relations' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

- Committees of the Board – The company has constituted the 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** - In accordance with the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015, the Company has constituted an Audit Committee of its Board, comprising of three Non-executive & Independent Directors under the Chairmanship of Mr. Surinder Kumar Nagpal.

**Meetings and Attendance** - Four meetings of the Audit Committee of the Board of Directors took place during the year under review.

As at 31/03/2019, the composition of the committee and the attendance details of Committee Members at the meetings held on 4<sup>th</sup> May, 2018, 7<sup>th</sup> August, 2018, 23<sup>rd</sup> October, 2018 and 6<sup>th</sup> February, 2019, 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 Regulations, which was lastly reviewed and approved by the Board in August 2018.

The relevant Policy can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

## B. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

**Terms of Reference** - The salient functions of the Stakeholders' Relationship Committee (SRC) include, resolving the grievances of shareholders, overseeing the allotment/ approvals & rejection of transfer/transmission of shares, split/ consolidation, etc.; issue of duplicate share certificates; reviewing the various aspects of interest of shareholders & measures for improvement etc.; and compliance with the 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 three Directors, under the Chairmanship of a Non-executive & Independent Director, Mr. Ravinder Nath, an advocate by profession.

**Meetings and Attendance** - Four meetings of SRC of the Board of Directors took place during the year under review. As at 31/03/2019, the composition of the SRC and the attendance details of Committee Members at the four Committee Meetings held on 4<sup>th</sup> May, 2018, 7<sup>th</sup> August, 2018, 23<sup>rd</sup> October, 2018 and 6<sup>th</sup> February, 2019, 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
Ms. Shahana Basu, Member*	Non-executive Woman Director	0
Mr. R. Krishna Kumar, Member	Managing Director	4

\*Effective from 6<sup>th</sup> February, 2019.

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 01/04/2018	0	0
Number of complaints received during the period from 01/04/2018 to 31/03/2019	0	1
Number of complaints disposed-off during the period from 01/04/2018 to 31/03/2019	0	1
Number of complaints pending as on 31/03/2019	0	0

## 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 project and programme is in compliance with the CSR Policy of the company.



The Company has received an appreciation award from Faridabad Industries Association (FIA) for three consecutive years i.e. 2015/16, 2016/17 and 2017/18 for its initiatives & best practices in CSR.

**Composition** - In accordance with the provisions of Section 135 of Companies Act, 2013 read with Rule 5 of Companies (CSR Policy) Rules, 2014, the Company has constituted its CSR Committee, which presently comprises of three directors, two of whom are Non-executive Directors. Mr. Benno Edmund Morlock, Chairman of the Board is also the Chairman of the CSR Committee.

**Meetings and Attendance** - One meeting of the CSR Committee of the Board of Directors took place during the year under review. As at 31/03/2019, the composition of the CSR Committee and the attendance details of the Members at the Committee Meeting held on 6th February, 2019 during the year under review is as follows:

Name & Designation of the Director in the Committee	Category	No. of meeting attended
Mr. Benno Edmund Morlock, Chairman*	Non-executive & Non-Independent Director	0
Mr. Biren De, Member	Non-executive & Independent Director	1
Mr. R. Krishna Kumar, Member	Managing Director	1

\*Effective from 10<sup>th</sup> November, 2018.

The erstwhile Chairman, Mr. Martin Gustav Scherrer, was the Chairman of the Committee until 5<sup>th</sup> July, 2018.

#### D. NOMINATION AND REMUNERATION COMMITTEE (NRC)

**Terms of Reference:** Salient Features of Nomination and Remuneration Committee (NRC) includes, recommending to the Board about appointment and removal of the 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** - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 19 of Listing Regulations, 2015, the Company has constituted NRC of the Board of Directors comprising 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** - One meeting of the NRC of the Board of Directors took place during the year under review. As at 31/03/2019, the composition of the committee and the attendance details of Members at the Committee Meeting held on 4<sup>th</sup> May, 2018 during the year under review, is as follows:

Name & Designation of the Director in the Committee	Category	No. of meeting attended
Mr. Biren De, Chairman	Non-executive & Independent Director	1
Mr. Benno Edmund Morlock, Member*	Non-executive & Non-Independent Director	Not applicable
Mr. Surinder Kumar Nagpal, Member	Non-executive & Independent Director	1

\*Effective from 10<sup>th</sup> November, 2018.

The erstwhile Chairman, Mr. Martin Gustav Scherrer, was a Member of the Committee until 5<sup>th</sup> July, 2018.

#### PERFORMANCE EVALUATION CRITERIA OF DIRECTORS

The NRC evaluates the performance of every Director on the basis of defined parameters as spelt out in the Remuneration Policy, and forwards its report along with recommendation, to the Board on annual basis. The criteria for appointment, removal and remuneration are as per the remuneration policy of the company.

Following process is adopted for evaluation of performance of Directors, Committees and the Board:

The relevant Evaluation Forms are circulated to all the Directors to evaluate the performance of other Directors, Committees and Board as a whole.

The evaluation is made on the basis of duties & responsibilities, devotion of sufficient time and attention to their professional obligations, constructive participation in the Meetings of the Committees and the Board, etc.

Thereafter, the NRC submits its recommendation & suggestions for improvement, if any, in respect of any Director, Committee and the Board; as well as the results of evaluation are placed and discussed at the Board Meeting. Individual Directors are also provided necessary feedback by the Board, at least once in a year.

**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 NRC 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 (KMPs) and Senior Management Personnel (SMPs) shall be paid such remuneration as recommended by the NRC and approved by the Board from time to time. However, for all KMPs (except for the MD/WTD) and/or SMPs or other employees, the NRC/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 Directors, resident in India, were paid the sitting fee for attending the meetings of the Board and/or its Committees at the rate of Rs.50,000/- and Rs.25,000/- respectively, per meeting.

Name of the Director	Sitting Fees (in INR) paid, during the year under review, for attending the meetings of:					Total Sitting Fees Paid (INR)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	
Mr. Biren De	250,000	100,000	25,000	-	25,000	400,000
Mr. Ravinder Nath	250,000	100,000	-	100,000	-	450,000
Mr. S. K. Nagpal	200,000	75,000	25,000	-	-	300,000
Ms. Shahana Basu	200,000	-	-	-	-	200,000

#### PAYMENTS MADE TO THE MANAGING DIRECTOR (CEO FOR THE PURPOSE OF LISTING REQUIREMENT)

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 on 31<sup>st</sup> March, 2019:

Particulars	Amount (in INR)
Basic	3,116,706
Performance Linked Reward	5,208,900
Allowances and perquisites	6,958,840
Contribution to Provident Fund	12% of Basic Salary
Contribution to Gratuity Fund	Through Group Gratuity Scheme with LIC of India
Contribution to Superannuation Fund	15% of Basic Salary

#### GENERAL BODY MEETINGS

- Details of last three Annual General Meetings held

Year (AGM)	Venue	Day & Date	Time
2018 (48 <sup>th</sup> )	Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad – 121001, Haryana	Thursday 05/07/2018	3:30 p.m.
2017 (47 <sup>th</sup> )	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Thursday 06/07/2017	3:30 p.m.
2016 (46 <sup>th</sup> )	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Friday 08/07/2016	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
2018 (48 <sup>th</sup> )	None
2017 (47 <sup>th</sup> )	None
2016 (46 <sup>th</sup> )	None

#### Special Resolutions Passed Through Postal Ballot

In accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014, Listing Regulations, and other applicable provisions of any other law, company carried out the Postal Ballot exercise to continue the appointment of directors who have attained the age of seventy five years.

The dispatch of relevant documents to the shareholders under 'Registered Post' was completed on 31<sup>st</sup> January, 2019 and the last date to receive back the Postal Ballot Form in a self-addressed postage prepaid envelope was fixed as 5<sup>th</sup> March, 2019.

Mr. P.C. Jain, Practising Company Secretary of M/s. P.C. Jain & Co., Company Secretaries, Faridabad, was appointed as the Scrutinizer to conduct the Postal Ballot exercise in a fair and transparent manner.

As per report of the Scrutinizer, details of Postal Ballot Forms received are as under:

Particulars	Valid	Invalid	Total
• Ballot Forms Received	46	1	47
• Votes Polled including e-voting	3266122	5	3266127
• Valid Votes Polled in 'Favour' of the Resolution No. 1			3259925
• Valid Votes Polled 'Against' the Resolution No. 1			2837
• Percentage of Valid Votes in 'Favour' of the Resolution No. 1			99.91
• Percentage of Valid Votes 'Against' the Resolution No. 1			0.09
• Valid Votes Polled in 'Favour' of the Resolution No. 2			3263285
• Valid Votes Polled 'Against' the Resolution No. 2			2837
• Percentage of Valid Votes in 'Favour' of the Resolution No. 2			99.91
• Percentage of Valid Votes 'Against' the Resolution No. 2			0.09

Thus, the Special Resolutions were declared to have been duly approved and passed by the shareholders of the company, with the requisite majority, on 5<sup>th</sup> March, 2019. The result has been displayed on the Website & Notice Board of the Company and it was also communicated to the BSE Limited (BSE) as well, where the shares of the Company are listed.

None of the resolution proposed to be passed at the ensuing Annual General Meeting needs to be passed by Postal Ballot in terms of the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

## DISCLOSURES

- During the year ended 31<sup>st</sup> March, 2019, there has been no materially significant transaction entered by the company with any party which is considered to have potential conflict with interest of 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.
- 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. However, the company received a letter from stock exchange wherein it was mentioned that Nomination and Remuneration Committee (NRC) was not compliant for certain period as the chairman nominated by the holding company was changed in July 2018 and the new chairman appointed was inducted on the Board in November 2018. During this period, he was in the process of completing formalities like obtaining DSC & DIN. The company has already given a representation in this regard to the stock exchange and the response from stock exchange is awaited.
- In accordance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, 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.
- The Company has complied with the mandatory requirements of Listing Regulations. Compliance status about the non-mandatory requirements of the Listing Regulations are disclosed separately elsewhere.
- At present, Company does not have any subsidiary, hence it has not formulated any Policy for determining 'material' subsidiary.
- The Policy for dealing with Related Party Transactions can be accessed under 'Company Policies' link at the web-link [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)
- A certificate from a Company Secretary in Practice, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as director of the company, by the Board/Ministry of Corporate Affairs or any such statutory authority; is forming part of this report.
- Company has paid Rs.2,945,965/- in aggregate (excluding applicable taxes), to statutory auditors and all entities in their network firms, for all services availed from them during the year.
- There were no complaints filed and pending during the year under review in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## DISCLOSURES OF ACCOUNTING TREATMENT

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

- Newspapers - The financial results and other communications of the Company were normally published in 'The Hindu Business Line/ Financial Express' and 'Rashtriya Sahara/Naya India'.
- Website - The financial Results were also displayed on 'Financial Results' link on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm) The Company also updates 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
Wednesday 28 <sup>th</sup> August, 2019	3:30 p.m.	Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad – 121001, Haryana.

Financial Calendar (From 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020)

Results for quarter ending:

- 30<sup>th</sup> June, 2019 - By 14<sup>th</sup> August, 2019
- 30<sup>th</sup> September, 2019 - By 14<sup>th</sup> November, 2019
- 31<sup>st</sup> December, 2019 - By 14<sup>th</sup> February, 2020
- 31<sup>st</sup> March, 2020 - By 30<sup>th</sup> May, 2020

#### Book Closure and Dividend Payment date:

Book Closure: From Saturday, 17<sup>th</sup> August, 2019 to Wednesday, 28<sup>th</sup> August, 2019 (both days inclusive).

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 2010-11, 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 provisions of Section 124 of the Companies Act, 2013.

Further, until 31<sup>st</sup> March, 2019, 29866 shares in respect of which dividends have remained unclaimed/unpaid for seven consecutive years, were also transferred to the Investor Education and Protection Fund (IEPF) in accordance with the applicable provisions of the Companies Act, 2013, and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2017, as amended. Relevant details in this regard has also been made available on the website of the company at 'Investor Relations' link on 'Investors Corner' page at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

### LISTING ON STOCK EXCHANGE

The Equity Shares of the Company are currently listed for trading under Group/Index 'X' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2019/20.

The Company also confirms that it has paid the annual custodial fees to the Central Depository Services (India) Limited (CDSL) for the year 2019/20. The annual custodial fee shall also be paid to the National Securities Depository Limited (NSDL) upon receipt of necessary bill from NSDL.

### STOCK CODE

BSE Limited (BSE) : 522122

ISIN for NSDL/CDSL : INE285C01015

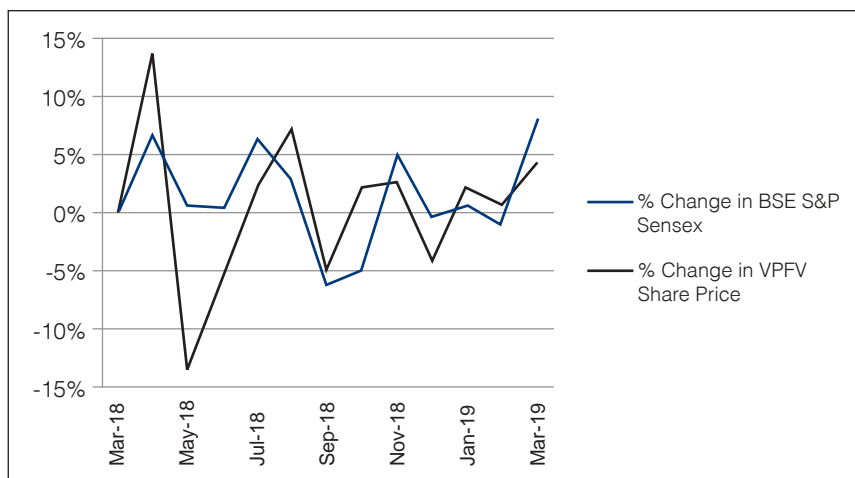
### MARKET PRICE INFORMATION

The monthly 'high' and 'low' closing prices (rounded off to the nearest rupee) of the shares traded during the period from April, 2018 to March, 2019 on BSE are given below:

Month	High (in Rs.)	Low (in Rs.)
April, 2018	920	800
May, 2018	900	777
June, 2018	824	721
July, 2018	779	716
August, 2018	858	749
September, 2018	928	765
October, 2018	790	704
November, 2018	822	761
December, 2018	812	752
January, 2019	832	767
February, 2019	809	750
March, 2019	849	793

Source : BSE Website

## SHARE PRICE VIS-A-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](mailto: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, is not allowed w.e.f. 1<sup>st</sup> April, 2019.

