

45th Annual Report 2015

Voith Paper Fabrics India Limited

Life Cycle Partner of the Paper Industry



BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Managing Director

R. Krishna Kumar

Directors

Biren De

Ravinder Nath

Surinder Kumar Nagpal

Patricia Annette Sargeant

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

S. R. Batliboi & Co. LLP, Chartered Accountants

BANKERS

AXIS Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

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Chairman's Communique



Dear Shareowners,

I am happy to communicate with you once again as we have recently concluded the extended current year (eighteen months) in order to align the annual financial closing of your company as per the requirements of Companies Act, 2013.

According to the International Monetary Fund (IMF), world economy grew 3.4 per cent last year, roughly at its long-term average rate, which disappointed many who expected faster expansion because output is still recovering from the effects of the 2008-09 global financial crisis and faster-growing emerging economies now account for more than half of the world economy. Also, as per a recent observation by the IMF chief, the world's current economic performance is, "just not good enough".

There is a varied picture in the large emerging economies of China and India, which are the world's largest and third-largest economies, measured by purchasing power parity. China's economic prospects are slowing as the government attempts to rebalance activity from public investment towards higher domestic consumption. By contrast, India is enjoying the fruits of cheap oil and energy, which reduces import costs, the trade deficit and government borrowing. India remains a bright spot among the emerging market economies, although the pace of reforms and the durability of growth remain significant elements of concern.

Further, as per a market research report on Pulp and Paper Chemicals, Asia-Pacific ranks as the fastest growing market with a CAGR of 3.8% over the analysis period. Expanding population, steady economic growth, increased urbanization & industrialization, rising infrastructure development, and growing production and consumption of paper represent key growth drivers in the region. This is a good sign for your company, as its progress is directly linked to the progress of paper industry in the region.

Voith Group remains committed to provide adequate resources to its Indian companies to meet the opportunities that may emerge in future. During the eighteen months period under review, some capital expenditure has already been incurred to purchase, as well as to refurbish the existing machines & equipment in your company which is likely to improve the efficiency and quality of products being manufactured in coming years with the support of all concerned. Your company would be grateful to all its stakeholders for their continued support in future also.

I look forward to meet you at the forthcoming annual general meeting of the company.

Martin Gustav Scherrer

Chairman



Managing Director's Communique

Dear Shareowners,

I am excited at the opportunity to communicate with you for the first time since I took up the responsibility as Managing Director of your company in August 2014.

I feel delighted to inform you that for the current year (18 months) ended 31st March, 2015, your company achieved the sales value of Rs.1023 million, as against Rs.592 million for the last year (12 months) ended 30th September, 2013. Profit before tax for the current year was Rs.329 million as compared to Rs.193 million for the last year. Though the numbers are truly incomparable, yet it can be inferred that trend on these parameters continue to be on the right path.

Quality, efficiency & reliability are some of the key attributes a customer associates with the products of Voith Group. Over the years, we have been constantly striving not only to maintain but also to improve the standards of quality, efficiency and reliability in all areas of our operations, to become the preferred business partner of our customers. During the year under review, the company had taken up some process improvements on the shop-floor, such as implementation of 'lean management principles', '5-S' and 'Shop Floor Management' to further strengthen the operational excellence in the company.

Your company considers its human resource as its most valuable asset, as people are the key creators of value for any organization. Your company strives to thrive under the prevailing economic scenario, with a healthy blend of youth and experience in its work-force and is quite confident of taking up any challenge the future may reveal.

The IMF in its recent publication of World Economic Outlook has raised India's growth projections to 7.5% for 2015 and 2016. The upward revision in growth estimates has been due to benefits that are expected to accrue from recent policy reforms, and a consequent pickup in investment, and lower oil prices. According to the latest estimates, India's growth is expected to surpass that of China in 2015. We do hope that the sentiments in Indian Paper Industry will also improve based on this overall economic scenario.

I am sure that the revival of the economy coupled with our operational excellence will result in further all-round success in the years to come.

I am also grateful to all of you for your wholehearted support which propels us to carry on with our job tirelessly. I look forward to meeting you at the forthcoming Annual General Meeting of the Company.

Warm regards,

R. Krishna Kumar
Managing Director

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have pleasure in presenting the Forty Fifth Annual Report together with the Audited Financial Statements of the Company.

THE COMPANIES ACT, 2013

The Ministry of Corporate Affairs (MCA) has partly notified the Companies Act, 2013 in tranches in September 2013 and March 2014 with majority of the sections as well as rules being notified in March 2014.

The Companies Act, 1956 continues to be in force to the extent of corresponding provisions of the Companies Act, 2013 which are yet to be notified. MCA *vide* its Circular No. 08/2014 dated April 4, 2014 has clarified that financial statements and documents annexed thereto, auditor's report and board's report in respect of financial year that have commenced earlier than April 1, 2014 shall be governed by provisions of Companies Act, 1956. Accordingly, your Company's Financial Statements, Auditor's Report and Board's Report and attachments thereto have been prepared in accordance with provision of Companies Act, 1956. With respect to other provisions of the Companies Act, 2013, appropriate references have been made in this report to the extent these provisions have become applicable effective April 1, 2014.

Your Company has been regular in keeping pace with the fast changes introduced by the Companies Act, 2013 and initiated necessary actions accordingly. Some of the important initiatives taken by your Company are as under:

- Re/constitution of the Committees of the Board;
- Designation of KMPs;
- Establishment of Vigil Mechanism;
- Recommendation for the appointment of the Independent Directors, not liable to retire by rotation, who satisfy the criteria enumerated in Companies Act, 2013; and
- Providing E-Voting facility to members.

DISCLOSURE IN BOARD'S REPORT

Information required to be disclosed as per Section(s) 186, 188, 197(12) etc. of the Companies Act, 2013 read with relevant rules framed thereunder is not provided, as the Board's Report has been prepared in accordance with the provisions of Companies Act, 1956.

CHANGE IN FINANCIAL YEAR

To align the financial year of the company with the provisions of Companies Act, 2013, the current financial year of the Company was extended by six months, with the approval of appropriate authorities. Accordingly, the audited financial statements for the current financial year have been prepared for a period of eighteen months beginning on October 1, 2013 and ending on March 31, 2015.

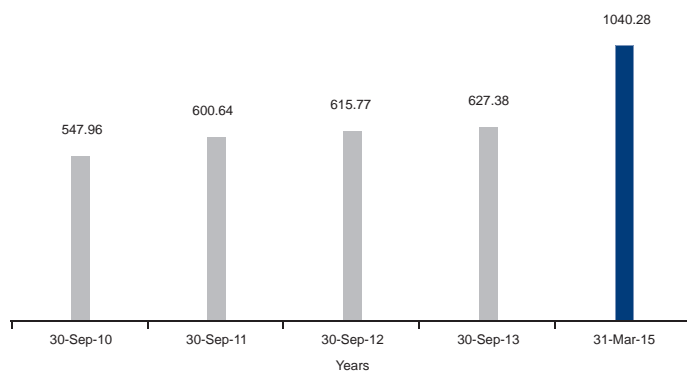
FINANCIAL HIGHLIGHTS

	Rs. (In millions)	
	For the year ended	
	31/03/2015 (18 months)	30/09/2013 (12 months)
Sales (Net of Excise Duty)	1023.21	591.90
Profit before taxation	328.55	193.32
Provisions for taxation	114.80	64.71
Profit after taxation	213.75	128.60
Balance brought forward from the previous year	695.37	595.05
Amount available for Appropriation	909.12	723.65
Appropriations:		
- Dividend	19.77	13.18
- Corporate Dividend Tax	3.95	2.24
- Transferred to General Reserve	21.37	12.86
- Surplus carried to Balance Sheet	864.03	695.37
Total	909.12	723.65

PERFORMANCE OVERVIEW

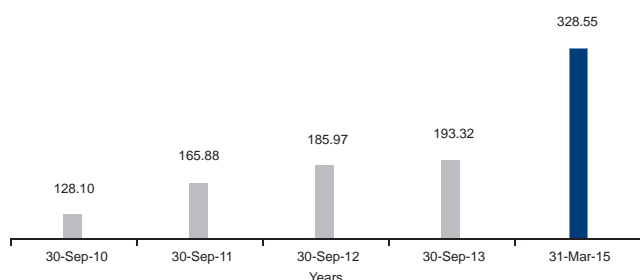
Orders Received

INR in million



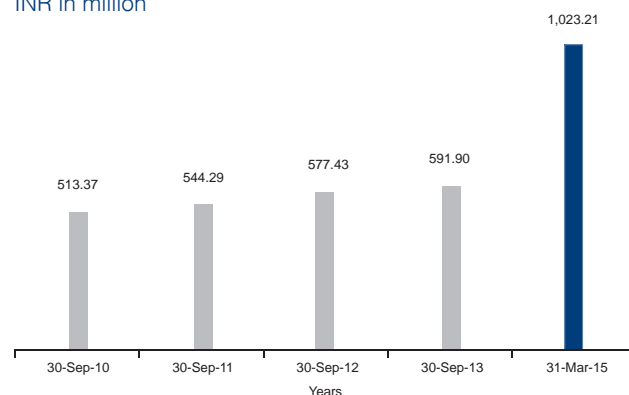
Profit Before Tax

INR in million



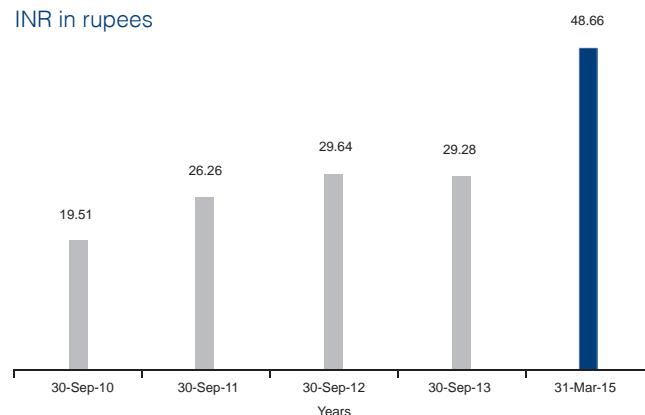
Sales

INR in million



Earnings Per Share

INR in rupees



It is evident from the above graphs; that your company has progressed, during the current period ended 31st March, 2015. It has achieved a net aggregate Sales of Rs.1023.21 million and Profit Before Tax of Rs.328.55 million, for the current 18 months period ended 31/03/2015.

Barring unforeseen circumstances, the directors of your company expect continued growth in turnover and profitability in future also.

DIVIDEND

The company continues to evaluate and manage its dividend policy to build long term shareholder value. Your Directors are pleased to recommend for your approval a dividend of Rs.4.50/- per equity share of Rs.10/- each fully paid-up for the period ended 31st March, 2015. The dividend, if approved will be paid to the eligible members within the stipulated time.

This will absorb Rs.19.77 millions. In addition, Rs. 3.95 millions shall be payable as corporate dividend tax.

DIRECTORS

During the period under review, Directors, Mr. Chandra Sekhar Panigrahi and Mr. Markus Johann Mader resigned from the Board with effect from 23rd July, 2014 and 6th August, 2014, respectively. The Board places on record their appreciation and gratitude for their guidance and contribution during their association with the Company.

On the recommendation of Nomination and Remuneration Committee, at the Board Meeting held on 23rd July, 2014, Mr. R. Krishna Kumar was appointed as an Additional Director with immediate effect and as the Managing Director of the Company, effective from 1st August, 2014 for an initial term of 5 years.

As Additional Director, Mr. R. Krishna Kumar holds office up to the date of forthcoming Annual General Meeting and is eligible for appointment as a Director & Managing Director.

The Board has also appointed Ms. Patricia Annette Sargeant as an Additional Director, at its meeting held on 5th November, 2014. She too holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as a Director.

Further, in terms of section 149 read with section 152 of the Companies Act 2013, an independent director is now not required to retire by rotation, and may be appointed on the Board of the Company for maximum two terms of up to five years each. Accordingly, it is proposed to

appoint the existing independent, non-executive directors namely, Mr. Biren De, Mr. Ravinder Nath and Mr. Surinder Kumar Nagpal, for an initial term of five years, effective from 1st March, 2015. All these Independent directors have confirmed their independence in terms of the requirements of Companies Act, 2013.

The company has received separate notice(s) together with the requisite amount, as per the provisions of section 160 of the Companies Act, 2013, for the appointment of aforesaid directors on the Board of the Company.

In Compliance with requirements of Clause 49 VIII (E) of Listing Agreement, brief resume, expertise and details of other directorships, membership in committees of other companies and shareholding in the Company of persons proposed to be appointed as Directors are as under:

Name of the Director	Mr. Biren De	Mr. Ravinder Nath	Mr. Surinder Kumar Nagpal	Mr. R. Krishna Kumar	Ms. Patricia Annette Sargeant
DIN	00011607	00062186	01171148	05344619	06977204
Age in years	81	70	78	39	43
Date of Appointment	10 th September 1986	24 th October 1998	27 th January, 2010	23 rd July 2014	5 th November 2014
Expertise in Special Functional Areas	Engineering	Legal	Finance	Engineering and Administration	Technical and Marketing
Qualification	B.Sc (Hons.) Mechanical Engineering, ARCT	B.Com (Hons.) LLB, International Law, London	B.Com (H) ; FCA	B.E.	B.A.Sc., Business Management
Directorships held in other companies in India, as on 31/03/2015	None	<ol style="list-style-type: none"> 1. Somany Ceramics Limited 2. Kanoria Chemicals & Industries Limited 3. Hero MotoCorp Limited 4. Kadimi Construction Private Limited 5. Agora Developers Private Limited 6. Citron Holdings Private Limited 7. Knowcross Solutions Private Limited 8. Geeztek Solutions Private Limited 9. LEGO India Private Limited 10. Sean John India Private Limited 	<ol style="list-style-type: none"> 1. Oracle Credit Limited 2. Shivkamal Impex Limited 	<ol style="list-style-type: none"> 1. Voith Paper Technology (India) Private Limited 	None
Membership of Committees of other companies, in which he is a Director, as on 31/03/2015	None	<ol style="list-style-type: none"> 1. Kanoria Chemicals & Industries Limited 2. Hero MotoCorp Limited 3. Somany Ceramics Limited 	<ol style="list-style-type: none"> 1. Oracle Credit Limited 2. Shivkamal Impex Limited 	<ol style="list-style-type: none"> 1. Voith Paper Technology (India) Private Limited 	None
No. of Shares held in the Company (Including those held by relatives)	1370	NIL	NIL	NIL	NIL

None of the Directors of the Company has any inter-se personal relationship.

AUDITORS REPORT

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

AUDITORS

- A. Statutory Auditors** – M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. 301003E) holds office until the conclusion of ensuing Annual General Meeting (AGM) and have expressed their unwillingness to be reappointed as the Statutory Auditors of the Company.

Further, your Company has received a written consent and a certificate from M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) to the effect that their appointment, if made, would satisfy the criteria provided in sections 139 and 141 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014.

Hence, the Audit Committee and the Board hereby recommends the appointment of M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) as Statutory Auditors of the Company for a period of five years i.e., from the conclusion of the 45th Annual General Meeting up to the conclusion of 50th Annual General Meeting subject to ratification by Members every year.

- B. Cost Auditors** – During the year under review, M/s Balaji & Associates, Cost Accountants, (Firm Registration No. 0112) were appointed as the Cost Auditors of the Company, in accordance with the requirements of The Companies (Cost Accounting Records) Rules, 2011. The Cost Audit Report for the 18 months period ended 31st March, 2015, shall be submitted within the time stipulated in the aforesaid rules.

Further, as per the MCA Notification dated 31/12/2014 your company is no longer required to maintain cost records and/or to carry out Cost Audit exercise in future.

- C. Internal Auditors** – During the year under review, M/s Lodha & Co., Chartered Accountants, New Delhi carried out the internal audit exercise and submitted their report.

