

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

21st July, 2022

BSE Limited

Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 001

Stock Code: 522122; Company Code: 2407

Sub.: Copy of Annual Report with Notice of 52nd Annual General Meeting

Dear Sir / Madam,

Pursuant to the requirements of Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to the cited subject matter, please find attached a copy of the 52nd Annual report of the Company which is also being mailed to the shareholders of the Company, besides being made available on the website of the Company.

We hope that you will find the above in order and request you to take the same on records.

Thanking you.

Yours truly,

For Voith Paper Fabrics India Limited

C.S. Gugliani
Company Secretary

FCS No.: 4301

Encl.: As stated.



52nd Annual Report 2021/22
Voith Paper Fabrics India Limited
Papermaking. Next Level



BOARD OF DIRECTORS

Chairman

Benno Edmund Morlock

Managing Director

R. Krishna Kumar

Directors

Ravinder Nath

Surinder Kumar Nagpal

Shahana Basu (*till 31st May, 2022*)

Deepti Gupta

Pallavi Dinodia Gupta (*effective 29th May, 2022*)

FINANCE CONTROLLER

Kalyan Dasgupta

COMPANY SECRETARY

C.S. Gugliani

REGISTRAR & TRANSFER AGENT

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

REGISTERED OFFICE AND MILL

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

AUDITORS

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

Lodha & Co., Chartered Accountants (Internal)

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

BANKERS

AXIS Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

BNP Paribas

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Chairman's Communique

Dear Shareowners,

I feel delighted to address you at the end of yet another successful financial year.

The Covid-19 pandemic has cast a shadow of uncertainty and anxiety all over the world, affecting people across all social strata. FY 2021/22 was also a challenging year for the global economy and overall business environment.

Even after more than two years into the pandemic, the global economy still remains on highly uncertain ground as Covid cases are still rising in some countries. I am hopeful that if each one of us acts in a responsible manner, we would be able to put this hardship behind us and look towards brighter, healthier and safer days ahead.

It gives me immense pleasure to inform you that we have successfully delivered a strong set of financial results once again. I would like to express my appreciation and thank everyone associated with the company who contributed in delivering such a performance.

Paper Industry, being one of the oldest and core industrial manufacturing sector in the world, always acts as a mirror of socio-economic developments. The industry data now shows that crisis and the periodical lockdowns have accelerated consumption patterns change and will have a long-lasting impact on markets, world-over. Globally also, we can see the domestic demand for hygiene papers has been relatively positive despite the COVID-19 restrictions affecting the 'away-from-home' markets. We have also noticed increase in packaging, sanitary and household paper manufacturers output.

For all paper grades, Voith provides paper production lines that are optimally coordinated with the regional and individual needs of customers. Targeted rebuilds and modernization measures from Voith enable the optimization of the overall machine performance. Voith is one of the leading suppliers to the paper industry and is well known as a reliable partner to paper producers, offering world-class technology, service and quality. Through improvements in manufacturing efficiencies and structural adaptations, Voith has remained competitive despite the challenging market environment.

With the backing of Voith group, your company is strategically placed to provide innovative solutions to the customers to meet their specific requirements enabling them in manufacturing paper in eco-friendly manner. We believe that with our consistent and proven track record of serving the customers satisfactorily, we would continue to enjoy their patronage in future as well, which would in turn, help us perform better in coming years. We also believe that 'Paper' is the future!

In the efforts of the past and in the changes we are envisaging for the future, our source of strength is the tireless spirit of our employees. They are the ones who serve our customers and communities, build the technology, make the strategic decisions, manage the risks, determine our investments and drive innovation. Whatever your view is of the world's complexity and the risks and opportunities ahead, having a great team of people – with guts and brains and enormous capabilities who can navigate personally challenging circumstances while dedicating themselves to professional excellence – is what ensures our prosperity, now and in the future. I would like to thank them for their commitment, patience and hard work.

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

As I conclude, I take this opportunity to convey my appreciation to my colleagues on the Board for their invaluable contribution in strengthening the Company. I express my sincere thanks to all stakeholders for their unstinted cooperation. With your blessings and support, we will continue to create milestones and make you proud of your Company.