MCS Share Transfer Agent Limited handles the investor services of the Company and also share transfer/transmission related work 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, 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 31<sup>st</sup> March, 2019

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total share holding 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	3,252,418	74.04	74.04
	Sub Total (a)(2)	1	3,252,418	3,252,418	74.04	74.04
	Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2)	1	3,252,418	3,252,418	74.04	74.04
(b)	Public shareholding					
	(1) Institutions					
	Foreign Portfolio Investors	1	2,500	2,500	0.06	0.06
	Financial Institutions / Banks	4	706	432	0.02	0.02
	Insurance Companies	2	51,406	51,331	1.17	1.17
	Sub Total (b)(1)	7	54,612	54,263	1.25	1.25

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total share holding as a percentage of total number of shares	
	<b>(2) Non institutions</b>					
	a) Bodies Corporate	112	107,313	105,209	2.44	2.44
	b) Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.2 Lakh	3,740	869,699	780,738	19.80	19.80
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 Lakh	2	63,647	63,647	1.45	1.45
	iii. IEPF Authority	1	29,866	29,866	0.68	0.68
	c) NBFC registered with RBI	2	658	658	0.01	0.01
	d) NRIs					
	i) with Repat	38	5,308	5,084	0.12	0.12
	ii) without Repat	33	9,038	6,748	0.21	0.21
	e) Any Other (Specify)	0	0	0	0	0
	Sub-Total (b)(2)	3,928	1,085,529	991,950	24.71	24.71
	Total Public shareholding (b)=(b)(1)+(b)(2)	3,935	1,140,141	1,046,213	25.96	25.96
	TOTAL (a)+(b)	3,936	4,392,559	4,298,631	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)	3,936	4,392,559	4,298,631	100.00	100.00

**B. Shareholders with more than one percent holding as on 31<sup>st</sup> March, 2019**

Sl. No.	Name of the Shareholder	No. of shares held	% of shares held
1.	VP Auslandsbeteiligungen GmbH	3,252,418	74.04
2.	The Oriental Insurance Company Limited	51,331	1.17

**Distribution of Shareholding as on 31<sup>st</sup> March, 2019**

No. of Shares held (Range)	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1 - 500	3712	90.47	338,608	7.71
501 - 1000	223	5.44	161,742	3.68
1001 - 2000	94	2.29	129,044	2.94
2001 - 3000	27	0.66	69,069	1.57
3001 - 4000	14	0.34	49,006	1.11
4001 - 5000	6	0.15	27,092	0.62
5001 - 10000	11	0.27	77,614	1.77
10001 - 50000	14	0.34	236,635	5.39
50001 - 100000	1	0.02	51,331	1.17
100001 and above	1	0.02	3,252,418	74.04
<b>Total</b>	<b>4103</b>	<b>100.00</b>	<b>4,392,559</b>	<b>100.00</b>

**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 dematerialized mode.

Out of remaining 1,140,141 equity shares; 1,046,213 equity shares of the company forming 91.76% of the total public shareholding, stand dematerialized as on 31<sup>st</sup> March, 2019.



**LIQUIDITY OF SHARES**

The Equity shares of the Company have been included in the 'X' 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](mailto:investorcare.vffa@voith.com) (dedicated email ID for investors as per Regulation 13 of Listing Regulations)

**PARTICULARS OF UNCLAIMED/UNDELIVERED SHARES**

The shareholders may kindly take note that as per Regulation 39 read with Schedule VI of the Listing Regulations, 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 01/04/2018	107	11,718
2	Total request received during the year, from shareholders for dispatch of shares to them	-	-
3	Shares dispatched in pursuance of valid requests received from shareholders	-	-
4	Undelivered / unclaimed shares lying with the Company as on 31/03/2019	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 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](http://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

-- sd --  
R. Krishna Kumar  
Managing Director  
DIN: 05344619

## 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 31<sup>st</sup> March, 2019.
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 in 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 **VOITH PAPER FABRICS INDIA LIMITED** for the financial year ended on 31<sup>st</sup> March, 2019, 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 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, 2015 with the stock exchange have been complied with in all material respect by the Company;
- That 'No' investor grievance is pending for a period exceeding one month as per the records maintained by the Company; and
- That none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Board/Ministry of Corporate Affairs or any such statutory authority, as required under clause 10(i) of Part-C of Schedule - V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

FOR M.BANGIA & ASSOCIATES  
COMPANY SECRETARIES

(Manoj Bangia)  
PROPRIETOR

CP No.: 3655; FCS No.: 5607

Place: New Delhi  
Dated: May 16, 2019

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

Paper as a consumer product has proved critical in driving most sensitive needs of mankind, notably in areas of security, education, sanitation, and communication.

Paper and paper materials have today become an indispensable component in almost all the finished consumer products in the market. Tissue papers used in the sanitation, container board used in electrical/electronic hardware, newsprint used for newspapers, carton board used for perfumes, toothpaste, juices, etc. are all common examples of paper and board applications.

The global paper and pulp production will remain stable with overall operating earnings continuing to expand in 2019. World production of paper and paperboard is forecasted to reach 490 million tons by year 2020. Moreover, the paper industry will focus on serving more niche markets as a result of changing demand and production methods.

In the last 10 years, the domestic demand for paper has almost doubled from around 9 million tonne in FY 2007-08 to over 17 million tonne in 2017-18. At the same time, with a CAGR of 6-7%, India counts on touching about 20 million tonne by FY 2019-20. However, in the last seven years, import of paper and paperboard have risen at a CAGR of 16.11% in value terms and 18.15% in volume terms. Imports are growing at a very high rate as compared to the increase in domestic production rate.

### OUR STRENGTHS

Paper is very important commodity and part and parcel of our everyday life. Based on the market research, there are three reasons for the strengthening of the industry. These are the increasing e-commerce demand for container board as a packaging material, new market outlets for the middle class in emerging markets, and increasing demand for hygiene products.

India has emerged as the world's fastest growing paper market with a compounded annual growth rate (CAGR) of 6-7%. With increasing internet usage and the rise of social media, the demand for writing & printing paper will have a modest growth rate. However, paper and packaging industries are making strategies and new business models to ride the tide of digital change. With increasing demand from the e-commerce sector, intelligent packaging and personalization will be in demand.

Also, digital technology in paper and pulp production will change the way manufacturing processes are being automated. Manual processes can be digitized to increase production and precision. High levels of manufacturing uniformity at lower energy production are attainable.

### OUR WEAKNESSES

As the growth prospects of the company are intrinsically linked to the growth of Paper Industry in India, which remains subject to certain constraints, this may in turn restrict the future growth prospects of the company as well.

### THE OPPORTUNITIES

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. One encouraging aspect is that Indian paper industry has trained manpower whose skill can be gainfully used to adapt with modern technology for manufacturing paper and paper board of international standard at relatively lower manpower cost inputs.

### THE THREATS

Major issues confronting India's pulp and paper industry are high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area, non-availability of good-quality fibre, uneconomical plant size, technological obsolescence and environmental challenges.

The paper industry in India may also suffer due to use of old technology, as adoption of new technology would require significant capital investments by paper manufacturing companies to effectively tackle competition from global players.

Also, the policies of government relating to environment protection may create additional threat for the paper industry in future. Anyhow, we are prepared to face any challenge and expect to come out of it successfully.

### SEGMENT WISE REPORTING

As per Ind AS 108, the operating segment of the Company is identified to be as "manufacturing and selling of felts", as the 'Chief Operating Decision Maker' ("CODM") reviews business performance at an overall Company level as one segment. Hence, there is no separate reportable segment.

### OUTLOOK

Paper industry plays a vital role in the economic growth of a country through revenue generations and earnings. Indian paper industry can be more competitive by adding improvements of key ports, roads and railways and communication facilities, revision of forest policy is required for wood based paper industry so that plantation can be raised by industry, cooperatives of farmers, and state government. Degraded forest land should be made available to the industry for raising plantations. Import duty on waste paper should be reduced, duty free imports of new and second hand machinery, equipment should be allowed for technology upgradation.

The growing Indian economy will create more demand for paper. Further, more offices and more jobs will create higher demand for office/printer paper.

## **RISKS & CONCERNS**

The Company has a Management Team that meets periodically to analyze and minimize the potential risks to the Company.

## **INTERNAL CONTROL SYSTEMS & ADEQUACY**

The Company has adequate internal control systems commensurate with its size. The Audit Committee of its Board of Directors, comprising of Independent Directors, also reviews the systems on 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 internal control systems.

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 DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT**

Your Company views its human capital as a key source of competitive advantage. A blend of youth and seasoned experience has created a multi-skilled team that has imparted flexibility to the organization to capitalize on the opportunities and deliver value to all stakeholders. The industrial relations in the Company continue to remain healthy, cordial and harmonious.

There were 103 permanent employees on the rolls of the Company as on 31st March, 2019.

## **SIGNIFICANT CHANGES (25% OR MORE) IN KEY FINANCIAL RATIOS AND CHANGE IN RETURN ON NET WORTH**

As compared to previous year (5.36), the change in 'Debtors Turnover Ratio' in the current year (7.01) amounts to 30.78%. This is primarily due to improved collection during the year under review. In other specified key financial ratios, the change over previous year is less than 25%.

As compared to previous year (9.33%), the change in 'Return on Net Worth' in the current year (10.87%) amounts to 16.51%. This is primarily due to enhanced profits for the year under review.

## **CERTIFICATIONS**

The Company is conscious of protecting the environment and has initiated various eco-friendly practices including rainwater-harvesting system. It is our continuous effort to keep the premises and surroundings clean and green. The Company is continuing with the ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 certifications by TUV.

## **CAUTIONARY STATEMENT**

*Statements in the foregoing paragraphs of this report describing the current industry structure, outlook, opportunities etc. reflect the estimation and opinion of the Company. The same are based on certain assumptions and expectations of future events. The actual results may substantially diverge from the same as they depend upon the global political, economic and social situation. Further, Government regulations, tax structure, demand & supply conditions, cost of raw materials & their availability and other related factors can also have a bearing on the above statements.*

## INDEPENDENT AUDITOR'S REPORT

To the Members of Voith Paper Fabrics India Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Voith Paper Fabrics India Limited ("the Company"), which comprises the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("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 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
<p><b>Recoverability of trade receivables</b> (Refer to Note 8 to the financial statements)</p> <p>As at 31 March 2019, the Company's gross trade receivables due from customers amounted to INR 174,578,659, against which loss allowance for doubtful debts of INR 3,972,469 was recorded.</p> <p>The Company's loss allowance for doubtful debts is based on management's estimate of the credit losses for individual customers, which is estimated by taking into account the financial condition of individual customers, the ageing of balances, past repayment and credit histories of customers, market conditions and other local and current factors, all of which involve a significant degree of management judgement.</p> <p>Management is required to exercise judgement in assessing the loss allowance for doubtful debts for individual trade receivables with reference to the assessment of the ability of the customers to repay the Company. Such assessment depends on the outlook of the industry and customer-specific conditions which involves inherent uncertainty.</p> <p>We identified the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because the assessment of the loss allowance for doubtful debts requires the exercise of significant management judgement.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection and making loss allowance for doubtful debts;</li> <li>assessing the classification of trade receivables in the trade receivables ageing report by comparing individual balances with sales invoices and other relevant underlying documentation, on a sample basis;</li> <li>obtaining an understanding of the basis of management's judgement about the recoverability of trade receivable balances, on a sample basis, and evaluating the loss allowance for doubtful trade receivable made by management for these individual balances with reference to the customers' financial condition, the industry in which the customers are operating, the ageing of overdue balances, repayment arrangements and historical and post year end payment records;</li> <li>performing a retrospective review of the loss allowance for bad debts recorded as at 31 March 2019 by examining movements in the balance during the current year and new provisions made for trade receivable balances as at 31 March 2019 during the current year to assess the historical accuracy of management's doubtful debt provisioning process; and</li> <li>inspecting collections, on a sample basis, from customers subsequent to the financial year end relating to trade receivable balances as at 31 March 2019.</li> </ul>

<p><b>Capitalisation of Property, Plant and Equipment (PPE) and assessment of its useful lives</b></p> <p>(Refer to Note 3 to the financial statements)</p> <p>The Company continues to invest in significant capital expansion projects and as at 31 March 2019, the Company has capitalized Property, Plant and Equipment majorly related to its Press plant amounting to INR 188,893,481 (31 March 2018: INR 13,915,683).</p> <p>We have identified capitalisation of PPE as a key audit matter because of significant level of capital expenditure incurred on the expansion of Press plant during the period, which requires consideration of the nature of costs incurred, timing of capitalization of PPE and application of judgement in assessing appropriate useful lives by the management to ensure that capitalisation of PPE meets the specific recognition criteria in accordance with Ind AS 16 'Property, Plant and Equipment'.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>– obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to property, plant and equipment.</li> <li>– assessing the nature of costs incurred in capital expansion projects through testing of amounts recorded with underlying supporting documents and evaluating whether the description of expenditure met the criteria for capitalisation under accounting standards, on a sample basis.</li> <li>– inspected documents to ascertain its expected/ actual date of asset being ready for put to use.</li> <li>– assessing whether the assets have been appropriately capitalised with reference its stage of completion and from the date when the assets were put to use.</li> <li>– assessing the appropriateness of useful economic life and residual value assigned to PPE based on the nature of the assets and its intended use by the management.</li> <li>– examining whether the depreciation is charged based on the assets useful life and from the date when the assets were put to use.</li> <li>– evaluating that the accounting policies accurately reflect the judgement involved in determining the costs and the useful lives.</li> </ul>
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#### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) 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 as at 31 March 2019 on its financial position in its financial statements - Refer Note 37 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.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*For B S R & Co. LLP*

*Chartered Accountants*

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

**Vikram Advani**

*Partner*

Membership No: 091765

Place: New Delhi

Date: 16 May, 2019

## Annexure A to the Independent Auditor's Report on the financial statements of Voith Paper Fabrics India Limited for the year ended 31 March 2019

- (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 year and no material discrepancies were noticed on such verification. 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 3 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. As informed to us, no material discrepancies were noticed on such verification.
- (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, goods and services tax, duty of customs, cess and other material statutory dues have been regularly deposited with appropriate authorities though there have been a slight delay in a few cases relating to deposit of tax deducted at source.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of customs, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 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 customs, goods and services 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 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	10,169,127	-	10,169,127	AY 2010-11	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	11,756,960	-	11,756,960	AY 2011-12	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	11,845,150	3,611,900	8,233,250	AY 2012-13	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	8,393,370	-	8,393,370	AY 2013-14	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	12,701,230	-	12,701,230	AY 2014-15	Income tax Appellate Tribunal