- D. Secretarial Auditors** – The Company did not appoint any Secretarial Auditor for the period under review. The Company proposes to get the Secretarial Audit done in the current year and shall make the necessary disclosures in the next Annual Report.

CORPORATE GOVERNANCE:

Your Company has ensured continued compliance of Corporate Governance requirements during the period under review. Your Company lays strong emphasis on transparency, disclosure and independent supervision to increase various stakeholders' value.

As required by Clause 49 of the Listing Agreement with the BSE Limited (BSE), the reports on Management Discussion and Analysis, Corporate Governance as well as the Certificate regarding compliance of conditions of corporate governance, are annexed and form an integral part of this report.

Further, the company regularly submits the quarterly corporate governance compliance report to the BSE and also uploads the same on its website.

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

Information required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure - I, forming an integral part of this report.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

Details of the employee whose particulars are required to be disclosed under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are attached in Annexure – II; and form an integral part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by the Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- 1) In the 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 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; and
- 4) The Directors have prepared the annual accounts on a 'going concern' basis.

APPRECIATION

Your Directors wish to place on record their appreciation to all the stakeholders for their unstinted support and significant contributions towards the growth of the company. The Board of Directors expects to receive the similar support and contribution from everyone in future also.

For and on behalf of the Board of Directors.

Date: 27th April, 2015
Place: New Delhi

Biren De
Ravinder Nath
Surinder Kumar Nagpal
(Directors)

R. Krishna Kumar
(Managing Director)

ANNEXURE I

Information required in pursuance of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

Your Company carries out its operations in an environmental friendly manner and is on the look-out for different ways & means to reduce the consumption of energy in its operations. Fuel & electricity consumption in different stages of production processes were monitored regularly and suitable corrective actions were taken wherever possible. Some of the energy conservation measures taken during year and consequent advantages are given below:

- 1) Sodium vapor lamps replaced by LED high bay lights in more areas. LED requires less maintenance and life is approximately 10 Years.
- 2) Conventional Tube Lights were also replaced by LED lights in shop-floor as well as administrative block.
- 3) Started purchasing of power through IEX for energy cost saving.

The required details regarding total energy consumed per unit of production is given hereunder in Form A.

A. CONSERVATION OF ENERGY

FORM A

PART A- Power and Fuel Consumption

Sr. No.	Particulars	Year ended 31/03/2015 (18 months)	Year ended 30/09/2013 (12 months)
1.	Electricity		
(a)	Purchased units (millions)	4.34	2.60
	Total amount (Rs. in millions)	34.62	17.08
	Rate/unit (Rs.)	7.98	6.57
(b)	Own Generation		
(i)	Through diesel generating units (millions)	0.07	0.30
	Unit per litre of diesel oil	2.91	3.27
	Cost/unit (Rs.)	20.52	14.76
(ii)	Through steam turbine / generator	Nil	Nil
2.	Coal	Nil	Nil
3.	Purchased Fuel Consumed		
(i)	Furnace Oil		
	Quantity (K. Lts.)	-	0.66
	Total amount (Rs. in millions)	-	0.04
	Average rate (Rs. per litre)		54.74
(ii)	Pipe Natural Gas		
	Quantity (1000 cubic meters)	487.55	271.00
	Total amount (Rs. in millions)	21.31	10.42
	Average rate (Rs. per cubic meter)	43.71	38.44

PART B - CONSUMPTION PER UNIT OF PRODUCTION

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	8.57	10.15
Furnace oil (liters)	Nil	Nil
Pipe Natural Gas (cubic meter)	0.95	0.95

B. TECHNOLOGY ABSORPTION**FORM B****Research and Development**

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

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

	(Rs. In millions)
	18 months ended 31st March, 2015
(a) Capital	2.60
(b) Recurring	26.69
(c) Total (a + b)	29.29
(d) Total R & D expenditure as a percentage of total turnover	2.86%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports (excluding Nepal) during the year (18 months period) were Rs. 66.54 millions. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

	(Rs. In millions)
	18 months ended 31st March, 2015
• Foreign exchange earnings	84.40
• Foreign exchange outgo	335.55

ANNEXURE – II

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975; forming part of the report of the Board of Directors of the Company for the year ended 31st March, 2015:

Name of Employee	Age (in Years) as on 31/03/2015	Designation; Nature of duties; date of commencement of employment and experience in years	Annual Remuneration (INR in Lacs)	Qualifications	Last employment held
R. Krishna Kumar	39	Managing Director, having total experience of about 19 years. He is responsible for day to day overall management & affairs of the company and has worked in various capacities since 01/01/2010, lastly in the capacity of President.	<u>As President</u> Gross: 85.14 Net: 55.30 <u>As Managing Director</u> Gross: 81.64 Net: 56.54	B.E.	Vice President – Voith Paper Technology (India) Private Limited /Assistant General Manager – Larsen & Toubro Limited.

REPORT ON CORPORATE GOVERNANCE

A. Mandatory Disclosures

1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE

Corporate Governance is an integral element of Company's value system, management ethos, and business practices. Good Corporate Governance is a continuing exercise and the Company is committed to ensure the same by focusing on the principle laid down by Voith long ago, i.e.,

"In the business world one must be ethical, decent and honest. If a contracting party or competitor behaves unfairly, this does not give us a right to deviate from this principle."

We are confident that by upholding and preserving these values we can look forward to generate goodwill amongst all the stakeholders including business partners, customers, employees and investors, earn respect from society and bring about a consistent & sustainable growth for the company and its stakeholders.

The Company is in compliance with the requirements of Corporate Governance norms and disclosures as mentioned under the Listing agreement with the BSE Limited (BSE).

2. BOARD OF DIRECTORS

➤ Board's Composition

During the year under review, the Board of Directors of the company comprised of six Directors including a Non-executive Chairman, a Managing Director, a Woman Director and three Non-executive Independent Directors. The Chairman of the Board is a nominee of the holding company. The Composition of Board is in conformity with the provisions of Companies Act, 2013 and Listing Agreement.

All statutory and material information is made available to the Board of Directors to ensure adequate disclosures and transparent decision making process.

➤ Details of Board Meetings, Other Directorships and Attendance of Directors

During the 18 months period under review (from 1st October 2013 to 31st March 2015), the Board met on seven occasions as follows:

- On 30th October, 10th December in the year 2013;
- On 12th February, 28th April, 23rd July and on 5th November, in the year 2014; and
- On 7th February in the year 2015.

Further, as per the requirement of Listing Agreement and provisions of Companies Act, 2013, an exclusive meeting of Independent Directors was also held without the presence of Non-independent directors & members of management, on 07/02/2015, at which all Independent Directors were present.

The names and categories of the Directors on the Board, their attendance at the Board and Annual General Meeting and the number of Directorships and Committee positions held by them in other companies, during the 18 months period ended on 31/03/2015, are as follows:

Name of Director	Category	Board Meetings attended during the year	Attendance at last AGM held on 10/12/2013	No. of Directorships held as on 31/03/2015, in other Indian Companies, (including Private Limited Companies)		No. of Committee Memberships, in other Companies as on 31/03/2015	
				As Chairman	As Director	As Chairman	As Member
Mr. Martin Gustav Scherrer (Chairman of the Board)	Non-executive Director (Nominee of the holding company)	2	Present	-	1	1	-
Mr. Biren De	Non-executive and Independent Director	7	Present	-	-	-	-
Mr. Ravinder Nath	Non-executive and Independent Director	7	Present	-	10	-	5
Mr. Surinder Kumar Nagpal	Non-executive and Independent Director	7	Present	-	2	1	4
Mr. Chandra Sekhar Panigrahi*	Non-executive and Non-independent Director	5	Present	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. Markus Johann Mader*	Non-executive and Non-independent Director	None	Not Present	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Ms. Patricia Annette Sargeant^	Non-executive and Non-independent Director	None	Not Applicable	-	-	-	-
Mr. R. Krishna Kumar^	Managing Director	3	Not Applicable	-	1	-	1

*Mr. Chandra Sekhar Panigrahi and Mr. Markus Johann Mader resigned and ceased to be Directors of the company effective from 23rd July, 2014 and 6th August, 2014 respectively.

^Mr. R. Krishna Kumar and Ms. Patricia Annette Sargeant were appointed as Directors of the Company by Board of Directors at its meeting held on 23rd July, 2014 and 5th November, 2014 respectively.

Details of shares of the Company held by the Directors and their relatives as on 31/03/2015:

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

- During the period under review, the statutory registers which are required to be kept under the provisions of Companies Act, are properly maintained and updated regularly.

3. 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 – The composition of the Audit Committee was modified during the year, by nominating Mr. Surinder Kumar Nagpal as its Chairman, in place of Mr. Biren De.

The Audit Committee of the Board of Directors is presently comprised of three Non-executive & Independent Directors.

Meetings and Attendance – Six meetings of the Audit Committee of the Board of Directors took place during the period under review.

As at 31/03/2015, the composition of the Committee and the attendance details of Committee Members at the meetings held during the period under review is as follows:

Name & Designation of the Director in the Committee	Category	No. of meetings attended
Mr. Surinder Kumar Nagpal, Chairman	Non-executive & Independent Director	6
Mr. Biren De, Member	Non-executive & Independent Director	6
Mr. Ravinder Nath, Member	Non-executive & Independent Director	6

Mr. Biren De attended the last Annual General Meeting of the Company as the Chairman of 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 requirements of Listing Agreement. The policy is available on the website of the Company.

B. Stakeholders Relationship Committee

In accordance with the provisions of Section 178 of Companies Act, 2013 and Clause 49 of Listing Agreement, the erstwhile Investor Grievance Committee has been reconstituted as Stakeholders Relationship Committee (SRC) by the Board of Directors at its meeting held on 28th April, 2014.

Terms of reference – The salient functions of the SRC include, overseeing the allotment/approvals & rejection of transfer/transmission of shares; issue of duplicate share certificates; review and redressal of the investors' complaints; and compliance with listing requirements for securities of the Company, including dematerialization and/or rematerialization of securities.

Composition – The composition of the SRC was modified during the year, by nominating Mr. R. Krishna Kumar as new member in place of Mr. Chandra Sekhar Panigrahi. Mr. Ravinder Nath, an Advocate by profession, chairs the meetings of Committee.

Meetings and Attendance – Six meetings of the SRC of the Board of Directors took place during the period under review.

As at 31/03/2015, the composition of the SRC and the attendance details of Committee Members at the meetings held during the period under review are as follows:

Name & Designation of the Director in the Committee	Category	Number of meetings attended
Mr. Ravinder Nath, Chairman	Non-executive & Independent Director	6
Mr. Chandra Sekhar Panigrahi, Member [^]	Non-executive & Non-Independent Director	4
Mr. R. Krishna Kumar, Member [*]	Managing Director	2

[^] Mr. C.S. Panigrahi resigned and ceased to be a member effective from 23rd July, 2014.

^{*} Mr. R. Krishna Kumar appointed as member of the Committee effective from 23rd July, 2014.

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

Details of Investor complaints received & disposed-off during the period under review are as follows:

Particulars	Related to Share Transfers	Other Complaints
Number of complaints pending as on 01/10/2013	Nil	Nil
Number of complaints received during the period from 01/10/2013 to 31/03/2015	Nil	1
Number of complaints disposed-off during the period from 01/10/2013 to 31/03/2015	Nil	1
Number of complaints pending as on 31/03/2015	Nil	Nil

There is no valid request for transfer of shares pending as on 31st March, 2015.

C. Corporate Social Responsibility Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors of the Company at its meeting held on 28th April, 2014 has constituted the 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 programmes is in compliance with the CSR Policy of the Company.

The Board of Directors of Company has approved the CSR Policy at its meeting held on 23rd July, 2014 and it is proposed to spend the requisite amount towards CSR activity during the current financial year 2015-16.

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

Meetings and Attendance – One meeting of the CSR Committee of the Board of Directors took place during the period under review.

As at 31/03/2015, the composition of the CSR Committee and the attendance details of Committee Members at the meeting held during the period under review is as follows:

Name & Designation of the Director in the Committee	Category	Number of meetings attended
Mr. Martin Gustav Scherrer, Chairman**	Non-executive and Non-Independent Director	None
Mr. Biren De, Member	Non-executive and Independent Director	1
Mr. Chandra Sekhar Panigrahi, Member*	Non-executive and Non-Independent Director	1
Mr. Markus Johann Mader, Member*	Non-executive and Non-Independent Director	None
Mr. R. Krishna Kumar, Member**	Managing Director	None

* Mr. Chandra Sekhar Panigrahi and Mr. Markus Johann Mader ceased to be member of the committee effective from 23rd July, 2014 and 6th August, 2014 respectively.

** Mr. R. Krishna Kumar has been appointed as Member and Mr. Martin Gustav Scherrer has been appointed as Chairman of the Committee effective from 23rd July, 2014 and 5th November, 2014, respectively.

D. Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013 and requirements of Clause 49 of Listing Agreement, the erstwhile Remuneration Committee of the Board was reconstituted as Nomination and Remuneration Committee (NRC) by the Board of Directors at its meeting held on 28th April, 2014.

Terms of reference – Salient functions of the 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 – NRC of the Board of Directors comprises of three Non-executive Directors, two of whom are Independent Directors.

Meetings and Attendance – Two meetings of the NRC of the Board of Directors took place during the period under review.

As at 31/03/2015, the composition of the Committee and the attendance details of Committee Members at the meetings held during the period under review is as follows:

Name & Designation of the Director in the Committee	Category	No. of meetings attended
Mr. Biren De, Chairman	Non-executive & Independent Director	2
Mr. Martin Gustav Scherrer, Member	Non-executive & Non-independent Director	1
Mr. Surinder Kumar Nagpal, Member	Non-executive & Independent Director	2

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

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

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

Currently, only such non-executive directors as are resident in India, are paid only the sitting fees for attending the meetings of the Board and its different committees at the following rates:

	Board Meetings	Committee Meetings
Up to December 2014	Rs.20,000 per meeting	Rs.10,000 per meeting
With effect from January 2015	Rs.30,000 per meeting	Rs.15,000 per meeting

Name of the Director	Sitting Fees (in Rs.) paid, during the period under review, for attending meetings of					Total Sitting Fees paid (Rs.)
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	
Mr. Biren De	1,50,000	65,000	20,000	-	10,000	2,45,000
Mr. Ravinder Nath	1,50,000	65,000	-	65,000	-	2,80,000
Mr. S. K. Nagpal	1,50,000	65,000	20,000	-	-	2,35,000
Mr. C. S. Panigrahi	1,00,000	-	-	40,000	10,000	1,50,000

Payments made to the Managing Director (CEO for the purpose of Listing Agreement):

Following are the details of remuneration (including perquisites and retirement benefits) paid/payable to the Managing Director, Mr R. Krishna Kumar, for the period ended 31st March, 2015*

Particulars	Amount (INR in Lacs)
Basic	14.25
Performance Linked Reward	34.08
Allowances & Perquisites	33.31
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

*Remuneration is for 8 months, as Mr. R. Krishna Kumar has been appointed as Managing Director with effect from August, 2014.

4. GENERAL BODY MEETINGS:

Year (AGM)	Venue	Day & Date	Time
2013 (44 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.	Tuesday 10/12/2013	3:30 p.m.
2012 (43 rd)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.	Wednesday 12/12/2012	3:30 p.m.
2011 (42 nd)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.	Thursday 08/12/2011	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
2013 (44 th)	None
2012 (43 rd)	Appointment of Sole Selling Agents
2011 (42 nd)	Appointment of New Statutory Auditors; and Alteration in the Articles of Association

SPECIAL RESOLUTION THROUGH POSTAL BALLOT:

There was no item during the period under review that was required to be passed through the process of postal ballot. Further, there is no special resolution proposed to be passed at the ensuing annual general meeting which is required to be approved by the shareholders through postal ballot.