Warm regards,

Benno Edmund Morlock
Chairman



Managing Director's Communique

Dear Shareowners,

It is the end of another financial year and I feel privileged communicating with you once again. In my last communication, I had expressed my confidence in our organization's ability to navigate the uncertainties posed by the coronavirus pandemic by constantly striving to understand the evolving needs of the customer. It gives me pleasure to say that as an organization, we have been able to manage these uncertainties with our 'customer-first' approach.

I am pleased to inform you that for the current year ended 31st March, 2022, your company has achieved total revenue of INR 1452.44 million and 'profit before tax' was INR 395.41 million. I would like to explicitly thank everyone associated with the company who has helped in delivering such performance in tough times.

Economic environment continues to remain uncertain and challenging owing to prevailing Covid-19 situation. However, we as an organization remain vigilant to the ground developments with confidence and optimism to manage emerging scenarios.

The economy started showing signs of improvement in the second half of the year. Going forward, we expect that growth will be driven by the specialty paper segments induced by plastic substitution as the world replaces single-use plastic with eco-friendly paper based alternatives.

India is the fastest growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with the economic growth. The reopening of educational institutions across the country should revive the demand for writing and printing segment. Hopefully, with the pandemic situation improving, demand for all paper grade should show a positive trend during the current year.

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

Your company has already become the only full range paper machine clothing supplier in the Indian sub-continent. Though it is impossible to predict the future with 100% accuracy, yet it gives us satisfaction to know that we are continuing on the journey of growth with a positive outlook about the future and with your good wishes would continue delivering the desired results for all stakeholders. As we enter into a new financial year with renewed hope and optimism, I can say with utmost confidence that we have emerged stronger and wiser from this crisis.

For me, it is a matter of pride to see the commitment and dedication that our employees displayed during this year to serve our clients. I am extremely grateful to them, our clients, the leadership team, our Board members, and all our well-wishers, who have supported us with their trust and guidance through this challenging year.

I express my sincere gratitude to our stakeholders for standing strong with us and believing in our abilities to navigate change and emerge stronger out of it. We seek your continued support in our journey.

With best wishes for everyone, to stay safe and stay healthy!

With best wishes,
Stay safe and stay healthy.

R. Krishna Kumar
Managing Director

BOARD'S REPORT

Dear Members,

Your directors are pleased to present before you, the Fifty-second Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31st March, 2022.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2022 is summarized below:

| | (INR in millions) | |
|---|--------------------|------------|
| | For the year ended | |
| | 31/03/2022 | 31/03/2021 |
| Revenue from operations | 1,452.44 | 1,185.25 |
| Profit before taxation | 395.41 | 357.97 |
| Tax expense | 102.27 | 87.27 |
| Total comprehensive income for the year | 293.48 | 272.46 |
| Earnings Per Share (EPS) (In rupees) | 66.77 | 61.66 |

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

In the beginning months of FY 2021/2022, the country was impacted by the second wave of Covid-19 which was more virulent than the first wave. Many States had imposed localized lockdowns and other similar measures in various cities to curb the spread of Covid-19 in their respective regions. This again impacted the overall business scenario as many markets, educational institutions, etc. remained closed. Fortunately, the situation is not as severe as was the case during earlier phases of pandemic.

DIVIDEND

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

Accordingly, the Directors are recommending for your approval payment of dividend @ 60%, i.e., of Rs. 6 per equity share of Rs. 10/- each fully paid-up, for the year ended 31st March, 2022, aggregating to Rs. 26.36 million. The dividend, if approved at the Annual General Meeting, would be paid to the eligible members, subject to TDS at applicable rates, within the stipulated time.

DIRECTORS

During the year under review, there was no change in composition of the Board of Directors of the Company.

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

Ms. Shahana Basu resigned from the directorship of the company with effect from 31st May, 2022. The Board places on record its appreciation for the contributions made by her during her association with the company.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have inducted, subject to approval of shareholders at the ensuing Annual General Meeting (AGM), Ms. Pallavi Dinodia Gupta as an Independent Woman Director with effect from 29th May, 2022. She is an established expert in taxation. In addition to Chartered Accountancy expertise, she is trained as a lawyer also and has worked with numerous global and domestic businesses in Europe, Asia and India over the past two decades. She has completed her Bachelor of Law from Delhi University.

In Compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as 'Listing Regulations'), brief resume, expertise and details of other directorships, membership in committees of other companies and shareholding in the Company, of directors who are proposed to be re/appointed, are as under:

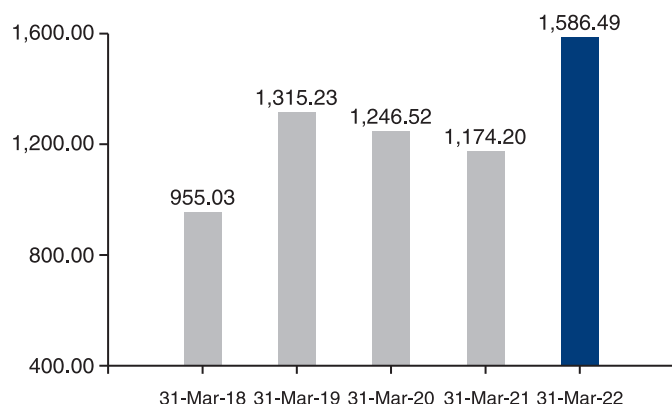
| Name of the Director | Mr. R. Krishna Kumar | Ms. Pallavi Dinodia Gupta |
|--|---|--|
| DIN | 05344619 | 06566637 |
| Age in years | 47 years | 41 years |
| Date of initial Appointment in the Company | 23 rd July, 2014 | 29 th May, 2022 |
| Expertise in Special Functional Areas | Engineering and Administration | Taxation, Finance & Legal |
| Qualification | B.E. | B. Com (H); LLB; and Chartered Accountancy |
| Directorships held in other companies in India, as on 31/03/2022 | 1. Voith Paper Technology (India) Private Limited 2. Voith Digital Solutions India Private Limited | None. |
| Membership of committees of other companies, in which he is a Director, as on 31/03/2022 | None. | None. |
| Listed entities from which resigned in the past three years | None. | None. |
| No. of shares held in the Company (Including those held by relatives) | Nil | Nil |

None of the Directors of the Company have any inter-se relationship with each other.