- (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

Date: 16 May, 2019

## Annexure B to the Independent Auditor's report on the financial statements of Voith Paper Fabrics India Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of Voith Paper Fabrics India Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm's registration no.: 101248W/W-100022

Vikram Advani

Partner

Membership No.: 091765

Place: New Delhi

Date: 16 May, 2019

**BALANCE SHEET AS AT 31 MARCH 2019***(All amounts are in Indian Rupees, unless otherwise stated)*

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	503,589,105	371,434,601
Capital work-in-progress	3	231,036,508	99,190,960
Financial assets			
i. Other financial assets	4	4,738,844	4,178,217
Income tax assets (net)	5	29,247,434	26,013,554
Other non-current assets	6	9,870	12,730,781
<b>Total non-current assets</b>		<b>768,621,761</b>	<b>513,548,113</b>
<b>Current assets</b>			
Inventories	7	130,098,861	83,866,090
Financial assets			
i. Trade receivables	8	170,606,190	177,241,059
ii. Cash and cash equivalents	9(a)	128,117,427	59,230,075
iii. Other bank balance	9(b)	1,128,431,590	1,294,902,766
iv. Other financial assets	10	665,000	1,565,000
Other current assets	11	36,423,914	12,111,127
<b>Total current assets</b>		<b>1,594,342,982</b>	<b>1,628,916,117</b>
<b>Total assets</b>		<b>2,362,964,743</b>	<b>2,142,464,230</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	43,925,590	43,925,590
Other equity	13	2,080,175,968	1,896,839,587
<b>Total equity</b>		<b>2,124,101,558</b>	<b>1,940,765,177</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	14	27,409,933	23,582,053
Deferred tax liabilities (net)	15	4,073,445	4,266,060
<b>Total non-current liabilities</b>		<b>31,483,378</b>	<b>27,848,113</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Trade payable	16		
- total outstanding dues of micro enterprises and small enterprises		5,120,150	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		106,847,999	98,537,708
ii. Other financial liabilities	17	54,151,629	38,761,873
Other current liabilities	18	23,266,178	18,820,257
Provisions	19	17,072,414	16,809,665
Income tax liabilities (Net)	20	921,437	921,437
<b>Total current liabilities</b>		<b>207,379,807</b>	<b>173,850,940</b>
<b>Total liabilities</b>		<b>238,863,185</b>	<b>201,699,053</b>
<b>Total equity and liabilities</b>		<b>2,362,964,743</b>	<b>2,142,464,230</b>
<b>Significant accounting policies</b>	2		
Notes to the financial statements	3-44		
The accompanying notes 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 : 16 May 2019

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

Biren De Director DIN : 00011607	R. Nath Director DIN : 00062186	S.K.Nagpal Director DIN : 01171148	Shahana Basu Director DIN : 07137715
R. Krishna Kumar Managing Director DIN : 05344619	Kalyan Dasgupta Finance Controller CMA No. : 25152	C.S. Gugliani Company Secretary FCS No. : 4301	

Place : New Delhi  
Date : 16 May 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

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

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>REVENUE FROM OPERATIONS</b>	<b>21</b>	<b>1,120,288,770</b>	<b>964,534,485</b>
Other income	22	87,504,876	86,422,905
<b>Total income</b>		<b>1,207,793,646</b>	<b>1,050,957,390</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	241,042,382	199,572,099
Purchase of stock-in-trade	24	173,174,213	108,650,961
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(6,789,572)	6,630,081
Excise duty	26	-	23,407,467
Employee benefits expense	27	135,439,835	123,437,568
Depreciation expense	28	55,634,353	58,453,037
Other expenses	29	284,534,382	254,437,236
<b>Total expenses</b>		<b>883,035,593</b>	<b>774,588,449</b>
<b>Profit before tax</b>		<b>324,758,053</b>	<b>276,368,941</b>
Tax expense			
- Current tax	30	95,567,742	100,164,643
- Income tax credit relating to earlier years	30	(1,560,296)	(1,236,846)
- Deferred tax (credit)	30	(195,121)	(3,711,287)
<b>Total tax expense</b>		<b>93,812,325</b>	<b>95,216,510</b>
<b>Profit for the year</b>		<b>230,945,728</b>	<b>181,152,431</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligations/ asset		70,281	2,735,873
Income tax related to above		(20,465)	(8,614)
Reversal of income tax relating to earlier years that will not be reclassified to profit or loss		-	(555,904)
<b>Other comprehensive income for the year (net of tax)</b>		<b>49,816</b>	<b>2,171,355</b>
<b>Total comprehensive income for the year</b>		<b>230,995,544</b>	<b>183,323,786</b>
<b>Earnings per equity share of INR 10 each</b>			
Basic	42	52.58	41.24
Diluted		52.58	41.24
<b>Significant accounting policies</b>	<b>2</b>		
Notes to the financial statements	<b>3-44</b>		

The accompanying notes 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

**For and on behalf of the Board of Directors of**

**Voith Paper Fabrics India Limited**

**Biren De**

*Director*

DIN : 00011607

**R. Nath**

*Director*

DIN : 00062186

**S.K.Nagpal**

*Director*

DIN : 01171148

**Shahana Basu**

*Director*

DIN : 07137715

**R. Krishna Kumar**

*Managing Director*

DIN : 05344619

**Kalyan Dasgupta**

*Finance Controller*

CMA No. : 25152

**C.S. Gugliani**

*Company Secretary*

FCS No. : 4301

Place : New Delhi

Date : 16 May 2019

Place : New Delhi

Date : 16 May 2019



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Cash flow from operating activities</b>		
Profit before tax	324,758,053	276,368,941
Adjustments :		
Depreciation expense	55,634,353	58,453,037
(Gain) on sale / disposal / discard of property, plant and equipment (net)	(607,502)	(76,535)
Unwinding of discount on security deposits	86,992	81,584
Provisions no longer required written back	(877,912)	(35,653)
Allowances for doubtful debts charged / (written back) (net) (including effect of expected loss allowance)	1,785,154	(2,834,493)
Allowances for doubtful deposits charged / (written back) (net)	1,260,000	(215,055)
Bad debts written off	733,925	29,377
Unrealised foreign exchange (gain) (net)	(409,502)	(294,993)
Mark to market loss on foreign exchange forward contracts loss/ (gain) (net)	1,671,847	(263,719)
Interest income on bank deposits	(80,141,099)	(79,648,105)
<b>Operating cash flow before working capital changes</b>	<u>303,894,309</u>	<u>251,564,386</u>
<i>Movements in working capital :</i>		
Decrease in trade receivables	3,886,727	28,675,519
(Increase) in other financial assets	(920,627)	(1,000)
(Increase) / decrease in other assets	(24,312,787)	6,468,802
(Increase) / decrease in inventories	(46,232,771)	16,101,483
Increase in trade payables	13,103,110	27,470,338
Increase in other financial liabilities	6,629,155	638,756
Increase in other liabilities	4,445,921	1,997,936
Increase in provisions	4,160,910	334,219
<b>Cash generated from operations</b>	<u>264,653,947</u>	<u>333,250,439</u>
Income tax paid (net of refund)	(97,259,285)	(105,067,657)
<b>Net Cash generated from operating activities (a)</b>	<u>167,394,662</u>	<u>228,182,782</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in- progress)	(299,609,251)	(96,186,569)
Proceeds from sale of property, plant & equipment	1,712,126	88,398
Interest received	83,680,127	74,673,741
Net movement in other bank balances	162,932,148	(170,638,950)
<b>Net cash used in investing activities (b)</b>	<u>(51,284,850)</u>	<u>(192,063,380)</u>
<b>Cash flows from financing activities</b>		
Dividend paid (including dividend distribution tax)	(47,222,460)	(20,998,879)
<b>Net cash used in financing activities (c)</b>	<u>(47,222,460)</u>	<u>(20,998,879)</u>
<b>Net increase in cash and cash equivalents (a+b+c)</b>	<u>68,887,352</u>	<u>15,120,523</u>
Add : Cash and cash equivalents at the beginning of the year	<u>59,230,075</u>	<u>44,109,552</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>128,117,427</u>	<u>59,230,075</u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Components of cash and cash equivalents</b>		
Balances with banks:		
- On current accounts/ EEFC accounts	30,928,564	44,572,224
- On deposit accounts with original maturity upto three months	95,109,749	13,002,048
- Unclaimed dividend account	2,079,114	1,642,411
Cash on hand	-	13,392
<b>Cash and cash equivalents in Cash Flow Statement</b>	<b>128,117,427</b>	<b>59,230,075</b>

### Significant accounting policies

2

Notes to the financial statements

3-44

The accompanying notes 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

**For and on behalf of the Board of Directors of**

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*Director*

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Kalyan Dasgupta

*Finance Controller*

CMA No. : 25152

C.S. Gugliani

*Company Secretary*

FCS No. : 4301

Place : New Delhi

Date : 16 May 2019

Place : New Delhi

Date : 16 May 2019

## Statement of Changes in equity for the year ended 31 March 2019

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

### A Equity share capital

Particulars	Numbers	Amount
Equity share capital		
Balance as at 1 April 2017	4,392,559	43,925,590
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	4,392,559	43,925,590
Changes in equity share capital during 2018-19	-	-
Balance as at 31 March 2019	4,392,559	43,925,590

### B (i) Other equity

	Attributable to owners of the Company			Total attributable to owners of the Company
	Reserves and surplus		Other comprehensive income	
	General reserve	Retained earnings	Remeasurement of defined benefit obligation/ (assets)	
Balance as at 1 April 2017	577,529,654	1,158,187,981	(1,054,711)	1,734,662,924
Total comprehensive income for the year ended 31 March 2018:				
Profit for the year	-	181,152,431	-	181,152,431
Other comprehensive income/(loss) (net of tax)	-	-	2,171,355	2,171,355
Total comprehensive income	-	181,152,431	2,171,355	183,323,786
Distributions:				
Dividend	-	(17,570,236)	-	(17,570,236)
Dividend distribution tax	-	(3,576,887)	-	(3,576,887)
Total distribution	-	(21,147,123)	-	(21,147,123)
Balance as at 31 March 2018	577,529,654	1,318,193,289	1,116,644	1,896,839,587
Total comprehensive income for the year ended 31 March 2019:				
Profit for the year	-	230,945,728	-	230,945,728
Other comprehensive income/(loss) (net of tax)	-	-	49,816	49,816
Total comprehensive income	-	230,945,728	49,816	230,995,544
Distributions:				
Dividend	-	(39,533,031)	-	(39,533,031)
Dividend distribution tax	-	(8,126,132)	-	(8,126,132)
Total distribution	-	(47,659,163)	-	(47,659,163)
Balance as at 31 March 2019	577,529,654	1,501,479,854	1,166,460	2,080,175,968

(ii) A description of the purpose of each reserve within equity shall be disclosed in the notes.

#### Notes:

- (1) During the year ended 31 March 2019 and 31 March 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.
- (2) Refer note 13 for nature and purpose of other equity.

#### Significant accounting policies

Notes to the financial statements

The accompanying notes 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

For and on behalf of the Board of Directors of

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Managing Director

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Finance Controller

CMA No. : 25152

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Date : 16 May 2019

Place : New Delhi

Date : 16 May 2019

## Notes to Financial Statements for the year ended 31 March 2019

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

### 1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a public limited company domiciled in India and with its registered office at Plot No. 113/114 - A, Sector - 24, Faridabad - 121005, Haryana, India incorporated under the provisions of Indian Companies Act, 1956 and its equity shares are listed on Bombay Stock Exchange in India. The Company is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is primarily involved in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated."

#### (a) Basis of preparation

##### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the act.

##### (ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency.

##### (iii) Historical cost convention

The financial statements have been prepared under the historical cost convention on accrual basis, unless otherwise stated.

#### (b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- i) It is expected to be realised or intended to be sold or consumed in normal operation cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is expected to be realised within twelve months after the reporting period; or
- iv) It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within twelve months after the reporting period; or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

#### (c) Property, plant and equipment (PPE)

##### (i) Recognition and measurement

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

## Notes to Financial Statements for the year ended 31 March 2019

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

### (ii) Subsequent expenditure

Expenditure incurred on substantial expansion upto the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress."

### (iii) Depreciation and amortization methods, estimated usual lives and residual value

Depreciation is provided on straight line basis on the original cost/acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful live specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
4 looms and 2 pre-tackers	10 Years	10-15 years
Needle loom, weaving loom, 1 oil heated cylinder, 1 chiller and 1 thermax heater	12 Years	10-15 years
1 oil heated cylinder, 1 loom and 1 warping machine	13.48 Years	10-15 years

The assets; residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation and amortization on property, plant and equipment added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal. Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### (iv) Derecognition

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

### (d) Non-current assets held for sale

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Any subsequent gain in fair value less costs to sell of an asset is recognized, but not in excess of the cumulative impairment loss that has been recognised either in accordance with this Ind AS or previously in accordance with Ind AS 36, Impairment of Assets.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

### (e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

## Notes to Financial Statements for the year ended 31 March 2019

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

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### (f) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets

*Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI- debt instrument
- FVOCI- equity instrument
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost and is not designated as at FVTPL if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After such initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables and other receivables.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

*Financial asset at Fair value through profit and loss (FVTPL)*

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises loss allowance using the Expected Credit Loss (ECL) model for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to the lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

## Notes to Financial Statements for the year ended 31 March 2019

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

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on Derecognition is also recognised in Statement of Profit and Loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference is the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (g) Inventories

Inventories are valued at lower of cost or net realisable value.

The methods of determining cost of various categories of inventories are as follows:

Raw Material	Weighted average method
Stores and spares	First in first out (FIFO) method
Work-in-progress and finished goods (manufactured)	Weighted average method
Finished goods (traded)	-
Goods in transit	Cost of purchase

Cost includes expenditure incurred in acquiring inventories, production or conversion and other costs incurred in bringing the inventories to their present location and condition.

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

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

### (h) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk or change in value.



## Notes to Financial Statements for the year ended 31 March 2019

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

### (i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of receivable can be measured reliably.

#### Warranty provisions

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

### (j) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2 (j) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Ind AS 115 five step model is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from sales of goods is recognised on output basis measured by units delivered, number of transactions etc.
- Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which coincides with the performance obligation under the contract with the customer.
- Revenue from services is recognized in accordance with the terms of contract when the services are rendered and the related costs are incurred.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related party is recognised based on transaction price which is at arm's length.

Use of significant judgments in revenue recognition :-

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgments to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

## Notes to Financial Statements for the year ended 31 March 2019

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

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income".