Requirement of postal ballot shall be complied with, wherever applicable, as required by law.

5. DISCLOSURES:

- During the year/period ended 31st March 2015, there has been no materially significant transaction entered by the Company with any party, which is considered to have potential conflict with the interest of the Company at large. The details of all related party transactions are placed and approved by the audit committee and the Board of Directors on periodical basis.
- During the last three years there has been no instance of non-compliance and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.
- In accordance with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 behaviour & violation of code of conduct, to the Chairman of 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 Clause 49 of Listing Agreement. Compliance status about Non-mandatory requirements of listing agreement is appearing separately elsewhere.

DISCLOSURES OF ACCOUNTING TREATMENT:

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

6. 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 agreement.

- **Newspapers** - The financial results and other communications of the Company were normally published in 'The Hindu Business Line' and 'Rashtriya Sahara'.
- **Website** - The financial results were also displayed on the Company's website www.voithpaperfabricsindia.com The Company also keeps on updating its website with other relevant information, as and when required.
- The company did not make any official news releases nor made any presentations to the institutional investors or analysts, during the period under review.

7. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Day & Date	Time	Venue
Sunday, 31 st May, 2015	3:30 p.m.	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.

Financial Calendar (1st April 2015 - 31st March 2016):

Results for the Quarter ending:

- 30th June, 2015 - By 14th August, 2015
- 30th September, 2015 - By 14th November, 2015
- 31st December, 2015 - By 14th February, 2016
- 31st March, 2016 - By 30th May, 2016

Book Closure and Dividend Payment Date:

Book closure: From Saturday, 16th May 2015 to Sunday, 31st May, 2015 (both days inclusive).

Dividend payment date: Dividend would either be credited in the account or despatched to all eligible shareholders within thirty days of declaration at the annual general meeting.

Further, the amount of unpaid/unclaimed dividend for the years 2005/06 and 2006/07, that became due to be transferred during the period under review, were transferred to the Investor Education and Protection Fund (IEPF) in accordance with the provisions of section 205C of the Companies Act, 1956.

Listing on Stock Exchange:

The Equity Shares of the Company are currently listed for trading under Group/Index 'T' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2014/15 & 2015/16.

The Company also confirms that it has paid the annual custodial fees, to the National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL), for the year 2014/15 and fee for the year 2015/16 shall also be paid to the depositories within the stipulated time upon receipt of the bill for current year.

Stock Code:

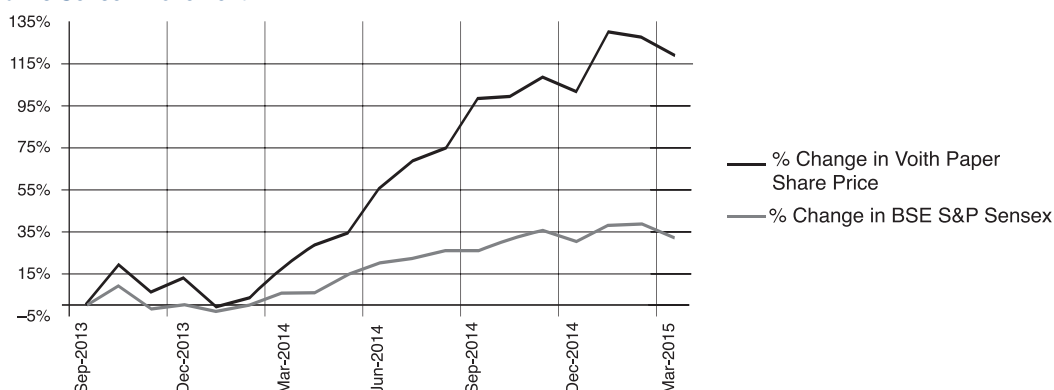
BSE Limited (BSE) : 522122
ISIN for NSDL/CDSL : INE 285C01015

Market Price Information:

The monthly 'high' and 'low' closing prices of the shares traded during the period from October 2013 to March 2015 on BSE are given below:

Month	High (in Rs.)	Low (in Rs.)
October, 2013	237	208
November, 2013	260	224
December, 2013	261	241
January, 2014	261	234
February, 2014	258	232
March, 2014	264	235
April, 2014	292	249
May, 2014	304	266
June, 2014	334	277
July, 2014	349	307
August, 2014	340	311
September, 2014	458	331
October, 2014	409	367
November, 2014	416	358
December, 2014	405	370
January, 2015	453	383
February, 2015	459	412
March, 2015	481	406

Source: BSE website

Share Price vis-à-vis Sensex Movement:**Registrar & Transfer Agent (RTA):**

The Company has changed its Registrar and Share Transfer Agent from MCS Limited to MCS Share Transfer Agent Limited, with effect from 1st April, 2015.

The contact details of the RTA are given hereunder:

MCS Share Transfer Agent Limited

F-65, First Floor, Okhla Industrial Area Phase - I, New Delhi – 110 020

Phone: 011 – 4140 6149 to 51

Fax : 011 – 4170 9881, E-mail: helpdeskdelhi@mcsregistrars.com

Share Transfer System:

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

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

As per the requirement of clause 47(c) of the listing agreement, company has regularly obtained the necessary certificate from a company secretary in practice and submitted the same to BSE Limited on half-yearly basis, confirming due compliance of share transfer related activities by the Company.

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

Information on Shareholding:**A. Shareholding Pattern of the Company as on 31st March, 2015**

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
(a)	Shareholding of Promoter and Promoter group				As a % of (a+b)	As a % of (a+b+c)
	(1) Indian	Nil	Nil	Nil	N.A.	N.A.
	Sub Total (a)(1)	Nil	Nil	Nil	N.A.	N.A.
	(2) Foreign Bodies Corporate	1	3,252,418	Nil	74.044	74.044
	Sub Total (a)(2)	1	3,252,418	Nil	74.044	74.044
	Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2)	1	3,252,418	Nil	74.044	74.044
(b)	Public shareholding					
	(1) Institutions					
	Financial Institutions / Banks	5	706	432	0.016	0.016
	Insurance Companies	2	51,406	51,331	1.170	1.170
	Sub Total (b)(1)	7	52,112	51,763	1.186	1.186
	(2) Non institutions					
	a) Bodies Corporate	116	117,220	115,116	2.669	2.669
	b) Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.1 Lakh	3,227	801,806	640,728	18.254	18.254
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	9	147,921	147,921	3.367	3.367
(c)	NRIs	36	21,082	17,448	0.480	0.480
	c) Any Other (Specify)	Nil	Nil	Nil	N.A.	N.A.
	Sub-Total (b)(2)	3,388	1,088,029	921,213	24.770	24.770
	Total Public shareholding (b)=(b)(1)+(b)(2)	3,395	1,140,141	972,976	25.956	25.956
	Total (a)+(b)	3,396	4,392,559	972,976	100.000	100.000
	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	N.A.	N.A.
	Grand Total (a+b+c)	3,396	4,392,559	972,976	100.000	100.000

B. Shareholders with more than one percent holding as on 31st March, 2015

Sl. No.	Name of the shareholder	No. of shares held	% of shares held
a.	VP Auslandsbeteiligungen GmbH	3,252,418	74.044
b.	The Oriental Insurance Company Limited	51,331	1.169

C. Distribution of shareholding as on 31st March, 2015

No. of Shares held (Range)	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1 – 500	2999	88.31	324,031	7.38
501 – 1000	218	6.42	158,689	3.61
1001 – 2000	98	2.89	136,446	3.11
2001 – 3000	26	0.77	62,802	1.43
3001 – 4000	11	0.32	38,478	0.88
4001 – 5000	12	0.35	54,647	1.24
5001 – 10000	18	0.53	129,141	2.94
10001 – 50000	12	0.35	184,576	4.20
50001 – 100000	1	0.03	51,331	1.17
100001 and above	1	0.03	3,252,418	74.04
Total	3396	100.00	4,392,559	100.00

Dematerialisation of Shares:

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

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

Out of remaining 1,140,141 equity shares; 972,976 equity shares of the Company, forming 22.15% of the total shareholding, stand dematerialized as on 31st March, 2015.

Liquidity of Shares:

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

Outstanding ADRs / GDRs / 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 – 429 2200 Fax : 0129 – 223 2072

E-mail : investorcare.vffa@voith.com (dedicated e-mail for investors as per clause 47(f) of the listing agreement)

8. PARTICULARS OF UNCLAIMED/UNDELIVERED SHARES

The shareholders may kindly take note that as per Clause 5A of Listing Agreement with BSE, 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 01/10/2013	108	11,768
2	Total request received during the year, from shareholders for despatch of shares to them	1	50
3	Shares despatched in pursuance of valid requests received from shareholders	1	50
4	Undelivered / unclaimed shares lying with the Company as at 31/03/2015	107	11,718

Familiarisation 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 updations about Companies Act, 2013, changes in Listing Agreement along with changes proposed by SEBI, MCA through various circulars and notifications, industry status, business model etc. have been presented to directors by Managing Director, Company Secretary and Statutory Auditors of the company, from time-to -time.

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 the 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 the requirements of Clause 49 of the Listing Agreement, the Code of Conduct for the Board of Directors and the Senior Members of the Management Team of the Company is available for reference of public at large, on the website of the Company www.voithpaperfabricsindia.com

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

For Voith Paper Fabrics India Limited

R. Krishna Kumar
Managing Director

B. Status of adoption of non-mandatory requirements:

1. **The Board** – The Corporate Office of the Company does not bear the expenses of the office of the Chairman, as he is stationed outside India.
2. **Shareholders Rights** – The quarterly financial results and other material information, if any, are published in an English newspaper having nation-wide circulation and a local language newspaper. The results are also displayed on the website of the Company besides being available for public viewing through the website of BSE. Therefore, the half yearly results including summary of the significant events are not separately sent to the shareholders.
3. **Audit Qualifications** – The Company does not have any qualifications from the Auditors in its Financial Statements as on 31st March, 2015.
4. **Chairman & CEO** – The positions of Chairman & CEO are held by two different individuals.
5. **Reporting by 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 Clause 49 of the Listing Agreement and the same is reproduced below:

Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

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

I have reviewed the implementation of Corporate Governance procedures by M/s. VOITH PAPER FABRICS INDIA LIMITED during the period of 18 months ended on 31st March, 2015, 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 Clause 49 of the listing agreement with the stock exchange (BSE Limited) have been complied with in all material respect by the Company ; and
- That 'No' investor grievance is pending for a period exceeding one month as per the records maintained by the Company.

FOR M. BANGIA & ASSOCIATES
COMPANY SECRETARIES

Manoj Bangia
Proprietor
C. P. No. 3655

Place: New Delhi
Dated: 27th April, 2015

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The relevant industry for the company is Paper, which is considered as a touchstone of socio-economic development of the country. The century old pulp and paper industry occupies an important position in the Indian Economy for its extended role of early industrialization and social sector development.

The paper industry is one of the rapidly growing industries in India though it accounts for only about 2.6% of the global production of paper. The estimated turnover of the industry is INR 50,000 crore approximately. The industry provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

Owing to the strong domestic consumer base, share of India's paper consumption to the world's total has been rising consistently. The increasing demand for paper brings with it new challenges of economies of scale, efficient usage of resources, need to develop and expand sustainable use of fibre, and value chain management, etc. Despite the fact that the Indian Paper Industry holds its importance to the national economy, unfortunately it stands fragmented.

Paper sector is dominated by small and medium size units; number of mills of capacity 50000 tons per annum or more is not more than 25. Less than half a dozen mills account for almost 90% production of newsprint in the country. There is a growing need to modernize the Indian mills, improve productivity and build new capacities.

OUR STRENGTHS

Your company continues to be the leader in local market, as it is the only Indian manufacturer supplying entire range of paper machine clothing (industrial felts) for pulp, paper & paperboard and fibre cement industries. Your company also has presence in overseas markets of the sub-continent, which it is trying to penetrate deeper in the region.

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

The unstinted efforts of employees at all levels has helped the Company to grow consistently for past many years, despite increased competition and prevailing economic situation.

OUR WEAKNESSES

As the major consumers of the company's products are paper industry and the fibre-cement industry, the prospects of the company are largely dependent on the growth of these industries.

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

THE OPPORTUNITIES

Value-added Paper boards, the fastest growing segment (12% p.a.) in India, is driven by increased demand for branded packaged products; rising Income table and growing consumer base; and increased proliferation of organized retail.

Specialty papers have emerged as a lucrative segment for the paper industry amidst declining demand for graphic papers as well as the rapid proliferation of electronic media and digital data storage. Demand for specialty papers in packaging applications including labels and flexible packaging, as well as printing applications including thermal papers and inkjet papers are expected to benefit market prospects in the near term. This is expected to result in more demand for good quality writing & printing paper in Indian market, consequentially leading to overall growth of paper industry and thereby also opening up good opportunities for your company to grow as well.

Developing countries are driving demand for specialty papers owing to the growing consumption of postage stamp, currency, cheque and security papers, as well as the increasing usage of specialty papers in electrical and infrastructure applications.

The current low per capita consumption of paper in India coupled with current upbeat mood in the paper industry, with some big paper manufacturers announcing capacity expansion in coming years, indicate a better and brighter prospect for the paper industry in India.

THE THREATS

Globalization has leveled the competitive playing fields between the industrial and emerging market countries where competitors have an equal opportunity to sell their products in a free market without restrictions and the same applies in Indian context as well. The Indian paper manufacturers are now at liberty to source their requirements of paper machine clothing directly from abroad and to that extent the level of competition for your company now extends beyond Indian border.

Further, the threats that the Indian paper industry currently faces also applies to the company as well. In this context, ever increasing costs of inputs, including that of coal, electricity, other fuel and wood, can be considered to be major areas of concern. These increased costs cannot be fully passed on to consumers by industry due to ever increasing competition which makes the present business environment as 'financially challenging'.

The paper industry in India also suffers due to use of obsolete technology, as adoption of new technology would require significant capital investments by paper manufacturing companies to effectively tackle competition from global players. Anyhow, we are prepared to face any challenge and expect to come out of it successfully.

SEGMENT WISE REPORTING

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

OUTLOOK

Presently, the per capita paper consumption in India stands at around 10 kg, as compared to world's average of 52 kg and Asian average at 38 kg. Though, India is self-sufficient in most paper segments, except for newsprint and higher grades of Printing & Writing (P&W) papers, on account of non-availability of superior quality of pulp, the statistics clearly show the magnitude and scale due for advancement.

The Indian paper and paperboards industry has potential and also capabilities to service the growing demand in domestic and international market and also to create huge employment avenues in the rural-India through agro/production forestry and at mills, provided the competitiveness of the value chain is encouraged by the government.

Major deterrents being, Fiber deficiency; bagasse/straw; waste paper; Energy cost & certifications.

Developmental Challenges facing the industry are as follows:

- Enhancing Industry's competitiveness to face global competition
- Economies of scale
- De-fragmentation of industry
- Modernization of mills
- Building new capacities
- Meeting incremental demand of paper
- Productivity/quality improvement
- Creation of robust raw material base
- Environmental upgradation and green technologies
- Setting mechanism for collection, sorting, grading and utilisation of recyclable waste paper

Another daunting issue that needs to be addressed is the shortage of raw material in order to bridge the demand and supply gap, projected at 20 million tonnes by 2020.

RISK & CONCERNS

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

The company also follows the norms of EMS 14001:2004 and OHSAS 18001:2007, to provide a risk free work environment to the employees, by providing them with the necessary safety equipment & gears to enable them to perform their tasks safely.

INTERNAL CONTROL SYSTEM & ADEQUACY

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

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

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, sales & profits have grown due to operational efficiency brought about through better utilisation of available resources and proper implementation of business strategies. The Company has also initiated the exercise of implementing '*Operational Excellence (OPEX) Programme*' and '*5-S methodology*' which is likely to further increase the operational efficiency in coming years.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

There can be no substitute for the work-force of the company, which has been the main reason for achieving the performance of these levels. The company expects to continue to get their unflinching support in future also. During the year under review, industrial relations have generally remained healthy, cordial and harmonious.