### (k) Employee benefits

#### (i) Short-term employee benefits

All employee benefits falling due within twelve months from the end of the period in which employees render the related services are classified as short-term employee benefits, which includes benefits like salaries, wages, performance linked reward etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

#### (ii) Post-employment benefits

Post employment benefits plans are classified into defined benefits plans and defined contribution plans as under:

##### a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of the employment. The liability in respect of gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary at each balance sheet date using projected unit credit method. The gratuity liability of the Company is funded with Life Insurance Corporation of India. Actuarial losses/gains are recognised in the other comprehensive income and Loss in the year in which they arise.

##### b) Superannuation

Certain employees of the Company are also participants in the superannuation plan, a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

##### c) Provident fund

The Company makes contribution to the recognised provident fund - VPFIL Employees Provident Fund Trust for its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

#### (iii) Other long-term employee benefits

##### Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to the future periods to either be utilised during the service, or encashed. Encashment can be made during service, or early retirement, on withdrawal of scheme, at resignation and upon death of employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of accounts based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### (l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in comprehensive income.

#### a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax assets are recognised

## Notes to Financial Statements for the year ended 31 March 2019

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

on deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

### (m) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

Lease payments

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to Profit or Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### (n) Segment reporting

The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry. This is the main source of risk and returns. The Managing Director of the Company is identified as chief operating decision maker (CODM). The company has a single reportable segment which is reviewed by Chief Operating Decision Maker (CODM).

### (o) Foreign currency translation

#### (i) Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian rupees.

#### (ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when fair value was determined. Non- monetary assets and liabilities that are measured based on a historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investment at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### (p) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to the owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account:

## Notes to Financial Statements for the year ended 31 March 2019

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### (q) Measurement of fair values

A number of accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Significant valuation adjustments are reported to the Company's Audit Committee meeting.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

### (r) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognised in the financial statements is included in the following notes:

a) Recognition and estimation of tax expense including deferred tax	Note 30
b) Estimated impairment of financial assets and non-financial assets	Note 34
c) Assessment of useful life of property, plant and equipment	Note 2 (c) (iii)
d) Estimation of assets and obligations relating to employee benefits	Note 32
e) Valuation of inventories	Note 2 (g)
f) Fair value measurement	Note 33

### (s) 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 since it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in financial statements.

### (t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, changes in working capital and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

## Notes to Financial Statements for the year ended 31 March 2019

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

3. Property, plant and equipment	Particulars	Freehold Land*	Buildings		Plant and machinery	Furniture and fixtures	Office equipment's (including Computers)	Vehicles	Sub-total (A)	Capital work-in-progress (B)	Total (A) + (B)
			Owned	Owned, given on lease							
Gross carrying amount											
	Balance as at 31 March, 2017	1,809,080	48,792,894	13,541,502	392,673,532	3,597,399	14,227,785	522,635	475,164,827	12,019,865	487,184,692
	Additions during the year	-	-	-	10,737,539	442,356	2,735,788	-	13,915,683	89,954,052	103,869,735
	Disposals/ adjustments during the year	-	-	-	-	-	30,985	64,481	95,466	2,782,957	2,878,423
	Balance as at 31 March, 2018	1,809,080	48,792,894	13,541,502	403,411,071	4,039,755	16,932,588	458,154	488,985,044	99,190,960	588,176,004
	Additions during the year	-	119,145,373	-	66,933,422	360,764	2,453,922	-	188,893,481	312,309,450	501,202,931
	Disposals/ adjustments during the year	-	-	-	1,367,163	143,505	8,824	-	1,519,492	180,463,902	181,983,394
	Balance as at 31 March, 2019	1,809,080	167,938,267	13,541,502	468,977,330	4,257,014	19,377,686	458,154	676,359,033	231,036,508	907,395,541
Accumulated depreciation											
	Balance as at 31 March, 2017	-	2,399,599	465,603	49,170,072	639,048	6,247,477	259,210	59,181,009	-	59,181,009
	Depreciation for the year	-	2,399,698	465,611	49,314,159	468,940	5,665,662	138,967	58,453,037	-	58,453,037
	Disposals	-	-	-	-	-	19,122	64,481	83,603	-	83,603
	Balance as at 31 March, 2018	-	4,799,297	931,214	98,484,231	1,107,988	11,894,017	333,696	117,550,443	-	117,550,443
	Depreciation for the year	-	1,925,111	931,214	49,950,649	423,649	2,343,411	60,319	55,634,353	-	55,634,353
	Disposals	-	-	-	288,922	-	125,946	-	414,868	-	414,868
	Balance as at 31 March, 2019	-	6,724,408	1,862,428	148,145,958	1,531,637	14,111,482	394,015	172,769,928	-	172,769,928
Carrying amounts (net)											
	As at 31 March 2018	1,809,080	43,993,597	12,610,288	304,926,840	2,931,767	5,038,571	124,458	371,434,601	99,190,960	470,625,561
	As at 31 March 2019	1,809,080	161,213,859	11,679,074	320,831,372	2,725,377	5,266,204	64,139	503,589,105	231,036,508	734,625,613
* 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.											

\* 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 2019

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

### 4. Other financial assets (Non-current)

	As at 31 March 2019	As at 31 March 2018
Security deposits	4,738,844	4,178,217
<b>Total other financial assets (Non-current)</b>	<b>4,738,844</b>	<b>4,178,217</b>

### 5. Income tax assets (net)

	As at 31 March 2019	As at 31 March 2018
Advance income tax (net of provision for tax Rs. 288,827,437; 31 March 2018 : 348,000,083)	29,247,434	26,013,554
<b>Total income tax assets (net)</b>	<b>29,247,434</b>	<b>26,013,554</b>

### 6. Other non-current assets

	As at 31 March 2019	As at 31 March 2018
Capital advances	9,870	12,730,781
<b>Total other non-current assets</b>	<b>9,870</b>	<b>12,730,781</b>

### 7. Inventories

	As at 31 March 2019	As at 31 March 2018
Raw materials (including goods in transit Rs. 31,316,571; 31 March 2018 : Rs. 11,012,958)	90,543,548	54,392,437
Work-in-progress	15,882,480	13,753,102
Finished goods	8,683,004	4,139,426
Stock-in-trade (including goods in transit Rs. 6,626,161; 31 March 2018 : Rs. 6,509,545)	6,626,161	6,509,545
Stores and spare parts	8,363,668	5,071,580
<b>Total inventories</b>	<b>130,098,861</b>	<b>83,866,090</b>

The write-down of inventories to net realisable value amounted to Rs. 6,336,391; (31 March 2018 : Rs. 7,691,784). The reversal of write-downs during the year amounted to Rs. 3,462,543 (31 March 2018 : Rs. 5,150,814 ). The write-down and reversal are included in cost of materials or changes in inventories of finished goods and work-in-progress.

### 8. Trade receivables

	As at 31 March 2019	As at 31 March 2018
<b>Trade receivables*</b> :		
- considered good - secured	-	-
- considered good - unsecured	170,606,190	177,241,059
- which have significant increase in Credit Risks	3,972,469	2,378,240
- credit impaired	-	-
Less : Loss allowances for doubtful debts**	(3,972,469)	(2,378,240)
<b>Total trade receivables</b>	<b>170,606,190</b>	<b>177,241,059</b>

\* Refer note 36 for related party balances. Related party balance on 31 March 2019 : Rs. 4,611,318 (31 March 2018 : Rs. 10,429,479)

\* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade receivable.

\*\* Loss allowances for doubtful debts include allowance as per expected credit loss method.

## Notes to Financial Statements for the year ended 31 March 2019

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

### 9(a). Cash and cash equivalents

	As at 31 March 2019	As at 31 March 2018
Balances with banks:		
- On current accounts/ EEFC account	30,928,564	44,572,224
- Deposits with original maturity of less than 3 months	95,109,749	13,002,048
- Unclaimed dividend account	2,079,114	1,642,411
Cash on hand	-	13,392
<b>Total cash and cash equivalents</b>	<b>128,117,427</b>	<b>59,230,075</b>

### 9(b). Other bank balances

	As at 31 March 2019	As at 31 March 2018
Deposits due to mature within 12 months of reporting date*	1,128,431,590	1,294,902,766
<b>Total other bank balances</b>	<b>1,128,431,590</b>	<b>1,294,902,766</b>

\* Includes interest accrued on fixed deposits amounting to INR 38,541,339 (31 March 2018 - INR 35,904,814)

### 10. Other financial assets (Current)

	As at 31 March 2019	As at 31 March 2018
Security deposits	1,925,000	1,565,000
Less : Loss allowances for doubtful deposits	(1,260,000)	-
<b>Total other financial assets</b>	<b>665,000</b>	<b>1,565,000</b>

### 11. Other current assets

	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	3,087,780	2,592,722
Balances with government authorities	22,373,846	745,846
Advance to employees	2,133,465	2,049,496
Advance for supply of goods and services	6,008,613	5,313,589
Other advances	1,562,853	152,117
SVB claim recoverable		
Secured and good	1,257,357	1,257,357
Doubtful	201,456	201,456
Less : Loss allowances for doubtful assets	(201,456)	(201,456)
<b>Total other current assets</b>	<b>36,423,914</b>	<b>12,111,127</b>



## Notes to Financial Statements for the year ended 31 March 2019

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

### 12. Equity Share Capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity shares of Rs. 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	25,000,000	250,000,000	25,000,000	250,000,000
<b>Issued, Subscribed and Paid-up</b>				
Equity shares of Rs. 10 each	4,392,559	43,925,590	4,392,559	43,925,590
	4,392,559	43,925,590	4,392,559	43,925,590

#### a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	31 March 2019		31 March 2018	
	Numbers	Amount	Number	Amount
At the commencement and at the end of the year	4,392,559	43,925,590	4,392,559	43,925,590

#### b) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having par value of INR 10 each. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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

	31 March 2019		31 March 2018	
	Numbers	Amount	Number	Amount
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3,252,418	32,524,180	3,252,418	32,524,180
	3,252,418	32,524,180	3,252,418	32,524,180

#### d) Details of shareholders holding more than 5% shares in the company:

	31 March 2019		31 March 2018	
	Numbers	% of holding	Numbers	% of holding
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3,252,418	74.04%	3,252,418	74.04%
	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.

### 13. Other equity

	As at 31 March 2019	As at 31 March 2018
<b>Attributable to the owners of the Company :</b>		
General reserve (a)	577,529,654	577,529,654
Retained earnings	1,501,479,854	1,318,193,289
Other comprehensive income - remeasurement of defined benefit (obligation) / asset (b)	1,166,460	1,116,644
<b>Total attributable to the owners of the Company</b>	<b>2,080,175,968</b>	<b>1,896,839,587</b>

#### Nature and purpose of other equity

##### (a) General reserve

This represents appropriation of profits by the Company and is available for distribution of dividend.

##### (b) Remeasurement of defined benefit obligation

Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.

## Notes to Financial Statements for the year ended 31 March 2019

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

### 14. Provisions (Non-current)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for Employee benefits</b>		
Provision for gratuity (Refer note 32)	2,272,038	2,039,362
Provision for compensated absences (Refer note 32)	23,477,577	20,028,528
Provision for other retirement benefits (Refer note 32)	121,958	114,082
Provision for long service award (Refer note 32)	1,538,360	1,400,081
<b>Total provisions (Non-current)</b>	<b>27,409,933</b>	<b>23,582,053</b>

### 15. Deferred tax

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax liabilities</b>		
Excess of depreciation on property, plant and equipment under income-tax law over depreciation charged in accounts	23,230,105	21,290,205
Others	50,075	1,252
<b>Total (I)</b>	<b>23,280,180</b>	<b>21,291,457</b>
<b>Deferred tax assets</b>		
Provision for other retirement benefits	35,514	40,501
Provision for expenses u/s 40 a (ia), warranties and other payables	3,482,509	3,006,390
Provision for contingencies	2,081,110	2,081,110
Expenditure covered by section 43B of the Income-tax Act, 1961	10,180,086	8,906,341
Provision for loss allowances for doubtful debts and inventory	3,427,516	2,991,055
<b>Total (II)</b>	<b>19,206,735</b>	<b>17,025,397</b>
<b>Net deferred tax liability (I)-(II)</b>	<b>4,073,445</b>	<b>4,266,060</b>

### 16. Trade payables

	As at 31 March 2019	As at 31 March 2018
<b>Current</b>		
Trade payables*		
- total outstanding dues of micro enterprises and small enterprises	5,120,150	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	106,847,999	98,537,708
<b>Total trade payables</b>	<b>111,968,149</b>	<b>98,537,708</b>

\* Refer note 31 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

\* Refer note 36 for related party balances. Related party balance on 31 March 2019 : Rs. 58,958,592; 31 March 2018 : Rs. 45,960,783.

\* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade payables.

### 17. Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Unpaid dividend (1)	2,079,114	1,642,411
Security deposit received (Refer Note 36)	1,399,086	1,312,094
Capital creditors*	26,340,172	17,931,305
Mark-to-market on foreign exchange forward contract	1,726,866	55,019
Employee benefits payables	22,606,391	17,821,044
<b>Total other financial liabilities</b>	<b>54,151,629</b>	<b>38,761,873</b>

(1) Investor Education and Protection Fund will be credited as and when due.

\* Refer note 36 for related party balances. Related party balance on 31 March 2019 : Rs. 724,399 ; 31 March 2018 : Rs. 3,780,983.

## Notes to Financial Statements for the year ended 31 March 2019

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

### 18. Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Advances from customers	16,223,593	13,517,380
Statutory liabilities	7,042,585	5,302,877
<b>Total other current liabilities</b>	<b>23,266,178</b>	<b>18,820,257</b>

### 19. Provisions (Current)

	As at 31 March 2019	As at 31 March 2018
<b>Provision for Employee benefits</b>		
Provision for compensated absences (Refer note 32)	1,917,882	1,598,524
Provision for other retirement benefits (Refer note 32)	-	25,000
Provision for long service award (Refer note 32)	230,000	205,000
	<b>2,147,882</b>	<b>1,828,524</b>
<b>Other provisions</b>		
Provision for warranties (Refer note 19(a))	7,777,863	7,834,472
Provision for litigations (Refer note 19(b))	7,146,669	7,146,669
	<b>14,924,532</b>	<b>14,981,141</b>
<b>Total provisions (Current)</b>	<b>17,072,414</b>	<b>16,809,665</b>

- 19(a). Provision for warranty represents costs associated with providing sales and support services which are accrued at the time of recognition of revenue and are expected to be utilized over a period of 1 year. Assumption used to calculate the provision for warranties were based on current sales level and current information about actual claims settlement based on the five year warranty period for all products sold. A summary of activity is as follows:

	As at 31 March 2019	As at 31 March 2018
At the commencement of the year	7,834,472	11,912,119
Provision made during the year	6,307,415	2,485,457
Provision utilised during the year	(6,364,024)	(6,563,104)
<b>At the end of the year</b>	<b>7,777,863</b>	<b>7,834,472</b>

- 19(b). Provision for litigation primarily 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. A summary of activity is given below:

	As at 31 March 2019	As at 31 March 2018
At the commencement and end of the year	7,146,669	7,146,669

### 20. Income tax liabilities (net)

	As at 31 March 2019	As at 31 March 2018
Provision for taxation (net of advance tax Rs. Nil (31 March 2018 : Nil))	921,437	921,437
<b>Total other tax liability</b>	<b>921,437</b>	<b>921,437</b>

## Notes to Financial Statements for the year ended 31 March 2019

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

### 21. Revenue from operations

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Sale of products (including excise duty*)</b>		
- manufactured	889,812,196	804,389,666
- traded goods	209,579,581	137,132,787
<b>Total sale of goods (A)</b>	<b>1,099,391,777</b>	<b>941,522,453</b>
<b>Sale of services</b>		
- Services	-	356,500
- Commission	7,648,533	8,834,346
<b>Total sale of services (B)</b>	<b>7,648,533</b>	<b>9,190,846</b>
<b>Other operating revenues</b>		
- Scrap sales (including excise duty*)	4,557,527	3,894,344
- Export incentive - duty drawback	253,510	176,514
- Liabilities/provisions no longer required, written back	877,912	35,653
- Provision for doubtful debts written back (net) (including effect of expected loss allowance)	-	2,834,493
- Provision for doubtful advances written back (net)	-	215,055
- Foreign exchange fluctuation gain (net)	4,254,877	2,176,784
- Miscellaneous income	3,304,634	4,488,343
<b>Other operating revenues (C)</b>	<b>13,248,460</b>	<b>13,821,186</b>
<b>Total revenue from operations (A+B+C)</b>	<b>1,120,288,770</b>	<b>964,534,485</b>

\* Till 30 June 2017

### Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

#### (A) Revenues by geography\*

	For the year ended 31 March 2019	For the year ended 31 March 2018
India	1,047,763,896	896,819,861
Europe	3,268,264	3,503,825
South East Asia	20,253,585	15,530,472
Middle East	424,290	-
North America	-	185,666
South Asia	35,330,275	34,673,475
<b>Total</b>	<b>1,107,040,310</b>	<b>950,713,299</b>

\*Disclosure relating to revenues by geography has been made with respect to location of customers.

#### (B) Revenues in products and services \*

	For the year ended 31 March 2019	For the year ended 31 March 2018
Products	1,099,391,777	941,522,453
Other services	7,648,533	9,190,846
<b>Total</b>	<b>1,107,040,310</b>	<b>950,713,299</b>

\*Revenue from product comprises of revenue generated from sale of manufactured and traded goods. Revenue from services includes income from commission and other services.

## Notes to Financial Statements for the year ended 31 March 2019

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

### 22. Other income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on bank deposits	80,141,099	79,648,105
Net gain on disposal of property, plant and equipment	607,502	76,535
Mark to market gain on foreign exchange forward contracts	-	263,719
Rental income	6,756,275	6,434,546
<b>Total other income</b>	<b>87,504,876</b>	<b>86,422,905</b>

### 23. Cost of materials consumed

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory of materials at the beginning of the year	54,392,437	57,618,447
Add: Purchases	277,193,493	196,346,089
Less: Inventory of materials at the end of the year	90,543,548	54,392,437
<b>Total cost of materials consumed</b>	<b>241,042,382</b>	<b>199,572,099</b>

### 24. Purchase of stock-in-trade

	For the year ended 31 March 2019	For the year ended 31 March 2018
Fabrics	157,134,953	97,177,735
Qualiflex sleeves	15,419,260	9,583,226
Rolls	620,000	1,890,000
<b>Total purchase of stock-in-trade</b>	<b>173,174,213</b>	<b>108,650,961</b>

### 25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventories at the end of the year		
Work-in-progress	15,882,480	13,753,102
Finished goods - Manufactured	8,683,004	4,139,426
Finished goods - Traded	6,626,161	6,509,545
	<b>31,191,645</b>	<b>24,402,073</b>
Inventories at the beginning of the year		
Work-in-progress	13,753,102	12,700,405
Finished goods - Manufactured	4,139,426	13,608,149
Finished goods - Traded	6,509,545	4,723,600
	<b>24,402,073</b>	<b>31,032,154</b>
<b>Total changes in inventories of finished goods, stock-in-trade and work-in-progress</b>	<b>(6,789,572)</b>	<b>6,630,081</b>

### 26. Excise duty

	For the year ended 31 March 2019	For the year ended 31 March 2018
Excise duty	-	23,407,467
<b>Total excise duty</b>	<b>-</b>	<b>23,407,467</b>

## Notes to Financial Statements for the year ended 31 March 2019

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

### 27. Employee benefits expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	114,402,329	103,003,633
Contribution to provident and other funds (Refer note 32 A)	4,328,277	4,235,006
Contribution to super annuation fund (Refer note 32 A)	3,501,281	2,956,767
Expenses related to post-employment defined benefit plans (Refer note 32 B)	2,332,564	2,294,797
Expenses related to compensated absences	4,245,072	3,987,515
Other retirement benefit (Refer note 32 A)	16,483	22,190
Long service award	413,279	323,703
Staff welfare expenses	6,200,550	6,613,957
<b>Total employee benefits expense</b>	<b>135,439,835</b>	<b>123,437,568</b>

### 28. Depreciation expense

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation on property, plant and equipment	55,634,353	58,453,037
<b>Total depreciation on property, plant and equipment</b>	<b>55,634,353</b>	<b>58,453,037</b>

### 29. Other expenses

	For the year ended 31 March 2019		For the year ended 31 March 2018
Consumption of stores and spares	40,538,945		41,334,740
Contract labour cost	41,536,965		34,665,994
Decrease of excise duty on inventory of finished goods	-		(2,363,433)
Power and fuel	48,564,317		41,144,901
Freight and forwarding charges	3,207,677		3,639,294
Rates and taxes	3,549,073		4,706,533
Insurance	2,055,214		1,651,736
Repairs and maintenance			
- Plant and machinery	20,547,035		18,810,203
- Buildings (owned)	6,076,866		4,993,774
- Others	6,691,820		7,122,815
Sales commission	757,108		611,848
Travelling and conveyance	14,658,050		13,148,411
Communication expenses	5,275,843		4,628,708
Legal and professional fees	5,157,881		7,081,481
Directors' sitting fees	1,350,000		1,110,000
Payments to auditor (see Note 29(a) below)	2,945,965		3,162,241
Warranties	6,307,415		2,485,457
Bad debts written off	924,849	170,116	
Less : Provision utilized	(190,924)	(140,739)	29,377
Provision for doubtful debts (net) (including effect of expected loss allowance)	1,785,154		-
Provision for doubtful advances	1,260,000		-
Advances written off	164,497		-
Mark to market loss on foreign exchange forward contracts	1,671,847		-
Technical know how fees/Royalty	44,645,382		39,140,355
Advertising and sales promotion	89,716		98,293
Security charges	3,261,369		3,151,616
Expenditure on corporate social responsibility (Refer note 39)	5,218,000		5,654,000
Training and development charges	820,858		6,518,340
Miscellaneous expenses	15,663,460		11,910,552
	<b>284,534,382</b>		<b>254,437,236</b>

## Notes to Financial Statements for the year ended 31 March 2019

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

### 29(a). Other expenses (continued)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Payment to auditors (excluding applicable taxes)		
As auditor:		
Statutory audit	1,226,000	1,451,083
Tax audit	150,000	150,000
Limited review of quarterly results	750,000	750,000
In other capacity:		
Group audit	324,000	324,000
Transfer pricing	250,000	250,000
Certification fee	50,000	50,000
Reimbursement of expenses	195,965	187,158
<b>Total payment to auditors</b>	<b>2,945,965</b>	<b>3,162,241</b>

### 30. Income Tax

The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Current income tax:</b>		
Current income tax charge for the year	95,567,742	100,164,643
Adjustments in respect of current income tax of previous years	(1,560,296)	(1,236,846)
	<u>94,007,446</u>	<u>98,927,797</u>
<b>Deferred tax:</b>		
Deferred tax on profits for the year	(195,121)	(3,711,287)
	<u>(195,121)</u>	<u>(3,711,287)</u>
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>93,812,325</b>	<b>95,216,510</b>
<b>OCI</b>		
Tax related to items that will not be classified to Profit & Loss	(20,465)	(8,614)
Reversal of income tax relating to earlier years that will not be reclassified to profit or loss	-	(555,904)
<b>Income tax charged to OCI</b>	<b>(20,465)</b>	<b>(564,518)</b>

Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2019 and 31 March 2018:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before income tax	324,758,053	276,368,941
At India's statutory income tax rate of 29.12% (31 March 2018 : 34.608%)	94,569,545	95,645,763
- Effect of non-deductible expenses and exempt income	800,178	978,368
- Change in estimates related to prior years	(1,560,296)	(1,236,846)
- Deferred tax assets (recognised)/not recognised in earlier years	-	643,598
- Rate difference	-	(802,803)
- Others	2,898	(11,570)
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>93,812,325</b>	<b>95,216,510</b>

During the year ending 31 March 2019 and 31 March 2018, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of shareholders. Hence, DDT paid is charged to equity. Distribution tax on dividend represents distribution tax on dividend paid during the year ended 31 March 2019 amounting to Rs. 8,126,132 (31 March 2018: 3,576,887).



## Notes to Financial Statements for the year ended 31 March 2019

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

### 31. Micro, small and medium enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
The principal amount remaining unpaid to any supplier as at the end of each accounting year	5,120,150	-
The interest due on principal amount remaining unpaid to any supplier as at the end of each accounting year	608,062	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount 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 has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of the year	556,756	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

### 32. Employee benefits in respect of the Company have been calculated as under:

#### (A) Defined Contribution Plans

The company has certain defined contribution plan such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Company has contributed following amounts to:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employer's contribution to provident fund	2,610,198	2,320,969
Employer's contribution to employees' pension scheme 1995	1,394,468	1,339,941
Employer's contribution to superannuation fund	3,501,281	2,956,767
Employer's contribution to employee deposit linked insurance	29,726	322,369
Employer's contribution to employee state insurance	267,025	225,507
Employer's contribution to state welfare fund	26,860	26,220

#### (B) Defined Benefit Plans

##### (i) Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.60% p.a. (31 March 2018 : 7.70% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2018 : 58 years).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. (31 March 2018 : 10%), taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return based on LIC statement on plan assets is 7.80% p.a. (31 March 2018 : 8.25% p.a.).

## Notes to Financial Statements for the year ended 31 March 2019

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

### Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	27,071,374	28,248,986
Current service cost	2,186,771	2,182,629
Past service cost	27,449	-
Interest cost	2,044,041	1,921,421
Benefits paid	(452,309)	(2,703,088)
Actuarial gain	(267,056)	(2,578,574)
<b>Present value of obligation at the end of the year</b>	<b>30,610,270</b>	<b>27,071,374</b>

### Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the end of the year	30,610,270	27,071,374
Fair value of plan assets at the end of the year	28,338,232	25,032,012
<b>Net liabilities recognised in the Balance Sheet</b>	<b>2,272,038</b>	<b>2,039,362</b>

### Fair value of plan assets:

	31 March 2019	31 March 2018
Plan assets at the beginning of the year	25,032,012	24,784,284
Expected return on plan assets	1,925,697	1,809,253
Contribution by employer	2,038,214	1,013,844
Actual benefits paid	(452,309)	(2,703,087)
Actuarial (loss)/gain	(205,382)	127,718
<b>Plan assets at the end of the year</b>	<b>28,338,232</b>	<b>25,032,012</b>

### Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2019	31 March 2018
Current service cost	2,186,771	2,182,629
Past service cost	27,449	-
Interest cost	118,344	112,168
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>2,332,564</b>	<b>2,294,797</b>

### Amount recognised in the other comprehensive income:

Particulars	31 March 2019	31 March 2018
Actuarial loss/ (gain) due to financial assumption change	276,693	(1,015,249)
Actuarial loss due to experience adjustment	(543,750)	(1,563,325)
Actuarial (gain)/ loss on plan assets	205,383	(127,718)
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(61,674)</b>	<b>(2,706,292)</b>

### Sensitivity analysis:

Particulars	31 March 2019	31 March 2019
Assumption	Discount rate	Future salary increase
Sensitivity level	1 % increase	1 % increase
Impact on defined benefit	(2,580,630)	2,926,834
Sensitivity level	1 % decrease	1 % decrease
Impact on defined benefit	3,027,478	(2,550,199)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

## Notes to Financial Statements for the year ended 31 March 2019

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

### (ii) Retirement benefit award

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has also been carried out in respect of retirement benefit award. The discount rate assumed is 7.60% p.a. (31 March 2018 : 7.70% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2018 : 58 years).

#### Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2019	31 March 2018
Present value of obligation at the beginning of the year	139,082	221,472
Current service cost	6,736	9,673
Interest cost	9,747	12,517
Benefits paid	(24,999)	(74,999)
Actuarial gain	(8,608)	(29,581)
<b>Present value of obligation at the end of the year</b>	<b>121,958</b>	<b>139,082</b>

#### Reconciliation of the net liabilities recognised in the balance sheet

Particulars	31 March 2019	31 March 2018
Present value of obligation at the end of the year	121,958	139,082
<b>Net liabilities recognised in the Balance Sheet</b>	<b>121,958</b>	<b>139,082</b>

#### Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2019	31 March 2018
Current service cost	6,736	9,673
Interest cost	9,747	12,517
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>16,483</b>	<b>22,190</b>

#### Amount recognised in the other comprehensive income:

Particulars	31 March 2019	31 March 2018
Actuarial loss/ (gain) due to financial assumption change	540	(2,296)
Actuarial loss due to experience adjustment	(9,148)	(27,285)
<b>Amount recognised in the Other Comprehensive Income</b>	<b>(8,608)</b>	<b>(29,581)</b>

#### Sensitivity analysis:

Particulars	31 March 2019
<b>Assumption</b>	<b>Discount rate</b>
Sensitivity level	1 % increase
Impact on defined benefit	(5,198)
Sensitivity level	1 % decrease
Impact on defined benefit	5,678

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

### (iii) Provident Fund:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of Nil (31 March 2018 : Nil) has been charge to Statement of Profit and Loss during the year.

#### Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

Particulars	31 March 2019	31 March 2018
Discount rate	7.60%	7.70%
Guaranteed rate of return	8.65%	8.65%

The Company has contributed Rs. 2,610,198 to provident fund for the year.

## Notes to Financial Statements for the year ended 31 March 2019

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

### (C) Other long term benefits

#### (i) Compensated absences

Particulars	31 March 2019	31 March 2018
Present value of obligation at the end of the year	25,395,459	21,627,052

#### (ii) Long service award

Particulars	31 March 2019	31 March 2018
Present value of obligation at the end of the year	1,768,360	1,605,081

### 33. Fair value management

	Note	Level of hierarchy Refer Note 2 (q)	31 March 2019			31 March 2018		
			FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>								
Trade receivables	(a)		-	-	170,606,190	-	-	177,241,059
Cash and cash equivalents	(a)		-	-	128,117,427	-	-	59,230,075
Other bank balance	(a)		-	-	1,128,431,590	-	-	1,294,902,766
Other financial assets	(a)	1	-	-	5,403,844	-	-	5,743,217
<b>Total financial assets</b>			-	-	1,432,559,051	-	-	1,537,117,117
<b>Financial liability</b>								
Trade payable	(a)		-	-	111,968,149	-	-	98,537,708
Other financial liabilities	(a)	1	1,726,866	-	52,424,763	55,019	-	38,706,854
<b>Total financial liabilities</b>			1,726,866	-	164,392,912	55,019	-	137,244,562

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.

(b) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

### 34. Financial risk management

#### (A) Financial risk management

##### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defence namely policies and procedures, review mechanism and assurance, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee of the board with top management oversees the formulation and implementation of the Risk Management Policies. The risks and mitigation plan are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (i))
- liquidity risk (see (ii))
- market risk (see (iii))
- interest rate risk (see (iv))

#### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit risk exposure.

##### Trade receivable and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, industry information and business intelligence.

## Notes to Financial Statements for the year ended 31 March 2019

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

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

### *Expected credit loss for trade receivable:*

The Company based on internal assessment which is driven by the historical experience / current facts available in relation to defaults and delays in collection thereof, the credit risk for trade receivable is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due (net of expected credit loss allowance), excluding receivable from group companies and government companies is 157,016,820 (31 March 2018 : 160,546,394).

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2019	31 March 2018
Balance at the beginning of the year	390,759	439,130
Add : Provided during the year (net of reversal)	(86,570)	(48,371)
<b>Balance at the end of the year</b>	<b>304,189</b>	<b>390,759</b>

### *Expected credit loss on financial assets other than trade receivable:*

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from whom these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on such financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

## ii. Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's finance department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by finance. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

### **Exposure to the liquidity risk**

The following are remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 March 2019	Contractual cash flows			
	Carrying amount	Total	Within one year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	111,968,149	111,968,149	111,968,149	-
Other financial liabilities	54,151,629	54,151,629	54,151,629	-

31 March 2018	Contractual cash flows			
	Carrying amount	Total	Within one year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	98,537,708	98,537,708	98,537,708	-
Other financial liabilities	38,761,873	38,761,873	38,761,873	-

## iii. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

### **Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the functional currency of the Company. The currencies which the Company is exposed to risk are EUR, USD, GBP, SEK, CNY and NOK.

## Notes to Financial Statements for the year ended 31 March 2019

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

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contract.

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk are reported to management of the company as follows:

(amount in Rs.)

	As at 31 March 2019					
	USD	EUR	GBP	SEK	NOK	CNY
Cash and cash equivalents	1,384,800	228,729	-	-	-	-
Trade receivables	7,363,644	2,073,471	-	-	-	-
Against open sales orders	12,678,956	10,475,200	-	-	-	-
Trade payables	(25,504,175)	(16,553,936)	(259,349)	(548,509)	-	-
Capital creditors	-	(3,210,111)	(724,399)	(239,420)	(670,474)	-
Against open purchase orders	(41,817,693)	(44,501,090)	(4,762,110)	-	-	(12,249,078)
Net statement of financial position exposure	(45,894,468)	(51,487,737)	(5,745,858)	(787,929)	(670,474)	(12,249,078)

(amount in Rs.)

	As at 31 March 2018			
	USD	EUR	GBP	SEK
Cash and cash equivalents	6,853,989	593,889	-	-
Trade receivables	11,675,302	2,279,883	-	-
Other financial assets	-	-	-	-
Trade payables	(25,857,990)	(8,432,151)	-	(261,164)
Capital creditors	(9,367,748)	(443,244)	(1,127,209)	-
Against open purchase orders	(5,629,264)	(7,041,363)	-	-
Net statement of financial position exposure	(22,325,711)	(13,042,986)	(1,127,209)	(261,164)

### Sensitivity analysis

A reasonable possible strengthening (weakening) of the USD, EUR, GBP and NOK against all other currencies at 31 March would have affected the measurement of financial exposure denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact on forecast sales and purchases.

	Profit or Loss (before tax)	
	Strengthening	Weakening
<b>31 March 2019</b>		
USD (1% movement)	(457,778)	457,778
EUR (1% movement)	(516,739)	516,739
GBP (1% movement)	(57,744)	57,744
SEK (1% movement)	(7,379)	7,379
NOK (1% movement)	(6,666)	6,666
CNY (1% movement)	(118,831)	118,831
<b>31 March 2018</b>		
USD (1% movement)	(168,080)	168,080
EUR (1% movement)	(59,795)	59,795
GBP (1% movement)	(11,299)	11,299
SEK (1% movement)	(2,676)	2,676

#### iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's fixed deposits.

## Notes to Financial Statements for the year ended 31 March 2019

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

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	31 March 2019	31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets - Bank deposits	1,223,541,339	1,307,904,814
	<u>1,223,541,339</u>	<u>1,307,904,814</u>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity on bank deposits has not been disclosed as interest rate on such deposits is equivalent to market rate.

## 35. Capital management

### Dividends

(a) The following dividends were declared and paid by the Company during the year:

Particulars	31 March 2019	31 March 2018
<b>Equity shares</b>		
Final dividend paid during the year ended 31 March 2019 of Rs. 9 per fully paid equity share (31 March 2018 of Rs. 4 per fully paid up equity share)	39,533,031	17,570,236
	<u>39,533,031</u>	<u>17,570,236</u>

(b) Dividend not recognised at the end of the reporting period

	31 March 2019	31 March 2018
<b>Equity shares</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 5 per fully paid equity share (31 March 2018 : Rs. 9). This proposed dividend is subject to the approval of shareholders in the ensuing general meeting and would attract dividend distribution tax when declared or paid.	21,962,795	39,533,031

## 36. Related Party Disclosures

### (A) Related Party Names

#### (a) Related parties where control exists

- |                             |  |
|-----------------------------|--|
| a) Ultimate Holding Company | Voith Paper Holding GmbH & Co. KG, Germany<br>(Holds 100% Equity of VP Auslandsbeteiligungen GmbH) |
| b) Holding Company          | VP Auslandsbeteiligungen GmbH, Germany   |

#### (b) Fellow subsidiaries

Syn Strand Inc., United State of America  
 Voith Paper Fabrics Stubbins Ltd., United Kingdom  
 J.M. Voith SE & Co. KG | DSG  
 (Formerly known as Voith Digital Solutions GmbH, Germany)  
 Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia  
 Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia  
 J M Voith SE & Co. KG | VPEZ  
 (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)  
 Voith Paper Technology (India) Private Limited, India  
 Voith Hydro Private Limited, India  
 Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America  
 Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America



## Notes to Financial Statements for the year ended 31 March 2019

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

J M Voith SE & Co. KG | VPH  
 (Formerly known as Voith Paper GmbH & Co. KG, Germany)  
 Voith Paper Rolls GmbH & Co KG, Austria  
 Voith Paper Fabrics GmbH, Austria  
 Voith Paper Fabrics Högsjö AB, Sweden  
 Voith Paper Fabrics Waycross, LLC  
 PT. Voith Paper Rolls Indonesia  
 Voith Paper (China) Co., Ltd., China  
 Voith Paper Fabrics BV, Netherland  
 Voith Digital Solutions India Private Ltd., India  
 Voith Paper Ltd, Manchester

(c) **Key Management Personnel**

R. Krishna Kumar, Managing Director  
 Kalyan Dasgupta, Financial Controller  
 C. S. Gugliani, Company Secretary

(d) **Others:**

VPFIL Employees' Provident Fund Trust

(B) **Related Party Transactions**

S.No.	Particulars	31 March 2019	31 March 2018
1	<b>Transactions with Holding Company</b>		
	Payment of Dividend (Gross)	29,271,762	13,009,672
		<u>29,271,762</u>	<u>13,009,672</u>
2	<b>Transactions with Fellow Subsidiaries</b>		
i)	<b>Sale of goods</b>		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	12,998,328	4,248,706
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	1,733,567	1,818,489
	Voith Paper (China) Co., Ltd., China	-	4,132,756
	Voith Paper Technology (India) Private Limited, India	27,447,632	12,160,343
	Voith Paper Fabrics Waycross, LLC	-	185,666
		<u>42,179,527</u>	<u>22,545,960</u>
ii)	<b>Sale of services</b>		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	-	3,643,090
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	169,970	771,705
	Voith Paper Rolls GmbH & Co KG, Austria	1,364,727	913,631
	PT. Voith Paper Rolls Indonesia	6,113,836	3,505,920
		<u>7,648,533</u>	<u>8,834,346</u>

## Notes to Financial Statements for the year ended 31 March 2018

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

S.No.	Particulars	31 March 2019	31 March 2018
iii)	<b>Lease rent income</b>		
	Voith Paper Technology (India) Private Limited, India	6,756,275	6,434,546
		<u>6,756,275</u>	<u>6,434,546</u>
iv)	<b>Purchase of materials &amp; stores</b>		
	Voith Paper Fabrics GmbH, Austria	14,694,897	4,105,773
	Syn Strand Inc., United State of America	28,020,895	20,898,965
	Voith Paper (China) Co., Ltd., China	5,846,359	11,963,267
	Voith Paper Fabrics Högsjö AB, Sweden	19,921	626,309
	Voith Paper Fabrics BV, Netherland	227,639	240,609
	Voith Paper Ltd, Manchester	9,959,434	-
	Voith Paper Fabrics Waycross, LLC	428,294	-
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	7,436,681	3,514,632
		<u>66,634,120</u>	<u>41,349,555</u>
v)	<b>Purchase of traded goods</b>		
	Voith Paper (China) Co., Ltd., China	70,275,876	47,518,519
	Voith Paper Fabrics GmbH, Austria	7,369,535	6,170,481
	Voith Paper Fabrics BV, Netherland	254,234	-
	J M Voith SE & Co. KG   VPH (Formerly known as Voith Paper GmbH & Co. KG, Germany)	13,986,624	9,583,226
	Voith Paper Fabrics Högsjö AB, Sweden	40,613,700	22,850,890
	Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	24,327,988	20,043,176
		<u>156,827,957</u>	<u>106,166,292</u>
vi)	<b>Purchase of capital goods &amp; services</b>		
	Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America	14,332,113	11,905,153
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	14,130,900	-
	Voith Paper Ltd, Manchester	30,354,171	-
	Voith Digital Solutions India Private Ltd., India	-	71,400
		<u>58,817,184</u>	<u>11,976,553</u>
vii)	<b>Technical know-how fees/Royalty</b>		
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	44,645,382	39,140,355
		<u>44,645,382</u>	<u>39,140,355</u>
viii)	<b>Communication expenses</b>		
	J.M. Voith SE & Co. KG   DSG (Formerly known as Voith Digital Solutions GmbH, Germany)	4,503,451	3,751,595
	Voith Digital Solutions India Private Ltd., India	153,811	137,976
		<u>4,657,262</u>	<u>3,889,571</u>

## Notes to Financial Statements for the year ended 31 March 2019

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

S.No.	Particulars	31 March 2019	31 March 2018
ix)	<b>Reimbursement of expenses from related parties</b>		
	Voith Paper Technology (India) Private Limited, India	1,327,859	1,888,014
	Voith Paper Fabrics Waycross, LLC	-	59,743
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	507,905	164,615
	Voith Paper Fabrics Högsjö AB, Sweden	-	13,241
	Voith Paper (China) Co., Ltd., China	-	372,220
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	27,653	86,880
	PT. Voith Paper Rolls Indonesia	-	9,283
		<u>1,863,417</u>	<u>2,593,996</u>
x)	<b>Reimbursement of expenses to related parties</b>		
	Voith Paper Technology (India) Private Limited, India	2,544,540	807,008
	Voith Paper Fabrics Högsjö AB, Sweden	16,259	-
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	317,391	-
		<u>2,878,190</u>	<u>807,008</u>
3	<b>Transactions with Key Management Personnel</b>		
i)	<b>Remuneration paid</b>		
	R. Krishna Kumar	16,125,952	15,507,600
	Kalyan Dasgupta	4,670,710	4,087,358
	C.S. Gugliani	2,020,994	1,884,241
		<u>22,817,656</u>	<u>21,479,199</u>
ii)	<b>Reimbursement of expenses to related parties</b>		
	R. Krishna Kumar	249,888	256,214
		<u>249,888</u>	<u>256,214</u>
4	<b>Transactions with Others</b>		
i)	<b>Contribution by the Company</b>		
	VPFIL Employees' Provident Fund Trust	2,610,198	2,320,969
		<u>2,610,198</u>	<u>2,320,969</u>

### (C) Related Parties' Year End Balances

	31 March 2019	31 March 2018
1	<b>Amount Outstanding - Fellow Subsidiaries</b>	
i)	<b>Trade Receivable</b>	
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	1,432,718
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	272,794
	Voith Paper (China) Co., Ltd., China	-
	Voith Paper Fabrics Waycross, LLC	-
	Voith Paper Technology (India) Private Limited, India	1,105,128
	Voith Paper Rolls GmbH & Co KG, Austria	551,423
	Voith Paper Fabrics Högsjö AB, Sweden	-
	PT. Voith Paper Rolls Indonesia	1,249,255
		<u>4,611,318</u>
		<u>10,429,479</u>