There were 89 permanent employees on the rolls of the Company as on 31st March, 2015.

RECOGNITIONS

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

- ISO 9001:2008
- EMS 14001:2004
- OHSAS 18001:2007.

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

CAUTIONARY STATEMENT:

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

Independent Auditors' Report

To

The Members of Voith Paper Fabrics India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Voith Paper Fabrics India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b. in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2015 under section 164(2) of the Companies Act, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, provisions of which are consistent with those under section 164(2) of the Companies Act, 2013.

For S.R.Batliboi & Co. LLP, Chartered Accountants
ICAI Firm Registration Number: 301003E

per Vikas Mehra

Partner

Membership Number: 94421

Place of Signature: Gurgaon

Date: April 27, 2015

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Voith Paper Fabrics India Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
(c) There was no disposal of a substantial part of fixed assets during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses (iii) (b) to (iii) (d) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon. In evaluating the parties to be covered under Section 301, only contracts or arrangements up to March 31, 2014 (being the last day up to which this section was applicable to the Company) have been considered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014), related to the product of the company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of, provident fund, employees' state insurance, income-tax, wealth tax, sales tax, service tax, customs duty, cess and other material undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
(c) According to the records of the company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum to where dispute is pending
Income Tax Act, 1961	Disallowance of Repair expense on Machinery and Others	6,614,020	Assessment Year 2007-08	Commissioner of Income Tax - Appeal
Income Tax Act, 1961	Disallowance of shifting expenses	949,670	Assessment Year 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of Technical Know-How	11,845,150	Assessment Year 2012-13	Commissioner of Income Tax (Appeal)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not taken any loan from financial institution and banks. Accordingly, the provisions of clause 4(xi) of the order are not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company does not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014).
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money through a public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Vikas Mehra

Partner

Membership Number: 94421

Place of Signature: Gurgaon

Date: April 27, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Notes	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share capital	3	43,925,590	43,925,590
Reserves and surplus	4	1,430,902,962	1,240,869,083
		<u>1,474,828,552</u>	<u>1,284,794,673</u>
Non - current liabilities			
Deferred tax liability (net)	5	5,585,935	3,730,091
Long term provisions	6	14,296,128	9,170,652
		<u>19,882,063</u>	<u>12,900,743</u>
Current liabilities			
Trade payables	7	100,824,482	81,060,552
Other current liabilities	7	19,143,491	36,845,005
Short-term provisions	6	46,253,483	47,313,024
		<u>166,221,456</u>	<u>165,218,581</u>
		<u>1,660,932,071</u>	<u>1,462,913,997</u>
ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		354,509,342	187,719,706
Capital work-in-progress		75,696,307	168,001,388
Long term loans and advances	9	16,785,091	26,616,980
Other non-current assets	11	631,253	2,628,784
		<u>447,621,993</u>	<u>384,966,858</u>
Current Assets			
Inventories	12	100,106,405	84,630,804
Trade receivables	10	167,285,657	163,713,053
Cash and bank balances	13	880,862,312	798,614,062
Short term loans and advances	9	27,562,195	29,645,420
Other current assets	11	37,493,509	1,343,800
		<u>1,213,310,078</u>	<u>1,077,947,139</u>
		<u>1,660,932,071</u>	<u>1,462,913,997</u>
Summary of Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No. 94421

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

Biren De
Director

R. Nath
Director

S.K.Nagpal
Director

R. Krishna Kumar
Managing Director

Kalyan Dasgupta
Finance Controller

C.S.Gugliani
Company Secretary

Place: Gurgaon
Date: April 27, 2015

Place: New Delhi
Date: April 27, 2015

STATEMENT OF PROFIT AND LOSS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

	Notes	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
INCOME			
Revenue from operations (gross)	14	1,139,579,390	659,599,731
Less : Excise duty		116,372,829	67,704,290
Revenue from operations (net)		1,023,206,561	591,895,441
Other income	15	140,654,128	84,544,223
Total revenue (I)		1,163,860,689	676,439,664
EXPENSES			
Cost of raw material consumed	16	293,031,984	155,420,824
Purchase of traded goods	17	28,422,036	5,962,813
(Increase)/Decrease in inventories of work-in- progress and finished goods	17	(14,987,720)	14,345,194
Employee benefits expense	18	188,353,966	110,426,655
Other expenses	19	277,762,660	170,267,235
Depreciation and amortization expenses	20	62,711,114	26,672,329
Finance costs	21	18,793	27,549
Total (II)		835,312,833	483,122,599
Profit before taxes		328,547,856	193,317,065
Current tax		109,821,149	67,555,105
Income tax relating to previous years		3,118,327	-
Deferred tax charge/(Credit)		1,855,844	(2,840,040)
Total tax expense		114,795,320	64,715,065
Profit after taxes		213,752,536	128,602,000
Earnings per share (not annualised) [Nominal value of shares Rs 10]			
Basic and diluted	22	48.66	29.28
Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No. 94421

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

Biren De
Director

R. Nath
Director

S.K.Nagpal
Director

R. Krishna Kumar
Managing Director

Kalyan Dasgupta
Finance Controller

C.S.Gugliani
Company Secretary

Place: Gurgaon
Date: April 27, 2015

Place: New Delhi
Date: April 27, 2015

CASH FLOW STATEMENT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
A. Cash flow from operating activities		
Net Profit before taxation	328,547,856	193,317,065
Adjustments for:		
Depreciation	62,711,114	26,672,329
Gain/(loss) on sale/discard of fixed assets (net)	(1,143,807)	541,810
Provision for contingencies/(written back)	(469,000)	-
Liabilities/ provisions no longer required, written back	(1,637,744)	(2,657,084)
Provision for doubtful debts written back	(3,037,933)	(4,886,267)
Provision for doubtful advances written back	(627,963)	-
Provision for doubtful debts charged	5,862,842	5,953,915
Provision for doubtful advances charged	547,603	1,644,033
Bad debts written off	80,333	76,344
Unrealised foreign exchange loss/(gain) (net)	1,898,431	-
Interest income	(104,824,369)	(65,126,594)
Interest expense	18,793	27,549
Operating profit before working capital changes	287,926,156	155,563,100
Movements in working capital :		
(Increase) in trade receivables	(6,392,423)	(40,888,833)
Decrease/(increase) in inventories	(15,475,601)	5,483,514
Decrease/(increase) in loans and advances	15,813,202	(24,667,388)
(Increase) in other current assets	(3,951,316)	(41,464)
Increase in trade payables	18,991,472	18,644,682
Increase/(decrease) in current liabilities	(17,139,553)	15,320,309
Increase/(decrease) in provisions	5,099,033	(1,235,701)
Cash generated from operations	284,870,970	128,178,219
Direct taxes paid (net of refunds)	(125,622,736)	(64,100,789)
Net Cash flow from operating activities (A)	159,248,234	64,077,430
B. Cash flows from investing activities		
Purchase of fixed assets	(138,579,009)	(68,918,644)
Proceeds from sale of fixed assets	2,527,149	21,215
Interest received	74,449,072	102,063,978
Deposits made	(1,670,154,119)	(882,298,656)
Deposits redeemed	1,263,360,481	1,298,220,148
Net cash used in investing activities (B)	(468,396,426)	449,088,041

CASH FLOW STATEMENT FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
C. Cash flows from financing activities		
Dividend paid	(13,313,292)	(13,111,420)
Tax on dividend paid	(2,239,546)	(2,137,749)
Interest paid	(18,793)	(27,549)
Net cash used in financing activities (C)	<u>(15,571,631)</u>	<u>(15,276,718)</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(324,719,823)	497,888,753
Cash and cash equivalents at the beginning of the period	515,328,016	17,439,263
Cash and cash equivalents at the end of the period	190,608,193	515,328,016

Components of Cash and Cash Equivalents

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Cash and cheques on hand	104,315	1,975,694
With scheduled banks :		
- on Current accounts/ EEFC accounts	33,838,638	25,851,467
- on Unclaimed dividend accounts*	1,365,240	1,500,855
- on Deposit accounts	845,554,119	769,460,481
Cash and bank balance as per note 13	880,862,312	798,788,497
Less: Fixed deposits not considered as cash equivalents	690,254,119	283,460,481
Cash and cash equivalents in Cash Flow Statement	<u>190,608,193</u>	<u>515,328,016</u>

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

As per report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No. 94421

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

Biren De
Director

R. Nath
Director

S.K.Nagpal
Director

Place: New Delhi
Date: April 27, 2015

R. Krishna Kumar
Managing Director

Kalyan Dasgupta
Finance Controller

C.S.Gugliani
Company Secretary

Place: Gurgaon
Date: April 27, 2015

NOTES TO THE FINANCIAL STATEMENTS FOR 18 MONTHS PERIOD ENDED MARCH 31, 2015

1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standard (AS) Notified by the Companies Accounting Standard Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs to the extent applicable. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

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

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

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management which are equal to those prescribed under the Schedule XIV to the Companies Act, 1956 except for certain assets.

The company has used the following rates to provide depreciation on its fixed assets:-

Factory Buildings	3.34%
Other than factory building	1.63%
Plant and Machinery*	
-Single shift	4.75%
-Double shift	7.42%
Furniture and Fittings	6.33%
Office Equipment	4.75%
Computer Equipment (part of office equipment)	25.00%
Vehicles	9.50%

*For the following assets in Plant and Machinery a shorter life is assessed by the management:-

Needle Loom	8.33%
Stretcher Cylinder	25.00%
4 Looms and 2 pretakers	10.00%

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

(d) Impairment

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

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

(e) Inventories

Inventories are valued as follows:

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

(f) Revenue recognition

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

Sale of goods

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

Sale of services (Commission)

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

Interest

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

Export Benefits

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

(g) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

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

ii. Conversion

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

iii. Exchange differences

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

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

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

(h) Retirement and other employee benefits

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

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

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

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

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

(i) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income tax-act 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(j) Earnings per share

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

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

(k) Provisions

A provision is recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount

of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty provisions

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

(l) **Cash and cash equivalents**

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

(m) **Segment reporting**

Identification of segments

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

(n) **Contingent liabilities**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

3. Share Capital

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Authorised shares (no. in units)		
25,000,000 (Previous year 25,000,000) equity shares of Rs. 10/- each	250,000,000	250,000,000
Issued, subscribed and fully paid-up shares		
4,392,559 (Previous year 4,392,559) equity shares of Rs. 10/- each	43,925,590	43,925,590
a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period		
At the beginning of the period	43,925,590	43,925,590
4,392,559 (Previous year 4,392,559) equity shares of Rs. 10/- each fully paid		
Issued during the period - for cash	-	-
Outstanding at the end of the period	43,925,590	43,925,590

b. Terms / rights attached to equity shares

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

During the period ended March 31, 2015, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 3 (Previous year Rs. 3)

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

c. Shares held by holding company

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
VP Auslandsbeteiligungen GmbH		
3,252,418 (Previous year 3,252,418) shares of Rs. 10/- each fully paid	32,524,180	32,524,180

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

	As at March 31, 2015	As at September 30, 2013
	No. of Equity shares	% holding in the class
VP Auslandsbeteiligungen GmbH	3,252,418	74.04
As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of equity shares.		

4. Reserves and Surplus

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
General reserve		
Balance as per the last financial statements	545,498,845	532,638,645
Amount transferred from surplus balance in the statement of profit and loss	21,375,254	12,860,200
Closing balance	566,874,099	545,498,845
Surplus in the statement of profit and loss		
Balance as per the last financial statements	695,370,238	595,045,661
Add: Profit for the period	213,752,536	128,602,000
	909,122,774	723,647,661
Less: Appropriations:		
Transfer to general reserve	21,375,254	12,860,200
Proposed dividend	19,766,516	13,177,677
Dividend distribution tax on proposed dividend	3,952,141	2,239,546
Total appropriation	45,093,911	28,277,423
Net Surplus in the statement of profit and loss	864,028,863	695,370,238
Total Reserves and Surplus	1,430,902,962	1,240,869,083

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

5 Deferred tax liability (net)

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Deferred tax liabilities		
Fixed assets: impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	23,783,871	20,056,099
Others	661,670	-
Gross deferred tax liability	<u>24,445,541</u>	<u>20,056,099</u>
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purpose on payment basis	9,141,705	7,461,344
Provision for doubtful debts and advances	3,188,277	2,267,237
Provision for warranties	3,825,171	3,733,561
Provision for contingencies	2,704,453	2,863,866
Gross deferred tax asset	<u>18,859,606</u>	<u>16,326,008</u>
Net deferred tax liability	<u>5,585,935</u>	<u>3,730,091</u>

6. Provisions

	Non-current		Current	
	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Provision for Employee benefits				
Provision for leave encashment	13,038,271	7,879,389	1,585,191	1,856,246
Provision for other retirement benefits	188,062	387,770	75,000	39,996
Provision for long service award	1,069,795	903,493	32,012	91,927
	<u>14,296,128</u>	<u>9,170,652</u>	<u>1,692,203</u>	<u>1,988,169</u>
Other provisions				
Provision for taxation	-	-	1,632,197	10,485,729
Provision for wealth tax	-	-	-	12,000
Provision for warranties#	-	-	11,253,812	10,984,289
Provision for contingencies##	-	-	7,956,614	8,425,614
Proposed dividend	-	-	19,766,516	13,177,677
Tax on proposed dividend	-	-	3,952,141	2,239,546
	<u>-</u>	<u>-</u>	<u>44,561,280</u>	<u>45,324,855</u>
	<u>14,296,128</u>	<u>9,170,652</u>	<u>46,253,483</u>	<u>47,313,024</u>

Provision for warranties

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

Movement during the year

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
At the beginning of the period	10,984,289	10,955,331
Arising during the period	11,253,812	10,984,289
Utilized during the period	(6,590,962)	(5,489,417)
Unused amounts reversed	(4,393,327)	(5,465,914)
At the end of the period	<u>11,253,812</u>	<u>10,984,289</u>
Current portion	11,253,812	10,984,289
Non-current portion	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

Provision for Contingencies

Movement during the year

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
At the beginning of the period	8,425,614	8,425,614
Arising during the period	-	-
Utilized during the period	-	-
Unused amounts reversed	(469,000)	-
At the end of the period	7,956,614	8,425,614

Provision for contingencies represents the following:-

- Potential tax liability estimated through various notices issued by sales tax department towards differential amount of sale tax applicable on products sold - Rs. 3,476,802 (Previous year : Rs. 3,476,802)
- Demand from excise department towards interest on cenvat credit wrongly availed - Rs. Nil (Previous year : Rs. 469,000)
- Estimated contingencies in respect of Local area development tax, applicability of which is not certain to the Company - Rs. 4,439,556 (Previous year : Rs. 4,439,556)
- Provision for 1% additional duty on import - Rs. 40,256 (Previous year - Rs. 40,256)

In all these cases, based on legal advice/opinion obtained or base its own assessment, management considers probable that economic outflows will occur.

7. Other current liabilities

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Trade payables (refer note 34 for details of dues to micro and small enterprises)	100,824,482	81,060,552
Other liabilities		
Creditors for capital goods	5,699,903	20,356,256
Unclaimed dividend	1,365,240	1,500,855
Statutory liabilities	3,286,652	9,012,107
Advances from customers	7,291,696	5,975,787
Security Deposit	1,500,000	-
	19,143,491	36,845,005
	119,967,973	117,905,557

8. Fixed assets

	Freehold Land	Buildings	Plant and machinery	Furniture and fixtures	Office Equipments (including Computers)	Vehicles	Total
Gross block as on October 1, 2012	1,809,080	94,196,252	438,414,397	5,239,697	21,085,264	4,040,092	564,784,782
Additions during the year	-	-	2,685,553	35,526	2,450,634	98,144	5,269,857
Deletions during the year	-	202,447	1,206,061	98,661	1,594,524	68,020	3,169,713
Gross block as on September 30, 2013	1,809,080	93,993,805	439,893,889	5,176,562	21,941,374	4,070,216	566,884,926
Additions during the 18 months period	-	-	218,375,294	48,741	12,460,055	-	230,884,090
Deletions during the 18 months period	-	30,232	49,876,749	46,841	3,599,891	-	53,553,713
Gross block as on March 31, 2015	1,809,080	93,963,573	608,392,434	5,178,462	30,801,538	4,070,216	744,215,303
Accumulated depreciation as at October 1, 2012	-	34,248,870	303,624,919	3,367,391	12,190,030	1,668,369	355,099,579
Depreciation for the year	-	3,274,154	20,372,349	254,654	2,385,158	386,014	26,672,329
Depreciation on deletions during the year	-	150,202	1,167,751	89,459	1,156,748	42,528	2,606,688
Accumulated depreciation as at September 30, 2013	-	37,372,822	322,829,517	3,532,586	13,418,440	2,011,855	379,165,220
Depreciation for the 18 months period	-	4,910,858	52,756,948	374,611	4,088,689	580,006	62,711,112
Depreciation on deletions during the 18 months period	-	19,782	48,875,091	46,841	3,228,657	-	52,170,371
Accumulated depreciation as at March 31, 2015	-	42,263,898	326,711,374	3,860,356	14,278,472	2,591,861	389,705,961
Net block as at September 30, 2013	1,809,080	56,620,983	117,064,372	1,643,976	8,522,934	2,058,361	187,719,706
Net block as at March 31, 2015	1,809,080	51,699,675	281,681,060	1,318,106	16,523,066	1,478,355	354,509,342

Capital work-in-progress as at September 30, 2013

168,001,388

Capital work-in-progress as at March 31, 2015

75,696,307

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

9. Loans and advances

	Non-current		Current	
	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Capital advances				
Unsecured, considered good	10,103,848	20,047,144	-	-
	<u>10,103,848</u>	<u>20,047,144</u>	<u>-</u>	<u>-</u>
Security deposits				
Unsecured, considered good	2,267,217	2,155,810	2,435,000	2,114,000
Considered doubtful	-	-	-	-
	<u>2,267,217</u>	<u>2,155,810</u>	<u>2,435,000</u>	<u>2,114,000</u>
Loan and advances to related parties (note 25)				
Unsecured, considered good	-	-	-	3,915,110
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,915,110</u>
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	8,065,649	8,005,808
Considered doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,065,649</u>	<u>8,005,808</u>
Provision for doubtful advances	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,065,649</u>	<u>8,005,808</u>
Other loans and advances (Unsecured, considered good)				
Advances income tax	4,414,026	4,414,026	13,117,464	9,299,736
Prepaid expenses	-	-	3,215,478	3,292,493
Balances with government authorities	-	-	688,348	2,978,017
SVB claim recoverable	1,563,671	1,644,033	40,256	40,256
	<u>5,977,697</u>	<u>6,058,059</u>	<u>17,061,546</u>	<u>15,610,502</u>
Provision for doubtful SVB claim recoverable	(1,563,671)	(1,644,033)	-	-
	<u>16,785,091</u>	<u>26,616,980</u>	<u>27,562,195</u>	<u>29,645,420</u>

10. Trade receivables

	Non-current		Current	
	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	2,165,947	3,912,924
Doubtful	7,124,247	4,119,720	-	-
	<u>7,124,247</u>	<u>4,119,720</u>	<u>2,165,947</u>	<u>3,912,924</u>
Provision for doubtful receivables	(7,124,247)	(4,119,720)	-	-
	<u>-</u>	<u>-</u>	<u>2,165,947</u>	<u>3,912,924</u>
Other receivables				
Unsecured, considered good	-	-	165,119,710	159,800,129
Doubtful	692,125	906,552	-	-
	<u>692,125</u>	<u>906,552</u>	<u>165,119,710</u>	<u>159,800,129</u>
Provision for doubtful receivables	(692,125)	(906,552)	-	-
	<u>-</u>	<u>-</u>	<u>165,119,710</u>	<u>159,800,129</u>
	<u>-</u>	<u>-</u>	<u>167,285,657</u>	<u>163,713,053</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

11. Other assets

	Non-current		Current	
	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 13)	-	174,435	-	-
Others				
Interest accrued on fixed deposits	-	5,087	31,724,184	1,343,800
Receivable from custom authorities	-	-	5,068,625	-
Assets held for sale	-	-	700,700	-
Other receivables (refer note 23)	631,253	2,449,262	-	-
	<u>631,253</u>	<u>2,454,349</u>	<u>37,493,509</u>	<u>1,343,800</u>
	<u>631,253</u>	<u>2,628,784</u>	<u>37,493,509</u>	<u>1,343,800</u>

12. Inventories

	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Raw materials (including stock in transit Rs. 11,772,762 ; (Previous year Rs. 4,523,942))	55,903,275	55,030,480
Work-in- progress	14,101,709	13,521,787
Finished goods :-		
Manufactured	16,914,313	7,144,530
Traded (including goods in transit Rs. 4,638,015; (Previous year Rs. Nil))	4,638,015	-
Stores and spare parts (including goods in transit Rs. 61,776; (Previous year Rs. Nil))	8,549,093	8,934,007
	<u>100,106,405</u>	<u>84,630,804</u>

13 Cash and bank balances

	Non-current		Current	
	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees	As at March 31, 2015 Rupees	As at September 30, 2013 Rupees
Cash and cash equivalents				
Balances with banks:				
- On current accounts/ EEFC account	-	-	33,838,638	25,851,467
- Deposits with original maturity of less than 3 months	-	-	155,300,000	486,000,000
- On unclaimed dividend account	-	-	1,365,240	1,500,855
- Cheques in hand	-	-	-	1,953,453
Cash on hand	-	-	104,315	22,241
	<u>-</u>	<u>-</u>	<u>190,608,193</u>	<u>515,328,016</u>
Other bank balances				
Deposits with original maturity for more than 12 months	-	174,435	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	688,800,000	281,278,432
Margin money deposits	-	-	1,454,119	2,007,614
	<u>-</u>	<u>174,435</u>	<u>690,254,119</u>	<u>283,286,046</u>
Amount disclosed under non-current assets (Note 11)	-	(174,435)	-	-
	<u>-</u>	<u>-</u>	<u>880,862,312</u>	<u>798,614,062</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

14. Revenue from operations

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Sale of Products		
Manufactured goods (Felts)	1,103,784,726	648,288,866
Traded goods	30,324,601	-
Other Operating Revenue		
Sale of Services	-	377,600
Scrap Sales	5,470,063	3,195,185
Revenue from operations (gross)	1,139,579,390	659,599,731
Less : Excise Duty [#]	116,372,829	67,704,290
Revenue from operations (net)	<u>1,023,206,561</u>	<u>591,895,441</u>

[#] Excise duty on sales amounting to Rs. 116,372,829/- (Previous year : Rs. 67,704,290/-) has been reduced from sales in statement of profit and loss account and excise duty on decrease in stock amounting to Rs. 2,105,882 (Previous year : Rs. 2,110,088) has been considered as expense (income in previous year) in note 19 (note 15 in previous year) of financial statement.

Details of Goods Sold

Finished goods sold (Felts)	1,103,784,726	648,288,866
Traded goods sold	30,324,601	-
	<u>1,134,109,327</u>	<u>656,026,946</u>

15. Other income

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Interest income on deposits with banks	104,824,369	65,126,594
Commission Income (include prior period income of Rs. 301,867)	19,301,421	8,025,280
Export incentive - duty drawback	5,068,625	7,970
Liabilities/provisions no longer required, written back	1,637,744	2,657,084
Provision for doubtful debts written back	3,037,933	4,886,267
Provision for doubtful advances written back	627,963	-
Provision for contingencies written back	469,000	-
Decrease of excise duty on inventory	-	2,110,088
Foreign exchange fluctuation gain	1,024,650	-
Profit on sale/discard of fixed assets	1,143,807	-
Miscellaneous income	3,518,616	1,730,940
	<u>140,654,128</u>	<u>84,544,223</u>

16. Cost of raw material consumed

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Inventory at the beginning of the period	55,030,480	51,041,121
Add: Purchases	293,904,779	159,410,183
	348,935,259	210,451,304
Less: Inventory at the end of the period	55,903,275	55,030,480
Cost of raw material consumed	<u>293,031,984</u>	<u>155,420,824</u>
Details of raw material consumed		
Synthetic	172,557,565	86,647,231
Nylon filament	95,009,610	46,240,351
Fabrics	25,468,808	22,533,242
	<u>293,031,983</u>	<u>155,420,824</u>
Details of inventory		
Synthetic	40,410,300	33,913,982
Nylon Filament	13,806,913	9,838,790
Fabrics	1,686,062	11,277,708
	<u>55,903,275</u>	<u>55,030,480</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

17. (Increase)/Decrease in inventories

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Inventories at the end of the period		
Work-in-progress	14,101,709	13,521,787
Finished goods - Manufactured	16,914,313	-
Finished goods - Traded	4,638,015	7,144,530
	<u>35,654,037</u>	<u>20,666,317</u>
Inventories at the beginning of the period		
Work-in-progress	13,521,787	15,165,542
Finished goods	7,144,530	19,845,969
	<u>20,666,317</u>	<u>35,011,511</u>
	<u>(14,987,720)</u>	<u>14,345,194</u>
Details of purchase of traded goods		
Balancing Element	717,713	-
Fabrics	5,206,371	-
Qualiflex Sleeves	22,497,952	5,962,813
	<u>28,422,036</u>	<u>5,962,813</u>
Details of inventory		
Work-in-progress		
Felts	14,101,709	13,521,787
Finished goods (including traded goods)		
Fabrics	1,840,287	-
Qualiflex Sleeves	2,797,728	-
Felts	16,914,313	7,144,530
	<u>21,552,328</u>	<u>7,144,530</u>
18. Employee benefit expenses		
Salaries, wages and bonus	166,446,562	100,844,397
Contribution to provident and other funds	8,240,311	5,423,226
Gratuity and other retirement benefit expense (note 23)	3,645,908	(942,160)
Staff welfare expenses	10,021,185	5,101,192
	<u>188,353,966</u>	<u>110,426,655</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS PERIOD ENDED MARCH 31, 2015

19. Other expenses

		For the 18 months period ended March 31, 2015	For the year ended September 30, 2013
		Rupees	Rupees
Consumption of stores and spares		47,051,312	25,100,344
(Increase)/decrease of excise duty on inventory		2,105,882	-
Power and fuel		58,113,313	32,448,454
Freight and forwarding charges		6,420,394	4,171,723
Rates and taxes		5,764,263	2,302,625
Insurance		2,834,531	1,265,745
Repairs and maintenance			
Plant and machinery		19,864,049	11,065,162
Buildings		10,644,439	5,559,158
Others		5,443,424	4,150,845
Foreign exchange fluctuation loss		-	4,444,572
Advertising and sales promotion		2,329,484	363,224
Sales commission		2,978,304	2,439,263
Travelling and conveyance		13,928,539	7,446,753
Communication costs		6,505,621	4,499,514
Legal and professional fees		5,874,138	6,661,947
Directors' sitting fees		910,000	490,000
Payment to auditor (Refer details below)		3,888,700	2,996,293
Provision for warranties (net of reversals)		6,860,485	5,518,375
Bad debts written off	115,142		
Less : Provision utilized	<u>34,809</u>	80,333	76,344
Provision for doubtful debts		5,862,842	5,953,915
Provision for doubtful advances		547,603	1,644,033
Loss on sale of fixed asset (net)		-	541,810
Technical know how fees/Royalty		49,513,631	29,121,310
Miscellaneous expenses		20,241,373	12,005,826
		<u>277,762,660</u>	<u>170,267,235</u>
Payment to auditor			
As auditor:			
Audit fee		1,100,000	972,800
Tax audit fee		337,500	275,000
Limited review		1,375,000	825,000
In other capacity:			
Other services		700,000	700,000
Reimbursement of expenses		376,200	223,493
		<u>3,888,700</u>	<u>2,996,293</u>

20. Depreciation and amortization expense

Depreciation on tangible assets	62,711,114	26,672,329
	<u>62,711,114</u>	<u>26,672,329</u>

21. Finance costs

Interest - other than banks	18,793	27,549
	<u>18,793</u>	<u>27,549</u>

22. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Net profit for the period/year	213,752,536	128,602,000
Weighted average number of equity shares in calculating basic and diluted EPS	4,392,559	4,392,559
Earnings per share - Basic and diluted	48.66	29.28

23. Gratuity and other post-employment benefit plans

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

The Company has also agreed to pay Rs 25,000 at retirement to all the workers (Other Retirement Benefit). These benefits are un-funded. The following tables summarize the components of net benefit expense recognized in the statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss**Net employee benefit expense recognized in the employment cost**

(Amount in Rs.)

	Gratuity		Other Retirement Benefit	
	March 31, 2015	September 30, 2013	March 31, 2015	September 30, 2013
Current service cost	2,267,069	1,488,957	22,107	22,350
Interest cost on benefit obligation	2,772,459	2,242,208	45,936	48,759
Expected return on plan assets	(3,315,403)	(2,329,373)	-	-
Net actuarial (gain)/loss recognized in the period/year	1,911,488	(2,341,874)	(57,747)	(73,187)
Net benefit expense	3,635,613	(940,082)	10,296	(2,078)

Balance sheet**Benefit asset/liability**

(Amount in Rs.)

	Gratuity		Other Retirement Benefit	
	March 31, 2015	September 30, 2013	March 31, 2015	September 30, 2013
Present value of defined benefit obligation	23,995,516	23,889,422	263,062	427,766
Fair value of plan assets	24,626,769	26,338,684	-	-
Plan asset / (liability)	631,253	2,449,262	(263,062)	(427,766)

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

(Amount in Rs.)

	Gratuity		Other Retirement Benefit	
	March 31, 2015	September 30, 2013	March 31, 2015	September 30, 2013
Opening defined benefit obligation	23,889,422	28,981,808	427,766	729,844
Current service cost	2,267,069	1,488,957	22,107	22,350
Interest cost	2,772,459	2,242,208	45,936	48,759
Benefits paid	(6,705,377)	(6,584,976)	(175,000)	(300,000)
Actuarial (gains) / losses	1,771,943	(2,238,575)	(57,747)	(73,187)
Closing defined benefit obligation	23,995,516	23,889,422	263,062	427,766

Changes in fair value of plan assets are as follows:

(Amount in Rs.)

	Gratuity		Other Retirement Benefit	
	March 31, 2015	September 30, 2013	March 31, 2015	September 30, 2013
Opening fair value of plan assets	26,338,684	26,458,801	-	-
Expected return	3,315,403	2,329,373	-	-
Contributions by employer	1,817,603	4,032,187	-	-
Benefits paid	(6,705,377)	(6,584,976)	-	-
Actuarial gains / (losses)	(139,544)	103,299	-	-
Closing fair value of plan assets	24,626,769	26,338,684	-	-

The Company expects to contribute Rs. 2,861,367 to gratuity in the next year (Previous year Rs. 2,651,000).