## Notes to Financial Statements for the year ended 31 March 2019

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

	31 March 2019	31 March 2018
ii) <b>Trade Payable (including capital creditors)</b>		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	2,247,300	4,901,542
Voith Paper (China) Co., Ltd., China	3,776,135	5,050,100
J.M. Voith SE & Co. KG   DSG (Formerly known as Voith Digital Solutions GmbH, Germany)	335,768	301,326
Voith Paper Technology (India) Private Limited, India	487,733	361,057
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	302,874	-
Voith Paper Fabrics GmbH, Austria	10,772,809	4,318,359
J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	21,207,321	18,089,339
Voith Paper Fabrics Högsjö AB, Sweden	381,574	626,309
Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America	-	3,551,765
Syn Strand Inc., United State of America	10,629,049	9,016,580
Voith Digital Solutions India Private Ltd., India	54,573	10,757
Voith Paper Ltd, Manchester	3,713,155	-
Voith Paper Fabrics Waycross, LLC	431,973	-
Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	5,342,727	3,514,632
	<u>59,682,991</u>	<u>49,741,766</u>
iii) <b>Other liabilities (Security Deposit)</b>		
Voith Paper Technology (India) Private Limited, India	1,500,000	1,500,000
Less: unwinding of discount on security deposit	(100,914)	(187,906)
	<u>1,399,086</u>	<u>1,312,094</u>
<b>2 Amount Outstanding - Key Management Personnel</b>		
i) <b>Remuneration payable</b>		
R. Krishna Kumar	3,664,007	215,724
Kalyan Dasgupta	132,793	143,128
C.S. Gugliani	92,941	113,288
	<u>3,889,741</u>	<u>472,140</u>
ii) <b>Reimbursement of expenses</b>		
R. Krishna Kumar	104,157	240,325
	<u>104,157</u>	<u>240,325</u>
<b>3 Amount Outstanding - Others</b>		
i) <b>Contribution payable</b>		
VPFIL Employees' Provident Fund Trust	670,286	607,002
	<u>670,286</u>	<u>607,002</u>

### 37. Contingent liabilities to the extent not provided for:

#### A Guarantees

Outstanding guarantees furnished by Banks on behalf of the Company is Rs. 8,560,516 (31 March 2018: 5,483,075)

#### B Claims against Company, disputed by the Company not acknowledged as debt:

	31 March 2019	31 March 2018
Income Tax	2,637,144	10,966,764
	<u>2,637,144</u>	<u>10,966,764</u>

## Notes to Financial Statements for the year ended 31 March 2019

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

- (a) Rs. 2,637,144 (31 March 2018 : Rs. 2,637,144) is 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 etc. (previous year shifting expenses, repair building and technical know-how fees).

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.

During the year, the Company has received favourable order from Income tax Appellate Tribunal. However, the department is expected to initiate further proceedings against the order of Income tax Appellate Tribunal with the higher appellate authority. Hence, the amount continues to be disclosed in the above table.

In this case, the management is confident of a favorable outcome from higher appellate authority.

- (b) Rs. Nil (31 March 2018 : 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.

During the previous year, the Company has received favourable order from Income tax Appellate Tribunal. Further, time period for initiating any further proceedings by the department against the Appellate Tribunal order with the higher authority has already been lapsed. Accordingly, there is a remote possibility of an outflow of resources embodying economic benefits.

- (c) Rs. Nil (31 March 2018 : 6,614,020) 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.

During the previous year, the Company has received favourable order from Income tax Appellate Tribunal. Further, time period for initiating any further proceedings by the department against the Appellate Tribunal order with the higher authority has already been lapsed. Accordingly, there is a remote possibility of an outflow of resources embodying economic benefits.

### C Other contingent liabilities

#### 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. 8 employees out of the above filed an appeal for the execution of the labour court award order decided earlier. The Company brought the High Court (Punjab & Haryana) stay order in notice of the Civil Court, Faridabad but the application against implementation of Labour Court Award has been dismissed for stay on the ground that the stay order by the High Court pertains to criminal prosecution and not the civil execution of the Award. 8 contract labours have been directed by the Civil Court, Faridabad to file fresh applications as per the prescribed format after objections raised by Company's legal counsel which have been complied with by the labours. The Company's legal counsel has again filed objections against the revised applications submitted by 8 labours and now the same is pending for arguments. Further, the Company's civil writ petition is pending before the High Court for arguments and currently awaiting for hearing. Based on the opinion from legal consultant, the Company is of the view that the likelihood of potential favorable judgement in the Company's favour is probable. Further, the financial implications can't be quantified in this case and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Further, the Company has certain other labour cases for which the liability is not ascertainable.

## Notes to Financial Statements for the year ended 31 March 2019

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

### Provident Fund

In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

### 38. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 38,631,988 (31 March 2018 : 95,498,072)

### 39. Corporate Social Responsibility (CSR) Expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	5,217,935	5,653,245
<b>Details of CSR spent during the financial year</b>		
a) Construction / acquisition of any asset	-	-
b) On purposes other than (a) above	5,218,000	5,654,000

### 40. Hedging and derivative instruments:

i) The Company uses foreign exchange forward contracts to selectively hedge its exposure. These derivative instruments are not used for speculative or trading purposes.

#### a) Forward contract outstanding

Purpose	Currency hedged	As at 31 March 2019	
		(in original currency)	(in Rupees)
Trade payable	EUR	202,538	15,741,051
Trade payable	USD	263,489	18,227,062
Trade receivable	USD	84,692	5,858,655
Against open sales orders	EUR	134,783	10,475,200
Against open sales orders	USD	183,286	12,678,956
Against open purchase orders	EUR	267,378	20,780,351
Against open purchase orders	USD	123,277	8,527,785
Against open purchase orders	GBP	52,191	4,725,890
Against open purchase orders	CNY	1,093,985	11,276,797

Purpose	Currency hedged	As at 31 March 2018	
		(in original currency)	(in Rupees)
Trade payable	EUR	84,857	6,813,669
Trade payable	USD	316,937	20,654,785
Trade receivable	USD	74,280	4,840,828
Creditor for capital goods	USD	115,585	7,532,699
Against open purchase orders	EUR	86,638	7,041,363
Against open purchase orders	USD	86,166	5,629,264

## Notes to Financial Statements for the year ended 31 March 2019

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

### b) Foreign currency exposure not hedged by forward contracts

Purpose	Currency	As at 31 March 2019	
		(in original currency)	(in Rupees)
Trade payable	EUR	10,460	812,941
Trade payable	USD	105,197	7,277,087
Trade payable	GBP	2,864	259,335
Trade payable	SEK	73,385	548,509
Creditor for capital goods	EUR	41,304	3,210,106
Creditor for capital goods	GBP	8,000	724,399
Creditor for capital goods	NOK	83,327	670,474
Creditor for capital goods	SEK	32,032	239,420
Open purchase orders	EUR	337,135	26,201,795
Open purchase orders	USD	449,313	31,081,586
Open purchase orders	GBP	400	36,220
Open purchase orders	CNY	94,323	972,281
Trade receivable	EUR	26,679	2,073,465
Trade receivable	USD	21,756	1,504,989
Cash & cash equivalents	EUR	2,943	228,727
Cash & cash equivalents	USD	20,019	1,384,830

Purpose	Currency	As at 31 March 2018	
		(in original currency)	(in Rupees)
Trade payable	EUR	20,156	1,618,482
Trade payable	USD	79,841	5,203,205
Trade payable	SEK	33,450	261,164
Creditor for capital goods	EUR	5,520	443,244
Creditor for capital goods	GBP	12,282	1,127,209
Creditor for capital goods	USD	28,158	1,835,050
Trade receivable	EUR	28,393	2,279,883
Trade receivable	USD	104,871	6,834,474
Cash & cash equivalents	EUR	7,396	593,889
Cash & cash equivalents	USD	105,171	6,853,989

- ii) Mark to market loss/ (gain) amounting to Rs. 1,671,847 (31 March 2018: (263,719)) in respect of forward contracts have been credited/charged to the Statement of Profit and Loss. The mark to market losses on forward contract outstanding liability as at 31 March 2019 is Rs. 1,726,866 (31 March 2018: 55,019).

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on financial statements, particularly on the amount of tax expense and that of provision for taxation.



## Notes to Financial Statements for the year ended 31 March 2019

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

### 42. Earning per Share

	31 March 2019	31 March 2018
Profit for basic and diluted earnings per share of Rs. 10 each	230,945,728	181,152,431
<b>Weighted average number of equity shares used in computing earnings per share :</b>		
For basic earnings per share	4,392,559	4,392,559
For diluted earnings per share	4,392,559	4,392,559
<b>Earnings per share (Face value of Rs. 10 each)</b>		
Basic	52.58	41.24
Diluted	52.58	41.24

### 43. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

#### (A) Ind AS 116, Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from April 01, 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

The Company has evaluated the effect of this on the financial statements and the impact of Ind AS 116 on the Company is not material.

#### (B) Amendment to Ind AS 12 – Income taxes :

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

## Notes to Financial Statements for the year ended 31 March 2019

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

### (C) Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

### (D) Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

## 44 Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

**For B S R & Co. LLP**

ICAI Firm Registration Number: 101248W/W-100022

*Chartered Accountants*

**Vikram Advani**

*Partner*

Membership No. 091765

**For and on behalf of the Board of Directors of**

**Voith Paper Fabrics India Limited**

Biren De

*Director*

DIN : 00011607

R. Nath

*Director*

DIN : 00062186

S.K.Nagpal

*Director*

DIN : 01171148

Shahana Basu

*Director*

DIN : 07137715

R. Krishna Kumar

*Managing Director*

DIN : 05344619

Kalyan Dasgupta

*Finance Controller*

CMA No. : 25152

C.S. Gugliani

*Company Secretary*

FCS No. : 4301

Place : New Delhi

Date : 16 May 2019

Place : New Delhi

Date : 16 May 2019

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](mailto: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 (to be transacted at the 49th Annual General Meeting of the Company) enumerated below, for the proposed Resolutions, by recording my assent or dissent to the respective resolution in the following manner:

Item No.	Brief description of business items	No. of shares held	I assent (agree) to the Resolution	I dissent (disagree) from the Resolution
<b>Ordinary Business (Ordinary Resolutions)</b>				
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2019, 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.			
<b>Special Business (Special Resolutions)</b>				
4.	To consider the reappointment of Mr. R. Krishna Kumar as the Managing Director of the Company for a period of 5 (five) years, effective from 1st August, 2019.			
5.	To consider the reappointment of Mr. Biren De as an Independent Director of the Company for a further period of 5 (five) years, effective from 1st March, 2020.			
6.	To consider the continuation of Mr. Ravinder Nath as an Independent Director of the Company until 29th February, 2020; and his reappointment for a further period of 5 (five) years, effective from 1st March, 2020.			
7.	To consider the reappointment of Mr. Surinder Kumar Nagpal as an Independent Director of the Company for a further period of 5 (five) years, effective from 1st March, 2020.			
<b>Special Business (Ordinary Resolution)</b>				
8.	To consider the payment of Royalty to a related party @ 5% net of taxes, on the net ex-factory sale price of the products.			

Place: \_\_\_\_\_

Date : \_\_\_\_\_

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

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





**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](http://www.voithpaperfabricsindia.com)

email: [voithfabrics.faridabad@voith.com](mailto:voithfabrics.faridabad@voith.com)

**VOITH**  
Inspiring Technology  
for Generations

## NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on **Wednesday, 28<sup>th</sup> August, 2019 at 3:30 p.m.**, at Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad - 121001, Haryana, to transact the following businesses:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2019, 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.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. R. Krishna Kumar (DIN: 05344619) as Managing Director of the Company, for a further period of 5 (five) years with effect from 1<sup>st</sup> August, 2019 till 31<sup>st</sup> July, 2024 and he be paid remuneration as set out in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to alter and vary the terms and conditions of appointment of Mr. R. Krishna Kumar, on the recommendation of Nomination and Remuneration Committee, as it may, in its discretion deem fit in accordance with the relevant provisions of the Companies Act, 2013 and Schedule V attached thereto or any statutory amendment(s) thereof.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year during the aforesaid period, Mr. R. Krishna Kumar shall be entitled to minimum remuneration as set out in the explanatory statement."

5. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Biren De (DIN: 00011607) as an Independent Director of the Company, for a further period of 5 (five) years with effect from 1st March, 2020 to 28th February, 2025, whose term of office shall not be subject to retirement by rotation."

6. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Ravinder Nath (DIN: 00062186) as an Independent Director of the Company for his remaining term valid up to 29th February, 2020 and for his re-appointment as an Independent Director of the Company, for a further period of 5 (five) years with effect from 1st March, 2020 to 28th February, 2025, whose term of office shall not be subject to retirement by rotation."

7. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Surinder Kumar Nagpal (DIN: 01171148) as an Independent Director of the Company, for a further period of 5 (five) years with effect from 1st March, 2020 to 28th February, 2025, whose term of office shall not be subject to retirement by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Regulation 23(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") (including any amendment(s) or modification(s) or deferment(s) or re-enactment thereof), and other applicable provisions, if any, of the Companies Act, 2013, the consent of the shareholders of the Company be and is hereby accorded for continuation of the payment of royalty / technical know-how fees at a rate of 5% (five percent) net of taxes, on the net ex-factory sale price of the Products, to Voith Paper Fabric and Roll Systems GmbH & Co. KG - presently known as "J.M. Voith SE & Co. KG" (VOITH), towards consideration for receiving technical know-how from VOITH, in accordance with the prevailing terms & conditions mentioned in the existing Technical Know-how Agreement entered by the Company with VOITH, subject to the laws, rules and the regulations as may be applicable from time to time.



**RESOLVED FURTHER THAT** this approval shall become effective from 1<sup>st</sup> July, 2019 or such other date notified for the purpose of implementation of Regulation 23(1A) of the Listing Regulations.

**RESOLVED FURTHER THAT** in case the aforesaid provisions relating to Regulation 23(1A) of the Listing Regulations stands modified/ withdrawn/rescinded, the Board of Directors of the Company shall have the authority to decide and pay royalty to VOITH at such rate as they may deem fit and appropriate in the best interest of the Company, as may be permissible under the provisions of prevailing laws or Listing Regulations, from time-to-time."

**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](http://www.voithpaperfabricsindia.com), E-mail: [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)

Place: New Delhi

Date: 16<sup>th</sup> May, 2019

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 pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts concerning relevant items of 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 reappointed at the Forty Ninth 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
Mr. Biren De	1380	NIL	NIL	1380
Mr. Ravinder Nath	NIL	NIL	NIL	NIL
Mr. S.K. Nagpal	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, 17<sup>th</sup> August, 2019 to Wednesday, 28<sup>th</sup> August, 2019 (both days inclusive) in terms of the provisions 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 Wednesday, 28<sup>th</sup> August, 2019. 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, 16<sup>th</sup> August, 2019 as per details furnished by the depositories for this purpose.
8. In accordance with a circular issued by SEBI, the NECS facility should mandatorily be used by a company for distribution of dividend to its members. Accordingly, the Company has sent required forms and other details to the members on several occasions in the past. Members who have still not begun to avail the benefits of NECS facility are once again requested to complete the formalities for the same at the earliest, to receive direct credit of dividend in their designated bank account.
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 Agents Limited, New Delhi.

10. **Members holding shares in electronic / dematerialized mode are requested to notify the change, if any, in their respective address 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. Members may kindly note that the SEBI vide amendment in the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated that the transfer of securities would be carried out in dematerialized form only with effect from 1<sup>st</sup> April, 2019.
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, New Delhi.
13. Pursuant to the applicable provisions of the Companies Act 2013, unpaid/unclaimed dividends up to the financial year 2010-11, stand transferred to the Investor Education & Protection Fund (IEPF) as at the end of year under review. **Besides the dividend so transferred, company has also transferred relevant shares to the demat account of IEPF Authority, in accordance with the applicable provisions of Companies Act, 2013 and Rules made thereunder.** It may be noted that once the unclaimed / unpaid dividend and/or shares are so transferred; the same can only be reclaimed from the IEPF Authority in accordance with the applicable provisions of the Companies Act 2013 and relevant Rules made thereunder, by following the prescribed procedure in this regard. The IEPF Rules and the application Form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs, are available on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in)
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, vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/2018/73 dated 20<sup>th</sup> April, 2018. 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 31<sup>st</sup> March, 2019 along with the notice of the 49<sup>th</sup> 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. Members who have not yet registered their email addresses, physical copy of the Annual Report is being sent to such members by other permissible means.
16. Members may further note that the Notice of 49<sup>th</sup> Annual General Meeting and the Annual Report for the year ended 31<sup>st</sup> March, 2019 will also be available on the company's website [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com) and on the website of CDSL, [www.evotingindia.com](http://www.evotingindia.com) for their download. Even after registering for e-communication, members are entitled to receive the Annual Report in physical mode through 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 AGM.
18. Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall. **Members will have to make their own arrangements for safekeeping of such of their belongings, if they choose to bring such items at the meeting venue.**
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/Aadhar 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 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 as the Authorized Agency to provide E-voting facility. E-voting is optional and members may physically vote at the Annual General Meeting at their discretion.
  - b. The Board of Directors has appointed 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 remote 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 Remote E-voting	Sunday, 25 <sup>th</sup> August, 2019, 9:00 a.m.
End of Remote E-voting	Tuesday, 27 <sup>th</sup> August, 2019, 5:00 p.m.

- d. The cut-off date (record date) for the purpose of E-voting is, 22<sup>nd</sup> August, 2019. 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 remote E-voting and physical voting at the Annual General Meeting along with scrutinizers' report shall be communicated to the Stock Exchange and shall also be placed on the website of the company viz. [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com)

The Instructions for shareholders voting electronically are as under:

- i. The voting period begins on 25/08/2019 at 09:00 a.m. and ends on 27/08/2019 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) of 22<sup>nd</sup> August, 2019, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the E-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iii. Click on Shareholders / Members
- iv. 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.
- v. Next enter the Image Verification as displayed and click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted earlier for any company, then your existing password is to be used.
- vii. 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"> <li>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.</li> <li>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. e.g., if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.</li> </ul>
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"> <li>If both 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 (iv)</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. 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 for 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.
- x. For members holding shares in physical form, the details can be used only for e-voting on resolutions contained in the notice.
- xi. Click on EVSN of Voith Paper Fabrics India Limited.
- xii. 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.
- xiii. Click on "RESOLUTION FILE LINK" if you wish to view the entire resolution details.
- xiv. After selecting the resolution you have to decide to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xvi. You can also take the print of the voting done by you by clicking on "Click here to print" option on the voting page.
- xvii. If demat account holder has forgotten the changed 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.
- xviii. 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 Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. **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](http://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](mailto: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 mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- xx. 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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. 22<sup>nd</sup> August, 2019, may follow the same instructions as mentioned above for e-voting.

The result declared, along with the Scrutinizer's Report shall be placed on Company's website, [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com) and on the website of CDSL e-Voting, [www.evotingindia.com](http://www.evotingindia.com) within two days of passing of the resolutions at the 49<sup>th</sup> 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. 4

Mr. R. Krishna Kumar holds the degree of B.E. and is an alumnus of BITS Pilani, IIM Calcutta and Harvard. He has been associated with the Company since January, 2010 in various capacities. He possesses overall experience of about 23 years.

Pursuant to recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 16<sup>th</sup> May, 2019, have approved the appointment of Mr. R. Krishna Kumar, as Managing Director of the Company for another period of five years effective from 1<sup>st</sup> August, 2019, subject to the approval of members in the General Meeting, in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI, at the following terms and conditions:

The Managing Director shall be paid the following Remuneration:

- **Salary** (including Basic; House Rent Allowance/Company owned or leased accommodation; Provident Fund; Gratuity and Superannuation), perquisites and allowances viz., leave travel allowance; car lease rentals; fuel reimbursements; vehicle maintenance; driving services; additional allowance; special pay; potential pay; children education allowance; management allowance, medical reimbursements for self & family including dependents, etc., not exceeding INR 2 (two) million per month, with authority to the Chairman of the Board / Nomination & Remuneration Committee to determine and regulate the remuneration within the aforesaid limit, from time to time; and
- **Target Bonus / Performance Linked Reward:** based on the performance, and as may be approved and decided by the Chairman of the Board / Nomination & Remuneration Committee, from time-to-time.
- **Other perquisites and/or benefits:** encashment of leave; employee loan; healthcare; personal accident insurance policy; health insurance policy; travel insurance; group term life insurance; club memberships; facility of mobile/telephone or any other communication devices, including telephones installed at his residence; and any other perquisite as per the prevailing policy/rules of the company and/or as may be approved and decided by the Board of Directors / Nomination & Remuneration Committee, from time-to-time.
- **Minimum Remuneration:**

If in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of salary, perquisites, allowances as per ceilings specified under the provisions of Schedule V of the Companies Act, 2013 in this regard, for the time being in force or as may be decided by the Board of Directors.

Further, the following perquisites, which are also allowed to him, shall not be included in the computation of such ceiling limits.

- Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, as amended from time-to-time;
- Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- Encashment of Leave.

The Board of Directors recommends the **Special Resolution** for your approval.

Mr. R. Krishna Kumar, being the appointee may deem to be interested in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no 4.

#### ITEM NO(S). 5, 6 AND 7

Mr. Biren De, Mr. Ravinder Nath and Mr. S.K. Nagpal are serving on the Board of your company as Independent Directors.

Mr. Biren De is an Engineer by profession and has been associated with the company for over thirty years. During his career spanning more than five decades, he has worked for several companies in India & Abroad in various capacities, and he possesses vast experience in design engineering and consulting.

Mr. Ravinder Nath is an Advocate of Supreme Court of India and Partner at one of India's oldest legal firms Rajinder Narain & Co. LLP. He is a Commerce Graduate and has done his LLB – International & Company Laws from King's College, London and PIL from Harvard. He has rich and specialized experience in cross border acquisitions & transactions and is also serving on the Board of several other companies.

Mr. Surinder Kumar Nagpal is a Fellow Member of the Institute of Chartered Accountants of India, having vast corporate experience. He had worked with Asea Brown Boveri Limited (ABB) in various capacities and lastly retired from there in the capacity of Director - Finance, after an illustrious service of about 35 years. Besides being on the Board of ABB in the past, currently he is serving on the Board of few other Indian Companies as well.

As per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of the Company.

The Board of Directors at its meeting held on 7<sup>th</sup> February, 2015 has appointed Mr. Biren De, Mr. Ravinder Nath, and Mr. Surinder Kumar Nagpal, as Independent Directors of the Company, for a period of five years w.e.f. 1<sup>st</sup> March, 2015. The said appointment was approved by the Members of the Company at the 45<sup>th</sup> Annual General Meeting of the Company held on 31<sup>st</sup> May, 2015.

Based on recommendation of Nomination and Remuneration Committee, Mr. Biren De, Mr. Ravinder Nath, and Mr. Surinder Kumar Nagpal, being eligible for re-appointment as Independent Directors and offering themselves for re-appointment, are proposed to be re-appointed as Independent Directors for another term of five consecutive years with effect from 1<sup>st</sup> March, 2020 to 28<sup>th</sup> February, 2025.

Also, Pursuant to the prospective requirements under sub-regulation 1A of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time, including any statutory modifications or re-enactment thereof), inserted vide the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, effective from 1<sup>st</sup> April, 2019, a listed entity shall not appoint a person or continue the directorship of any person as a Non-Executive Director who has attained the age of seventy five years unless a special resolution is passed to that effect.

In view of the above, for continuance of office of Mr. Ravinder Nath, as an Independent Director of the Company for his remaining term valid upto 29<sup>th</sup> February, 2020, it is necessary to obtain shareholders' approval by way of a **special resolution**, as he would be completing 75 years of age in December 2019.

Mr. Biren De, Mr. Ravinder Nath, and Mr. Surinder Kumar Nagpal are not disqualified from being appointed as Director in terms of section 164 of the Companies Act, 2013 as per their declarations and have given their consent to act as Directors.

The Company has also received declarations from all the Independent Directors that they meet the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Hence, Board recommends the Special Resolution(s) as set out in Item No(s). 5, 6 and 7 of the Notice, for approval of shareholders.

Mr. Biren De, Mr. Ravinder Nath, and Mr. Surinder Kumar Nagpal, being appointees, may be deemed to be interested in their respective resolutions. Mr. Biren De, who holds 1380 shares of the company may also be deemed interested in his appointment, as a member of the company to the extent of his shareholding in the company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item no(s). 5, 6 & 7.

Copy of the draft letter of appointment of Independent Directors setting out the terms and conditions of appointment would be available for inspection at the registered office of the company during 11:00 a.m. to 1:00 p.m. on any working day of the company.

#### ITEM NO. 8

The existing Technical Knowhow Agreement (hereinafter referred to as 'the TKA') entered with Voith Paper Fabric and Roll Systems GmbH - presently known as "J.M. Voith SE & Co. KG" ("VOITH"), being a related party of Voith Paper Fabrics India Limited (Company), allows the Company to receive technical assistance, know-how and other related technical guidance; and use of Trade Mark and Logo from VOITH, in relation to several products being manufactured by the Company.

The TKA facilitates the Company to have access to advanced technological capabilities of the Voith Group, which is a leading brand in paper maker felts, other industrial fabrics, paper machine and related products, services & spares, etc., besides having advanced Research & Development facilities. The access to such useful resources will enable the Company to continue to deliver long term sustainable growth.

Regulation 23(1A), introduced in the Listing Regulations, provided that transactions involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of such entity. This provision was originally supposed to come into force on 1<sup>st</sup> April, 2019.

However, in view of the representations received on the subject and with a view to analyzing them, the Securities and Exchange Board of India (SEBI) has deferred the implementation of said Regulation 23(1A) for three months i.e. till 30th June, 2019, vide its press release PR. No. 11/2019 dated 27<sup>th</sup> March, 2019. Hence, the resolution set out at Item No.8, is to comply with the prospective requirement of Regulation 23(1A), likely to come into force from 1<sup>st</sup> July, 2019 or such other date as may be notified by SEBI in future for implementation.

In view of the foregoing, approval of the Members is sought by way of an Ordinary Resolution under Regulation 23(1A) of the Listing Regulations and other applicable provisions, if any, for continued payment of royalty / technical know-how fees to VOITH at the rate of 5% (Five percent), net of taxes, on the net ex-factory sale price of the Products, as per the prevailing terms and conditions under the existing TKA with VOITH, from 1<sup>st</sup> July, 2019 onwards or such later date, as may be notified by SEBI for implementation, notwithstanding that such payments to VOITH during any financial year including any part thereof, is deemed material related party transaction, being in excess of the limits specified under the prevailing Listing Regulations. The royalty / technical know-how fees being paid to VOITH, is in the ordinary course of business as a normal trade practice and a copy of the TKA would be available for inspection by the members, without any fees, at the Registered Office of the Company during 10:00 am to 1:00 pm, on any working day.

The Board of Directors of the Company is of the opinion that such payment of royalty / technical know-how fees to VOITH is quite reasonable and accordingly, the Board of Directors recommend Ordinary Resolution as set out at Item No. 8 of the attached Notice for the approval by the members of the company.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice. However, the holding Company, VP Auslandsbeteiligungen GmbH, being a related party, shall not vote to approve the proposed resolution in accordance with the applicable provisions of the Listing Regulations in this regard.

#### 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](http://www.voithpaperfabricsindia.com), E-mail: [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)

Place: New Delhi

Date: 16<sup>th</sup> May, 2019

By Order of the Board  
For Voith Paper Fabrics India Limited

C. S. Gugliani  
Company Secretary  
FCS No. 4301





**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 holder(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 Ninth Annual General Meeting of the company, to be held on Wednesday, the 28<sup>th</sup> day of August, 2019 at 3:30 p.m. at Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad - 121001, 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:

Brief description of business items (Resolutions)		FOR (Approved)	AGAINST (Rejected)
<b>Ordinary Business (Ordinary Resolutions)</b>			
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31st March, 2019, 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.		
<b>Special Business (Special Resolutions)</b>			
4.	To consider the reappointment of Mr. R. Krishna Kumar as the Managing Director of the Company for a period of 5 (five) years, effective from 1st August, 2019.		
5.	To consider the reappointment of Mr. Biren De as an Independent Director of the Company for a further period of 5 (five) years, effective from 1st March, 2020.		
6.	To consider the continuation of Mr. Ravinder Nath as an Independent Director of the Company until 29th February, 2020; and his reappointment for a further period of 5 (five) years, effective from 1st March, 2020.		
7.	To consider the reappointment of Mr. Surinder Kumar Nagpal as an Independent Director of the Company for a further period of 5 (five) years, effective from 1st March, 2020.		
<b>Special Business (Ordinary Resolution)</b>			
8.	To consider the payment of Royalty to a related party @ 5% net of taxes, on the net ex-factory sale price of the products.		

\*\*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 \_\_\_\_\_, 2019

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



## 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 : .....

.....

.....

.....

I/We hereby record my presence at the 49<sup>th</sup> Annual General Meeting of the Company, held on Wednesday, 28<sup>th</sup> August, 2019, at 3:30 p.m. at Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad - 121001, Haryana.

\_\_\_\_\_  
Signature of the Shareholder/Proxy\*

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

## AGM VENUE MAP