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

	Gratuity	
	March 31, 2015	September 30, 2013
Investment with insurer	100%	100%

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

Particulars	Gratuity		Other Retirement Benefit	
	March 31, 2015	September 30, 2013	March 31, 2015	September 30, 2013
Discount rate	7.80%	9.00%	7.80%	9.00%
Expected rate of return on assets	8.75%	9.25%	-	-
Employee turnover	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%

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

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

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

	(Amount in Rs.)				
	March 31, 2015	September 30, 2013	September 30, 2012	September 30, 2011	September 30, 2010
Gratuity					
Defined benefit obligation	23,995,516	23,889,422	28,981,808	30,395,933	29,568,781
Plan assets	24,626,769	26,338,684	26,458,801	33,143,924	33,277,593
Surplus/(Deficit)	631,253	2,449,262	(2,523,007)	2,747,991	3,708,812
Experience adjustment on plan liabilities	(427,982)	(1,028,163)	2,135,881	3,190,733	4,887,366
Experience adjustment on plan assets	(139,544)	(103,299)	52,295	-	Not available

	(Amount in Rs.)				
	March 31, 2015	September 30, 2013	September 30, 2012	September 30, 2011	September 30, 2010
Other retirement benefit					
Defined benefit obligation	263,062	427,766	729,844	1,074,776	1,284,709
Experience adjustment on plan liabilities	-	-		23,522	(50,152)

Super Annuation Plan	March 31, 2015	September 30, 2013
Charged to Profit and Loss Account	3,272,339	1,825,492

24. Segment Reporting

(a) Primary Segment

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

(b) Geographical Segments

The following is the distribution of the company's consolidated sales by geographical market, regardless of where the goods were produced:

Particulars	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Domestic market	950,683,232	551,363,469
Overseas market	72,523,329	40,531,972
Total	1,023,206,561	591,895,441

The following table shows the carrying value of debtors (gross) as per geographical market:

Particulars	As at March 31, 2015 Rs.	As at September 30, 2013 Rs.
Domestic market	168,966,473	163,807,787
Overseas market	6,135,556	4,931,538
Total	175,102,029	168,739,325

All the assets of the Company except receivables are located in India, therefore, separate figures for fixed assets/additions to fixed assets have not been furnished.

25. Related party disclosures

a. List of related parties :

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

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

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

(A) Fellow subsidiaries	Syn Strand Inc. Voith Paper Fabrics Stubbins Limited Voith IT Solution GmbH Voith Paper Fabrics Asia Pacific Sdn Bhd Voith Paper Fabrics Ipoh Sdn. Bhd. Voith Paper Fabrics GmbH & Co. KG Voith Paper Holding (VPT) Heidenheim Voith Paper Fabrics (China) Co. Ltd. Voith Paper Technology (India) Private Limited Voith Hydro Private Limited Voith Paper Fabrics & Roll Systems GmbH Voith GmbH, Heidenheim Voith Paper Fabrics SAS Voith Turbo Private Limited Voith Paper GmbH & Co. KG Voith Paper Rolls GmbH & Co KG Voith Paper Fabrics GmbH, Frankenmarkt Voith Paper GmbH Voith Paper Fabrics Högsjö AB R. Krishna Kumar, Managing Director (w.e.f. 01-08-2014)
(B) Key Management Personnel	

b. Transactions with Related Parties :

Nature of transaction	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
i. Transaction with Holding Company		
Payment of Dividend	9,757,254	9,757,254
ii. Transactions with Fellow Subsidiaries		
Sale of goods		
Voith Paper Fabrics Asia Pacific Sdn Bhd	3,903,152	2,374,572
Voith Paper Fabrics (China) Co., Ltd.	234,818	-
Voith Paper GmbH & Co. KG	968,992	-
	<u>5,106,962</u>	<u>2,374,572</u>
Sale of services (Commission income)		
Voith Paper Fabrics Asia Pacific Sdn Bhd	11,701,219	8,025,280
Voith Paper Fabric & Roll Systems GmbH	6,771,758	-
Voith Paper Rolls GmbH & Co KG	828,444	-
	<u>19,301,421</u>	<u>8,025,280</u>

Nature of transaction	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Purchase of raw materials, stores & spares		
Voith Paper Fabrics Ipoh Sdn Bhd	10,991,652	17,677,956
Voith Paper Fabrics GmbH, Frankenmarkt	-	1,608,313
Syn Strand Inc.	31,996,399	17,133,606
Voith Paper Fabrics Stubbins Limited (Stubbins)	2,164,023	62,203
Voith Paper Fabrics SAS	-	132,279
Total	45,152,074	36,614,357
Purchase of traded goods		
Voith Paper Fabrics (China) Co., Ltd.	5,033,585	-
Voith Paper GmbH	707,972	-
Voith Paper GmbH & Co. KG	21,380,177	5,962,813
Total	27,121,734	5,962,813
Royalty		
Voith Paper Fabrics GmbH & Co. KG	49,513,631	29,121,310
Telephone, Telex Services and IT Services		
Voith IT Solution GmbH	5,167,471	3,737,708
Voith Hydro Private Limited	172,840	-
	5,340,311	3,737,708
Loans & Advances Received (Security Deposit)		
Voith Paper Technology (India) Private Limited	1,500,000	-
Repair Expenses		
Voith Paper Fabric & Roll Systems Inc.	10,420	-
Reimbursement of expenses from related parties		
Voith Paper Technology (India) Private Limited	4,265,872	3,915,110
Voith Paper Fabrics Asia Pacific Sdn Bhd	-	41,522
Voith Paper Fabrics (China) Co., Ltd.	17,161	-
Voith Paper Fabrics Högsjö AB	18,948	-
Voith Paper GmbH & Co. KG	-	12,707
	4,301,981	3,969,339
Reimbursement of expenses to related parties		
Voith Paper Fabrics Asia Pacific Sdn Bhd	15,903	3,179
Voith Paper Fabrics GmbH & Co. KG	52,550	-
Voith Paper Fabrics Stubbins Limited	38,690	10,937
Voith Paper Fabrics Ipoh Sdn Bhd	14,646	-
Voith Paper GmbH & Co. KG	34,505	-
Voith Paper Technology (India) Private Limited	961,473	52,558
Voith Hydro Private Limited	181,577	-
Voith GmbH, Heidenheim	227,442	354,610
Voith Turbo Private Limited	21,221	25,383
Total	1,548,007	446,667
iii. Remuneration Paid:-		
R.Krishna Kumar	8,666,610	-

c. Year end balances

Nature of Balances

Trade Receivables

	As at March 31, 2015 Rs.	As at September 30, 2013 Rs.
Voith Paper Fabrics Asia Pacific Sdn Bhd	2,606,015	3,098,050
Voith Paper Fabric & Roll Systems GmbH	126,081	-
Voith Paper Fabrics (China) Co., Ltd.	230,692	-
Voith Paper GmbH & Co. KG	840,069	-
Voith Paper Technology (India) Private Limited	158,400	-
Voith Paper Fabrics Högsjö AB	19,208	-
Total	3,980,465	3,098,050

Trade Payables

Voith Paper Fabrics Ipoh Sdn Bhd	-	4,513,123
Voith Paper Fabrics (China) Co., Ltd.	3,007,291	-
Voith IT Solution GmbH	232,156	-
Voith Hydro Private Limited	44,064	-
Voith Paper GmbH & Co. KG	4,834,106	-
Voith GmbH	40,323	-
Syn Strand Inc.	16,262,090	9,016,329
Total	24,420,030	11,529,452

Royalty Payable

Voith Paper Fabrics GmbH & Co. KG	15,543,409	13,742,447
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Loans and Advances Receivable

Voith Paper Technology (India) Private Limited	-	3,915,110
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Other Liabilities (Security Deposit)

Voith Paper Technology (India) Private Limited	1,500,000	-
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d. Other transactions

During the period ended March 31, 2015, the Company paid a final dividend of Rs. 3 (Previous year Rs. 3) per share on equity shares. For details of shareholding please refer note 3 (c).

26. Particulars of unhedged foreign currency exposure as at the reporting date

Currency	As at March 31, 2015			As at September 30, 2013		
	Foreign Currency	Rate	Amount Rupees	Foreign Currency	Rate	Amount Rupees
Trade Payables						
USD	472,064.03	62.58	29,539,407	164,083.00	62.61	10,273,680
EUR	37,632.29	67.21	2,529,097	161,862.00	84.75	13,718,209
GBP	312.60	92.90	29,041	52,462.40	101.40	5,319,834
NOK	427,263.25	7.76	3,317,656	-	-	-
SEK	8,580.00	7.26	62,260	16,390.00	9.75	159,765
Trade Receivables						
USD	76,867.87	62.58	4,810,007	78,762.58	62.61	4,931,538
EUR	14,376.05	67.21	966,150	-	-	-
Cash & Cash equivalent						
USD	106,710.94	62.58	6,702,193	33,873.05	62.61	2,120,883
EUR	998.53	67.21	67,107	-	-	-

27. Capital and other commitments

At March 31, 2015, the Company has capital commitments of Rs. 33,980,801 (Previous year Rs 73,091,493) net of advances.

28. Contingent liabilities

Particulars	As at March 31, 2015 Rs.	As at September 30, 2013 Rs.
a) Claim against the Company not acknowledged as debts*	-	1,605,000
b) Income tax demand**	2,665,270	19,527,915
c) Bank guarantees given by the Company	6,063,748	5,345,289
d) Tax liability in respect of C-Forms pending to be collected	30,632,980	29,180,465

*The claims against the Company comprises of:-

- (a) Rs. Nil (Previous year - Rs. 1,605,000) in respect of order from Excise department for penalty of Cenvat wrongly taken and reversed later on. The Company had filed an appeal with the Custom, Excise and Service Tax Appellate Tribunal against the said order whereby the stay was granted. During the current period, the matter has been decided in company's favour.

** Income tax demand consists of:-

- (b) Rs. Nil (Previous year - Rs. 10,169,127) as the amount of demand raised by the assessing officer for assessment year 2010-11 on account of disallowance pertaining to technical know-how fees/royalty. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order. During the current period, the company has received a order dated 18th December, 2014 from CIT(Appeals) in which the issue has been allowed in company's favour.
- (c) Rs. 949,670 (Previous year - Rs 6,302,822) as the amount of demand raised by the assessing officer for assessment year 2009-10 on account of certain disallowances. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order; During the current period, the company has received two orders dated 16th December, 2014 from CIT(Appeals) in which out of the 4 grounds 3 grounds have been allowed in company's favour.
- (d) Rs. 1,715,600 (Previous year - Rs. 3,055,966) as the amount of demand raised by the assessing officer for assessment year 2008-09 on account of certain disallowances. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against said order. During the current period, the appeal has been decided partly in company's favour by CIT(Appeals).

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

29. Value of imports calculated on CIF basis

Particulars	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Raw material	205,831,017	113,567,339
Stores and spares	3,805,974	2,962,910
Capital goods	77,673,621	31,576,634
Traded goods	27,121,734	-
Total	314,432,346	148,106,883

30. Expenditure in foreign currency

Particulars	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
Travelling	2,129,307	1,300,969
Repair & Maintenance	838,952	-
Commission	2,978,304	2,439,263
Telephone, Telex and IT services	5,167,471	3,737,708
Freight	-	3,179
Postage	14,646	10,937
Training cost	227,442	354,610
Total	11,356,122	7,846,666

31. Imported and indigenous raw material and spare parts consumed

	March 31, 2015		September 30, 2013	
	% of total Consumption	Value Rupees	% of total Consumption	Value Rupees
Raw materials				
Imported	73.07	214,125,755	74.37	114,064,783
Indigenously obtained	26.93	78,906,227	25.63	41,356,041
Total	100.00	293,031,982	100.00	155,420,824
Spare parts				
Imported	20.04	9,430,022	11.73	2,702,936
Indigenously obtained	79.96	37,621,290	88.27	20,330,845
Total	100.00	47,051,312	100.00	23,033,781

32. Net dividend remitted in foreign exchange

Year of remittance ending on Period to which it relates	March 31, 2015 October 1, 2012 to September 30, 2013	September 30, 2013 October 1, 2011 to September 30, 2012
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	3,252,418	3,252,418
Amount remitted (in Rs.)	9,757,254	9,757,254

33. Earnings in foreign currency (accrual basis)

Particulars	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
FOB value of exports *	65,100,972	35,583,751
Commission	19,301,421	8,025,280
Freight received	-	41,522
Total	84,402,393	43,650,553

*excludes the export to Nepal of Rs. 6,721,605 (Previous year: Rs. 4,179,132)

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

	For the 18 months period ended March 31, 2015 Rupees	For the year ended September 30, 2013 Rupees
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
Principal amount due to micro and small enterprises	-	62,760
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

35. Previous year figures have been regrouped/rearranged wherever necessary to confirm to the classification adopted for the current year.**36. The financial year of the company has been extended to March 31, 2015 in order to comply with the provisions of the Companies Act, 2013. Hence, the amounts of current period 18 months (from October 1, 2013 to March 31, 2015) and previous period 12 months (from October 1, 2012 to September 30, 2013) are not comparable.**

As per report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm registration No.:301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No. 94421

Place: Gurgaon
Date: April 27, 2015

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

Biren De
Director

R. Nath
Director

S.K.Nagpal
Director

Place: New Delhi
Date: April 27, 2015

R. Krishna Kumar
Managing Director

Kalyan Dasgupta
Finance Controller

C.S.Gugliani
Company Secretary

FORM NO. SH-13
NOMINATION FORM

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

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

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

1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

2. PARTICULARS OF NOMINEE/S -

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

3. IN CASE NOMINEE IS A MINOR -

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

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

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

Name:
Address:

Name of the Security Holder(s)	Signature	Witness with name and address
1.		
2.		
3.		

FORM NO. SH-14

Cancellation or variation of Nomination

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

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

I / We _____ hereby cancel the nomination(s) made by me/us in favor of _____
(name and address of nominee) in respect of below mentioned securities.

Or

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

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

2 (a) PARTICULARS OF THE NEW NOMINEE:

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

(b) IN CASE NEW NOMINEE IS A MINOR -

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

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

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

Name of the Security Holder(s):

Signature:

Witness with name and address:

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

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

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

Website:-<http://www.voithpaperfabricsindia.com>, E-mail: voithfabrics.faridabad@voith.com

FORM NO. MGT-12 POLLING PAPER

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

BALLOT PAPER		
S. No.	Particulars	Details
1.	Name of First Named Shareholder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No. or DP ID No. & Client ID No.	
4.	Class of Share	Equity Shares

I hereby exercise my vote in respect of Ordinary/Special resolution enumerated below by recording my assent or dissent to the said resolutions in the following manner:

Item No.	Description	No. of shares held by me	I assent to the Resolution	I dissent from the Resolution
	Ordinary Business			
1.	To consider and adopt Audited Financial Statements for the financial year ended 31 st March 2015, together with reports of Auditors and Directors.			
2.	To declare dividend on the equity shares of the company.			
3.	To appoint BSR & Co., LLP, as Statutory Auditors of the company to hold office from the conclusion of this AGM till the conclusion of 50 th AGM. (<i>Special Resolution</i>)			
	Special Business			
4.	To consider appointment of Mr. R. Krishna Kumar as Director whose term of office shall be subject to retirement by rotation.			
5.	To consider the terms of appointment of Mr. R. Krishna Kumar as Managing Director of the company. (<i>Special Resolution</i>)			

6.	To consider appointment of Ms. Patricia Annette Sargeant as Director whose term of office shall be subject to retirement by rotation.			
7.	To consider appointment of Mr. Biren De as Independent Director.			
8.	To consider appointment of Mr. Ravinder Nath as Independent Director			
9.	To consider appointment of Mr. Surinder Kumar Nagpal as Independent Director			
10.	To amend the Articles of Association of the Company. (<i>Special Resolution</i>)			

Place: _____

Date : _____

(Signature of the shareholder/proxy holder)

ATTENDANCE SLIP

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

Registered Office : 113/14-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.

Name and Address of the Shareholder :

.....

.....

.....

I hereby record my presence at the 45th Annual General Meeting of the Company, held on Sunday, 31st May 2015, at 3.30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana.

Signature of the Shareholder/Proxy*

*Strike-out whichever is not applicable

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):

Registered Address:

E-mail ID:

Folio No./Client ID:

DP ID:

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

1. Name:

Address:

E-mail ID:

Signature: _____, or failing him

2. Name:

Address:

E-mail ID:

Signature: _____, or failing him

3. Name:

Address:

E-mail ID:

Signature: _____

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 45th Annual General Meeting of the company, to be held on Sunday, the 31st day of May, 2015 at 3:30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana, and at any adjournment thereof in respect of such resolutions as are indicated below:

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

RESOLUTIONS	FOR (Approved)	AGAINST (Rejected)
1. To consider the Audited Financial Statements for the year/period ended 31 st March, 2015.		
2. To declare dividend		
3. To appoint new Auditors for a period of five years.		
4. To consider appointment of Mr. R. Krishna Kumar as Director of the company		
5. To consider appointment of Mr. R. Krishna Kumar as Managing Director of the company.		
6. To consider appointment of Ms. Patricia Annette Sargeant as Director of the company.		
7. To consider appointment of Mr. Biren De as Independent Director of the company.		
8. To consider appointment of Mr. Ravinder Nath as Independent Director of the company.		
9. To consider appointment of Mr. Surinder Kumar Nagpal as Independent Director of the company.		
10. To amend Articles of Association of the company.		

Signed this _____ day of _____, 2015

Affix
Revenue
Stamp

Signature of Shareholder: _____ Signature of Proxy holder(s): _____

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. **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.
3. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
4. In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

Voith Paper Fabrics India Limited

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

Faridabad 121005 (Haryana)

Delhi NCR, India

CIN: L74899HR1968PLC004895

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

www.voithpaperfabricsindia.com

email: voithfabrics.faridabad@voith.com



NOTICE

Notice is hereby given that the Forty Fifth Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on Sunday, 31st May, 2015 at 3.30 p.m., at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16-A, Mathura Road, Faridabad – 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements for the financial year (18 months) ended 31st March 2015, together with the reports of the Board of Directors & Auditors thereon.
2. To declare dividend.
3. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), having their office at Building No. 10, 8th Floor, Tower B, DLF Cyber City, Phase II, Gurgaon - 122 002, Haryana; be and are hereby appointed as Statutory Auditors of the company for the term of five consecutive years commencing from 2015-16 to 2019-20, who would hold office from the conclusion of this Annual General Meeting until the conclusion of 50th Annual General Meeting, in place of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, at a remuneration as may be decided by the Board of Directors, from time-to-time.”

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 152 & 160 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualifications of Directors) Rules, 2014, **Mr. R. Krishna Kumar (DIN: 05344619)**, who was initially appointed as an Additional Director by the Board of Directors at its meeting held on 23rd July, 2014 and who holds office until the conclusion of this Annual General Meeting, and in respect of whom company has received a notice in writing together with the requisite sum of rupees one lakh under section 160 of the Companies Act, 2013 from himself proposing his candidature to be appointed as a director, be and is hereby appointed a Director of the Company whose term of office shall be subject to retirement by rotation.”

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

“RESOLVED THAT consent of the company be and is hereby accorded under Sections 196, 197 and 203 read with Schedule V, and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the appointment of **Mr. R. Krishna Kumar**, who fulfils the conditions specified in Part I of the Schedule V of the Companies Act, 2013, as Managing Director of the Company, for a period of 5 (five) years with effect from 1st August, 2014 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.”

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

“RESOLVED THAT pursuant to the requirements of Listing Agreement and provisions of Sections 149, 160 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, **Ms. Patricia Annette Sargeant (DIN: 06977204)**, who was appointed as an Additional Director by the Board of Directors at its Meeting held on 5th November, 2014 and who holds office until the conclusion of this Annual General Meeting, and in respect of whom company has received a notice in writing together with the requisite sum of rupees one lakh under section 160 of the Companies Act, 2013 from a member, be and is hereby appointed as a Director of the Company whose term of office shall be subject to retirement by rotation.”

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

“RESOLVED THAT pursuant to the requirements of Listing Agreement and provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014, **Mr. Biren De (DIN: 00011607)** who is a director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years effective from 1st March, 2015, 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 requirements of Listing Agreement and provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualifications of Directors) Rules, 2014, **Mr. Ravinder Nath (DIN: 00062186)** who is a director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years effective from 1st March, 2015, whose term of office shall not be subject to retirement by rotation.”

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

“RESOLVED THAT pursuant to the requirements of Listing Agreement and provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualifications of Directors) Rules, 2014, **Mr. Surinder Kumar Nagpal (DIN: 01171148)** who is a director liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years effective from 1st March, 2015, whose term of office shall not be subject to retirement by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014, as amended from time-to-time, the existing Articles of Association of the Company be altered in the following manner:

- i. In Article 1, the definition of “The Act”, be replaced as, “The Act” means the Companies Act, 2013 or any statutory modifications or re-enactments thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles, and any previous Companies Act, so far as may be applicable.
- ii. In Article 1, in definition of “Register”, the words, “by section 150”, be replaced with the words “under applicable provisions”.
- iii. In Article 1, in definition of “Registrar”, the words, “Haryana State”, be replaced with the words “National Capital Territory of Delhi and Haryana”.
- iv. In Article 2 and in its title heading, the words, “Table A”, be replaced with the words “Table F”.
- v. In Article 3, the words, “requirements of Sections 77A, 77AA and 77B”, be replaced with the words “applicable provisions”. In Para 2, the words “Article 31” be replaced with the words “Article 30”.
- vi. In Article 4, the words “of Section 80” shall be omitted.
- vii. In Article 4A, the words “contained in Section 86” shall be omitted.
- viii. In Article 5, the words, “to Section 81”, be replaced with the words “applicable provisions”.
- ix. In Article 5A, for the words “provisions contained in Section 79A”, the words “applicable provisions” shall be replaced.
- x. In Article 6, for the words “provisions of Section 76 and other applicable provisions, if any, of the Act at any time,” the words “applicable provisions of the Act” shall be replaced.
- xi. Article 7 be deleted and remaining Articles be renumbered accordingly.
- xii. In Article 8, the words, “Article 42”, be replaced with the words “Article 41”.
- xiii. In Article 10, the words, “save as provided by Section 187C”, be replaced with the words “subject to the applicable provisions”.
- xiv. In Article 12(a), the words “Companies (Issue of Share Certificates) Rules, 1960,” shall be replaced with the words “Companies (Share Capital and Debentures) Rules, 2014, as amended from time-to-time.”
- xv. In Article 12(b), following changes be made:
 - the words “Rs.2” be replaced with the words “such sum as may be prescribed under the Act or any Rules made thereunder in this behalf,”;
 - the words, “either within three months” be replaced with the words “within such period as may be prescribed from time to time”;
 - the words “or within one month” be replaced with the words “within such period as may be prescribed from time to time”;
 - the words “Section 53 of the Act” be replaced with the words “applicable provisions of the Act and Rules made thereunder”; and
 - the words “Article 14” be replaced with the words “Article 13”.
- xvi. In Article 15, the words “provisions of Section 91” be replaced with the words “applicable provisions”.
- xvii. In Article 16, the words “two months” and the words “thirty days” be replaced with the words “one month” and “fourteen days”, respectively.
- xviii. In Article 23, the words “thirty days” be replaced with the words “fourteen days”.
- xix. In Article 30, the words “Articles 21 to 28” be replaced with the words “Articles 20 to 27”.
- xx. In Article 31, the words “Article 10” be replaced with the words “Article 9”.
- xxi. In Article 36, the words “of Section 108” shall be omitted.
- xxii. In Article 37, for the words “by Section 110” the words “under applicable provisions” shall be replaced.
- xxiii. In Article 39, for the words “section 111” the words “applicable provisions” shall be replaced.
- xxiv. In Article 46, for the words “Article 80” and the words “of Section 206”, the words “Article 79” and the words “applicable provisions” shall be replaced, respectively.

- xxv. In Article 49A(1), para 3, the words “Companies Act, 1956” be replaced with the word “Act”.
- xxvi. In Article 49A(4), the words “Nothing contained in Section 153, of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.” shall be deleted.
- xxvii. In Article 49A(7), the words “Nothing contained in Section 108 of the Act or these Articles” be replaced with words “Nothing contained in these Articles or relevant provisions of the Act relating to transfer of securities”.
- xxviii. In Article 51, for the words “provisions of Section 81” the words “applicable provisions” shall be replaced.
- xxix. In Article 56, the words “provisions of Sections 85, 87, 88 and 106” be replaced with the words “applicable provisions”.
- xxx. In Article 57, the words “provisions of Section 100 to 104 inclusive” be replaced with the words “applicable provisions”.
- xxxi. In Article 60A, the words “in Section 109A” be replaced with the words “under the applicable provisions” and the words “Section 109A and Section 109B of” shall be deleted.
- xxxii. In Article 62, for the words “provisions of Section 292 and 293” the words “applicable provisions” shall be replaced and the words “ordinary resolution” be replaced with the words “special resolution”.
- xxxiii. In Article 63, the word “discount” be deleted and in the Article Heading the word “discount” be replaced with the word “premium”.
- xxxiv. In Article 64, the words “provisions of Section 166” be replaced with the words “applicable provisions”.
- xxxv. In Article 65, the words, “Subject to the applicable provisions of the Act” be inserted at the beginning of the Article; the words “in accordance with Section 169 of the Act” shall be deleted; and for the words “provided by Section 169”, the words “in accordance with the applicable provisions” shall be replaced.
- xxxvi. In Article 67, the words “provisions of Section 188” be replaced with the words “applicable provisions”.
- xxxvii. Article 68 shall be read as follows, “Notice of every meeting shall be sent to all eligible persons in the prescribed manner, in accordance with the relevant provisions of the Act. Where any Notice consists of ‘special business’ as here-in-after defined in Article 68, an explanatory statement shall also be annexed thereto, in accordance with the applicable provisions of the Act.”
- xxxviii. In Article 69, the words “Profit and Loss Account, the Balance Sheet” be replaced with the words “Financial Statements”.
- xxxix. Article 70 shall be read as follows, “No business shall be transacted at any general meeting unless a quorum of members as prescribed under the Act is present.” and Article Heading be replaced with the word “Quorum”.
- xl. In Article 71, the words “provisions of sub-sections (3), (4) and (5) of Section 174” be replaced with the words “applicable provisions”.
- xli. In Article 72, the words “Section 189(1) of” and “Section 189(2) of” shall be deleted.
- xlii. In Article 73, the words “on a show of hands or on a poll, if properly demanded” shall be deleted.
- xliii. The title heading of Article 74 be changed to “E-voting” and Article 74 shall be read as follows, “A member may exercise his right to vote by electronic means on resolutions to be passed at any general meeting in accordance with the applicable provisions contained in the Act and Rules specified thereunder.”
- xliv. The title heading of Article 75 be changed to “Evidence of passing of a resolution” and Article 75 shall be read as follows, “Minutes kept in accordance with the applicable provisions of the Act and Rules specified thereunder, shall be conclusive evidence of the proceedings recorded therein.”
- xlvi. Article 76 shall be read as follows, “Subject to the applicable provisions of the Act, Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken.”
- xlvi. In Article 76A, the words, “as laid down in Section 192A” be replaced with the words “in accordance with the relevant provisions”.
- xlvii. Article 78(a) shall be read as follows, “Subject to any rights or restrictions for the time being attached to any class or classes of shares, - on a show of hands, every member present in person or as a duly authorized representative of a body corporate, shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.”.
- xlviii. In Article 78(b) and Article 79, the words, “provisions of Section 187” be replaced with the words “applicable provisions”.
- xlxi. In Article 83, the words “common” and “A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.”, shall be deleted.
- I. Article 86 be deleted and remaining articles be renumbered accordingly.
- li. In Article 88(1), the words “either, on a show of hands, or, on a poll made in due time,” shall be deleted.
- lii. In Article 89, the word “nine” shall be replaced with word “fifteen”.
- liii. Article 90 be deleted and remaining Articles be renumbered accordingly.
- liv. Article 91 (a) be renumbered as Article 88 and shall be read as follows, “Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Financial Institutions or to any Credit Corporation or to any other

Financing Company or Body (collectively referred to as Corporation) out of any loans granted by them to the Company or so long as the Corporation continue to hold debentures in the Company by direct subscription or also private placement, or so long as the Corporation holds share in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non whole-time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the company and to remove from such office any person or persons so appointed and to appoint any person or persons in his/her or their place/s."

- iv. Article 91 (a) (a) be renumbered as Article 88A (a) and shall be read as follows, "The Nominee Directors appointed by Corporation and/or others would be within the maximum number of Directors provided in Article 87."
- ivi. In Article 91(a) (b), the words, "At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company", be deleted.
- lvii. In Article 92, following changes be made
 - the words, "Section 255" be replaced with the words "applicable provisions";
 - the words, "Article 91" be replaced with the words "Article 88 and 88A"; and
 - the words, "shall not be subject to retirement by rotation" be replaced with the words "may or may not be subject to retirement by rotation at the discretion of Voith".
- lviii. Proviso to Article 92(b) shall be read as follows, "Provided that the number of non-rotational directors shall not exceed one-third of the total number of Non-independent Directors at any time.
- lix. Article 93 shall be read as follows, "Subject to the prevailing provisions of the Act and Directors appointed under Article 88, 88A and 89 as non-rotational directors, all other directors shall be subject to retirement by rotation."
- lx. In Article 95, the words, "subject to the provisions of Section 257 of the Act some other person thereto. If the place of the retiring Director is not so filled up the provisions of Section 256(4) of the Act shall apply." be replaced with the words, "some other person thereto in accordance with applicable provisions of the Act."
- lxi. In Article 96, for the words "provisions of Section 284" the words "applicable provisions" shall be replaced and for the words "the provisions of that section" and the words "Article 98" the words "those provisions" and the words "Article 95" be replaced respectively.
- lxii. In Article 98, the word "Article 96" be replaced with word "Article 93."
- lxiii. In Article 99, wherever the words "the Union Territory of Delhi" are written shall be replaced with the word "India".
- lxiv. In Article 101, for the words "Sections 198, 309 and 310" the words "the applicable provisions" shall be replaced.
- lxv. In Article 103, the words "Section 283 of" shall be omitted.
- lxvi. In Article 104, the words "referred to in Section 314 of the Act" be deleted and the words "the provisions of section 314" be replaced with the words "applicable provisions."
- lxvii. In Article 105, the words "Subject to the applicable provisions of the Act, if any," be added at the beginning of the Article.
- lxviii. Article 106 be read as follows, "All transactions with related parties shall be carried out in accordance with the applicable provisions of the Act, Rules framed thereunder in this regard and Listing Agreement/Regulations."
- lxix. In Article 107, the words, "provisions of Section 299" be replaced with the words "applicable provisions"
- lxx. In Article 108, the words "Save as permitted by Section 300 of the Act or any other" be replaced with the words "Subject to the"
- lxxi. In Article 109(a), the words "provisions of Section 269, 316 and 317" be replaced with the words "applicable provisions".
- lxxii. In Article 109(c), the words, "of Sections 269 and 309 and other applicable provisions, if any," shall be deleted.
- lxxiii. In Article 110(1), the words, "Subject to the applicable provisions of the Act" be added at the beginning of the Article.
- lxxiv. In Article 110(2), the number "10" shall be replaced with number "7".
- lxxv. Article 110(3) be read as follows, "Where a notice of meeting is required to be given to a Director abroad, the notice may be given by way of fax, e-mail or any other suitable means for such director."
- lxxvi. In Article 111, the word "Article 110(2)" be replaced with the word "Article 107(2)".
- lxxvii. In Article 113, the words, "Section 287 of" be deleted; the words "public holiday" wherever written shall be replaced with the words "national holiday"; and the words "meeting is held within seven days", be replaced with the words "directors attending the Board Meeting through Video Conferencing or other audio visual means shall be counted for the purpose of quorum"; and following words shall be added at the end of this Article, "Unless otherwise stated in the Act, for the purpose of meetings of the Committees of the Board, the quorum shall be one-third of total members or two members of the Committee, whichever is higher."
- lxxviii. In Article 115, the words, "Subject to the provisions of Section 316, 372A(2) and 386 of the Act" be replaced with the words, "Save as otherwise expressly provided in the Act, for the matters to be approved unanimously,".

- lxxxix. In Article 119, the words "Save in those cases where a resolution is required by sections 262, 292, 297, 316, 372A(2) and 386 of the Act" be replaced with the words, "Subject to the applicable provisions of the Act or Rules made thereunder, providing matters requiring approval by a resolution".
- lxxx. In Article 120(1) and 120(2), for the words "the provisions of Section 193" the words, "relevant provisions" shall be replaced.
- lxxxii. In Article 122(1), the words "fifty thousand rupees or five percent of the average net profits of the Company during the three financial years immediately preceding, whichever is greater," be replaced with the words "limits specified under the Act and/or Rules made thereunder" and the words ", wherever permissible" shall be added at the end of the Article.
- lxxxiii. In title heading of Article 124, the words "Seal for use abroad" be deleted; and in the contents of Article 124, the words "The Company may exercise all the powers of Section 50 of the Act and the Official Seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Board shall from time to time by writing under the seal appoint." shall be deleted and for the words "of Sections 157 and 158 of", the words "specified under", shall be replaced.
- lxxxiv. In Article 125, the words "provisions of Section 383-A" be replaced with the words "applicable provisions".
- lxxxv. In Article 128, the words "Article 12" shall be replaced with the words "Article 11".
- lxxxvi. In Article 129, for the words "provisions of Section 372A", the words "applicable provisions" shall be replaced.
- lxxxvii. In Article 132, the words "Where requisite a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective." shall be deleted.
- lxxxviii. In Article 134, the words "of Section 207" shall be deleted.
- lxxxix. In Article 136, for the words "provisions of Section 205" the words "applicable provisions" shall be replaced.
- lxxxix. Article 142 be deleted and remaining Articles be renumbered accordingly.
- xc. In Article 143, the words "provision of Section 206-A" be replaced with the words "applicable provisions".
- xc. In Article 145, the words "Unless otherwise directed in accordance with section 206 of the Act," shall be deleted.
- xcii. In Article 146, the words "provisions of Section 205A" shall be replaced with word "applicable provisions" and the words, "and relevant rules made thereunder." be added at the end of the Article.
- xciii. In Article 147, the words "Every Balance Sheet and Profit and Loss Account" be replaced with the words "The financial statements" and the word "account" be replaced with the words "financial statements."
- xciv. In Article 148, the words "Section 53 and 172" be replaced with the words "applicable provisions".
- xcv. Article 149 shall be read as follows, "Notwithstanding anything to the contrary contained in these Articles, the Company shall at the written request of any member whose address is situated outside India, serve a copy of any document or notice to such member at such registered address by registered post or by speed post or courier or by any electronic or other mode."
- xcvi. In Article 151, the words, "Article 149" be replaced with the words "Article 145".
- xcvii. In Article 152, for the words "provisions of Sections 497 and 509" the words "applicable provisions" shall be replaced.
- xcviii. In Article 153(2), the words "Articles 120(1) and 154" be replaced with words "Articles 117(1) and 150".
- xcix. In Article 154, the words "provisions of Section 209(4)(b) of the Act, where, under any provision" be replaced with the words "applicable provisions".
- c. In Article 155, for the words "Section 494" the words "applicable provisions" shall be replaced.
- ci. In Article 157, the words "Article 153" shall be replaced with the words "Article 149".
- cii. In Article 160, the words, "Section 633 of the Act" shall be deleted and the words "the Tribunal or other Appropriate Authority." be added at the end of the Article.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:

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

CIN: L74899HR1968PLC004895

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

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

Place: New Delhi

Date: 27th April, 2015

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 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 ten percent 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 the duly filled in Attendance Slip along with their copy of the Annual Report to the meeting with them. Members / Proxies for members holding shares in dematerialized form should bring their latest statement of account with the concerned Depository Participant, for attending the meeting.
- 5) The details of the shareholding of Directors who are proposed to be re/appointed at the Forty Fifth 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	1,370	NIL	NIL	1,370
Mr. Ravinder Nath	NIL	NIL	NIL	NIL
Mr.S.K. Nagpal	NIL	NIL	NIL	NIL
Ms. Patricia A. Sargeant	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, 16th May, 2015 to Sunday, 31st May, 2015 (both days inclusive) in terms of the provision of Section 91 of the Companies Act, 2013.
- 7) The Dividend as recommend by the Board of Directors, if declared at the meeting, would be paid to those members whose name appears in the Register of Members as on Sunday, 31st May, 2015. In respect of shares held in dematerialized mode, the dividend would be paid to the beneficial owners of shares as at end of the business hours on Friday, 15th May, 2015 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 Companies for distribution of dividend to its members. Accordingly, your Company has sent the required forms and details to all the members on various occasions. Those members, who have not yet sent the duly filled in NECS form to avail the benefits of this facility, are once again requested to send the same at the earliest.
- 9) Members holding shares in physical form are requested to promptly notify the change in their respective address and/or their NECS/bank details to the Registrar & Share Transfer Agent (RTA), MCS Share Transfer Agent Limited, New Delhi.
- 10) **Members holding shares in electronic/dematerialized mode** are requested to notify the change, if any, in their respective 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.
- 12) In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same names and in identical order. Please note that consolidation of folios does not amount to transfer of shares and therefore, no stamp duty will be payable for the same. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the Company or its RTA, MCS Share Transfer Agent Limited.
- 13) Pursuant to the provisions of Section 205C of the Companies Act, 1956, dividend for the Financial Years 2005-06 and 2006-07 that remained unpaid / unclaimed for a period of seven years has already been transferred to the Investor Education & Protection Fund (IEPF). It may be noted that once the unclaimed/unpaid dividend is transferred to the IEPF; no claim shall lie in respect thereof.

- 14) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA.
- 15) Electronic copy of the Annual Report for the year/period ended 31st March, 2015 along with the notice of the 45th 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 the RTA/Depository Participants. For members who have not registered their email address, physical copies of the Annual Report is being sent by other permissible means.
- 16) Members may also note that the Notice of 45th Annual General Meeting and the Annual Report for period ended 31st March, 2015 will also be available on the Company's website www.voithpaperfabricsindia.com and on the website of CDSL, www.evotingindia.com for their download. Even after registering for e-communication, members are entitled to receive such communication in physical mode & free of cost, upon making a specific request for the same by any permissible mode free of cost.
- 17) Members are requested to kindly bring their own copy of the Annual Report to the Meeting, as the Annual Report will not be distributed at the meeting.
- 18) Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.
- 19) Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.
- 20) Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (passport/driving license/voter's card/PAN card) proof with them for the purpose of verification at the venue.
- 21) Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the meeting are requested to send their queries, at least 10 days before the date of meeting, addressed to the Company Secretary at the registered office of the company.
- 22) Members must always mention their Folio / DP-ID & Client ID Number in all correspondence with the company or RTA.
- 23) E-voting
 - a. In Compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Clause 35B of Listing Agreement, your Company is pleased to offer E-voting facility to the Members of the Company to exercise their right 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 a member may physically vote at the Annual General Meeting at their Discretion.
 - b. The Board of Directors have appointed FCS Satyender Kumar, (Proprietor - Satyender Kumar & Associates) Company Secretaries, Gurgaon as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
 - c. The E-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for E-voting. Once the vote on a resolution is cast by any member, he/she shall not be allowed to change it subsequently.

Commencement of E-voting	Thursday, 28 th May, 2015, 9:00 a.m.
End of E-voting	Saturday, 30 th May, 2015, 5:00 p.m.

 - d. The cut-off date (record date) for the purpose of E-voting is Monday, 25th May, 2015. The Voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.
 - e. The Results of E-voting and Physical Voting at the Annual General Meeting along with the scrutinizers' report shall be placed on the website of the Company viz. www.voithpaperfabricsindia.com and shall also be communicated to the Stock Exchange.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28/05/2015 at 9:00 a.m. and ends on 30/05/2015 at 5:00 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 25/05/2015, 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.
- (iii) Click on Shareholders.
- (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 and voted on an earlier voting of 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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as mentioned on the address label of the envelope of this Annual Report) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (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 the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Voith Paper Fabrics India Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the 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 the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out 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 password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

The results declared along with the Scrutinizer's Report shall be placed on the Company's website <http://www.voithpaperfabricsindia.com> and on the website of CDSL <http://www.evotingindia.com> within three days of the passing of the Resolutions at the 45th AGM of the Company and shall also be communicated to BSE Limited where the shares of the Company are listed.

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

Place: New Delhi

Date: 27th April, 2015

By Order of the Board
For Voith Paper Fabrics India Limited

C.S. Gugliani
Company Secretary
FCS No.:4301

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

ITEM NO.3

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. 301003E) who are to retire at the conclusion of 45th Annual General Meeting, have expressed their unwillingness for reappointment as statutory auditors of the Company.

However, company has received a letter from M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), conveying their willingness to act as Statutory Auditors of the company for a period of five consecutive years, i.e., from the conclusion of 45th Annual General Meeting until the conclusion of 50th Annual General Meeting subject to ratification by shareholders at every Annual General Meeting. The said M/s BSR & Co. LLP, Chartered Accountants have also given their consent and confirmed their eligibility in terms of Section(s) 139 and 141 of the Companies Act, 2013 in this regard. The Board of Directors recommends the special resolution for the approval of shareholders.

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 3.

ITEM NO.4

As recommended by the Nomination & Remuneration Committee, the Board of Directors of the Company appointed Mr. R. Krishna Kumar as an Additional Director pursuant to Section 161 of the Companies Act, 2013 effective from 23rd July, 2014 and he holds the office up to the ensuing Annual General Meeting.

Mr. R. Krishna Kumar holds the degree of B.E and is an alumnus of BITS Pilani & IIM Calcutta He has been associated with the Company since January, 2010 in the various capacities. He possesses overall experience of about 19 years.

The Company has received notice in writing along with the deposit of requisite amount from Mr. R. Krishna Kumar under the provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

Board recommends for the approval of Members, the appointment of Mr. R. Krishna Kumar as Director of the Company, whose term of office shall be subject to retirement by rotation.

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.5

On the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 23rd July, 2014, have approved the appointment of Mr. R. Krishna Kumar, as Managing Director of the Company for a period of five years effective from 1st August, 2014, subject to the approval of members in the General Meeting and approval of Central Government, if required, in accordance with the provisions of Sections 196, 197 read with Schedule-V and other applicable provisions, if any, of the Companies Act, 2013, at the following terms and conditions:

1. The Managing Director shall be paid the following Remuneration:

- **Salary** (including Basic; House Rent Allowance/Company owned leased accommodation; Provident Fund; Gratuity and Superannuation), perquisites and allowances viz., leave travel allowance; car lease rentals; fuel reimbursements; vehicle maintenance; driving services; children education allowance; management allowance, medical reimbursements etc., not exceeding INR 1 (one) million per month, with authority to the Chairman of the Board/Nomination and 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; 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 perquisites 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.

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;
- Gratuity payable at a rate not exceeding half month's salary for each completed year of service; and
- Encashment of Leave at the end of the tenure.

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

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 5.

ITEM NO.6

To comply with the requirements of Listing Agreement and provisions of Section 149 of the Companies Act, 2013 regarding appointment of Woman Director, the Board of Directors of the Company at their meeting held on 5th November, 2014 appointed Ms. Patricia Annette Sargeant as an Additional Director, on recommendation of the Nomination & Remuneration Committee, who holds office up to the ensuing Annual General Meeting.

Ms. Patricia Annette Sargeant holds the degree of Bachelors in Applied Science and Mechanical Engineering with Business Management. She is an alumna of University of Ottawa, Canada and INSEAD Business School, France. She has an overall technical experience of about 19 years, including implementation of a future driven product development process over multiple product lines.

The Company has received notice in writing from a member along with the deposit of requisite amount under the provisions of Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director.

Board recommends for your approval, the appointment of Ms. Patricia Annette Sargeant as Director of the Company, whose term of office shall be subject to retirement by rotation.

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 6.

ITEM NO(s). 7, 8 and 9

Mr. Biren De, Mr. Ravinder Nath and Mr. S.K. Nagpal are serving on the Board of your company as Independent Directors, whose offices are liable to retirement by rotation under the provisions of the Companies Act, 1956.

Mr. Biren De is an Engineer by profession and has been associated with the company for about 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 LL.B. – International & Company Laws from King's College, London and PIL from Harvard. He has rich and specialized experience in complicated cross border acquisitions & transactions and is also serving on the Board of many 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 BOVERY LTD. (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.

Section 149(10) of the Companies Act, 2013 provides that an Independent Director can hold office for maximum two terms of up to five consecutive years on the Board. Section 149(13) of the said Act states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of Independent Directors. Also, Circular No. 14/2014 dated 9th June, 2014 of the Ministry of Corporate Affairs requires that the appointment of Independent Directors is to be made expressly under the provisions of Section 149 of the Companies Act, 2013.

Accordingly, the Board at its meeting held on 7th February, 2015 has appointed Mr. Biren De, Mr. Ravinder Nath and Mr. Surinder Kumar Nagpal, as Independent Directors of the company for a term of five consecutive years effective from 1st March, 2015, subject to the approval of shareholders.

The Company has received notices in writing under Section 160 along with the deposit of requisite amount of rupees one lakh each, from Mr. Biren De, Mr. Ravinder Nath and Mr. Surinder Kumar Nagpal, proposing their respective candidature for the office of Independent Directors of the Company.

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 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 Ordinary Resolution(s) as set out in Item No(s). 7, 8 and 9 of the Notice, for approval of shareholders.

Mr. Biren De, Ravinder Nath and Mr. Surinder Kumar Nagpal being appointees, may be deemed to be interested in their respective resolutions. Mr. Biren De, who holds 1370 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) 7, 8 & 9.

Copy of 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. 10

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956; and whereas substantive sections of the Companies Act, 2013 which deal with the general working of companies stand notified as on date, hence the concerned regulations of the existing AoA as mentioned in the resolution are proposed to be altered/modified/deleted suitably, to align the AoA with the provisions of Companies Act, 2013.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 10 of the Notice.

Registered Office:

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

Place: New Delhi

Date: 27th April, 2015

By Order of the Board
For Voith Paper Fabrics India Limited

C.S. Gugliani
Company Secretary
FCS No.:4301

Registered Office:
Voith Paper Fabrics India Limited
113/114 A, Sector-24
Faridabad (Haryana)
Delhi NCR / 121 005 / India
Phone +91 129 4292 200
Fax +91 129 2232 072

BSE Limited

Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Ref.: Stock Code – 522122; Company Code – 2407

Sub.: 45th Annual Report for the year ended 31/03/2015

Dear Sir/Madam,

Please find enclosed herewith six copies of the 45th Annual Report (including the relevant Balance Sheet, Statement of Profit & Loss, Reports of the Directors and Auditors, etc.) of the Company for the year ended on 31st March, 2015; for your ready reference and records.

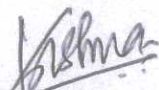
Also the details required to be provided in **Form A**, pursuant to the provisions of clause 31(a) of the listing agreement, are given below:

1. Name of the company: **Voith Paper Fabrics India Limited**
2. Annual financial statements for the year ended: **31st March, 2015**
3. Type of Audit observation : **Un-qualified**
4. Frequency of observation : **Not Applicable**

We hope that you would find the same in order and request you to acknowledge the receipt thereof.


Thanking you.

For Voith Paper Fabrics India Limited

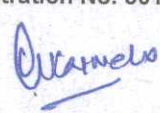

R. Krishna Kumar
Managing
Director/CEO


S.K. Nagpal
Chairman of
Audit Committee


C.S. Gugliani
Company Secretary


Kalyan Dasgupta
CFO

For S.R. Batliboi & Co. LLP
Registration No. 301003E


Vikas Mehra, Partner
Membership No. 94421

Encl.: As stated.