PERFORMANCE OVERVIEW

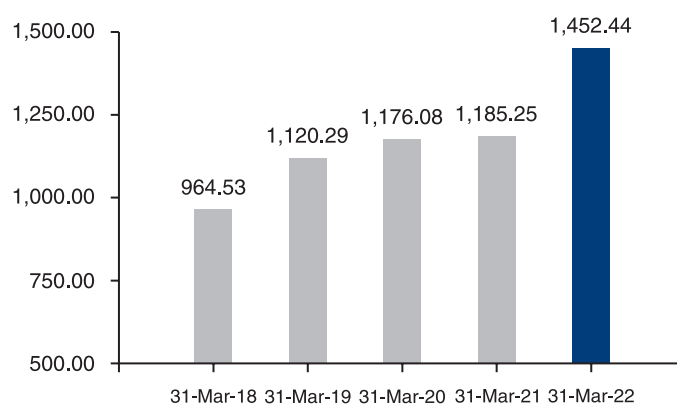
Order Received

■ INR in million



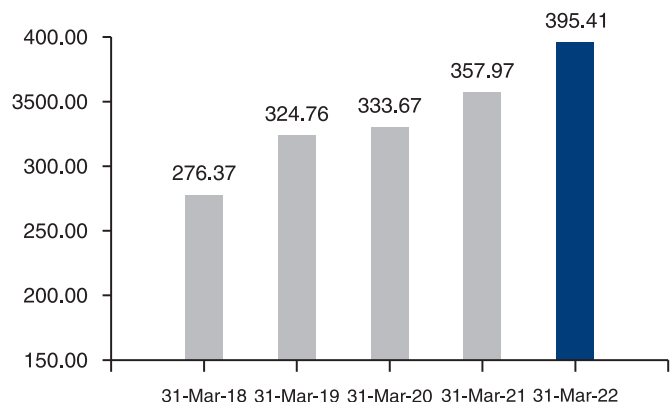
Sales/Revenue

■ INR in million



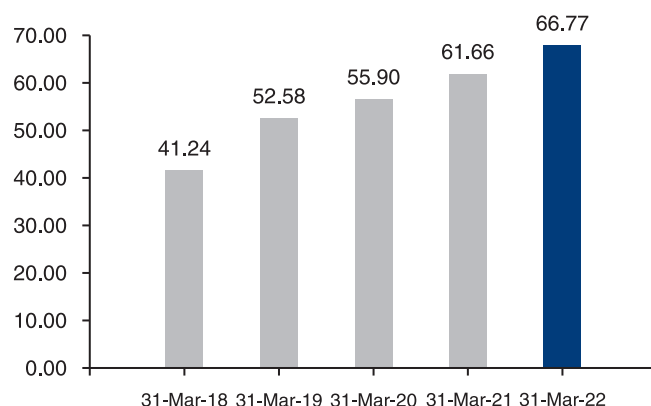
Profit Before Tax

■ INR in million



Earnings Per Share

■ INR



TRANSFER TO RESERVES

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

CHANGES IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the Financial Year 2021/22.

CAPACITY ENHANCEMENT

The Company is in the process of its capacity enhancement, which is likely to result in improvement in quality, productivity and customer satisfaction in coming years. However, the commissioning of equipment was delayed due to inability of visit by foreign technical team onsite, owing to Covid-19 pandemic restrictions.

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

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

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

PARTICULARS OF CONTRACT AND ARRANGEMENTS WITH RELATED PARTIES

As per the provisions of Companies Act, 2013 and Regulation 23 of 'Listing Regulations', the Company has formulated a Policy on Related Party Transaction to ensure transparency in transactions between the Company and the related parties. The said Policy is available at link of 'Company Policies' on 'Investor Corner' page on the company's website at www.voithpaperfabricsindia.com

During the year under review, there were no material transactions, as defined under the provisions of 'Listing Regulations', between the company and related parties. All transactions with related parties were carried out in the ordinary course of business at arms' length basis and details of such transactions are mentioned in notes attached to the financial statements, appearing elsewhere in the Annual Report. Further, Form AOC-2 containing the necessary disclosure in this regard is attached as Annexure – I and forms an integral part of this report.

AUDITORS REPORT

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

AUDITORS

- A. Statutory Auditors - During the year under review, M/s B S R & Co. LLP; Chartered Accountants, carried out the Statutory Audit exercise and submitted their report.
- B. Internal Auditors - During the year under review, M/s Lodha & Co., Chartered Accountants, carried out the Internal Audit exercise and submitted their report.
- C. Secretarial Auditors - During the year under review, M/s P.C. Jain & Co., Company Secretaries, carried out the Secretarial Audit and submitted their report.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RISK MANAGEMENT

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

DECLARATION BY INDEPENDENT DIRECTORS

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

CORPORATE GOVERNANCE

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As the company is not falling under the Top-1000 listed entities, based on market capitalization, as at 31/03/2022, the provisions of regulation 34(2)(f) of the Listing Regulations pertaining to the Business Responsibility and Sustainability Report (BRSR), are not applicable.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- Outline of CSR Policy including overview of projects or programs undertaken during the year ended 31st March, 2022: Corporate Social Responsibility (CSR) is the integration of business operations & its values in relation to betterment of society. To achieve this integration of interests of all stakeholders, the company had contributed requisite sums towards fulfilling its CSR obligations, by providing financial aid to some NGOs involved in the field of promoting education, healthcare and skill development - especially for the benefit of those belonging to socially and economically backward strata of society.
- Composition: The CSR Committee presently comprises of four directors. Three of whom are non-executive Directors.

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|--------------------------|--|--|--|
| 1 | Mr. Benno Edmund Morlock | Non-executive & Non-Independent Director, Chairman | 1 | 0 |
| 2 | Mr. Ravinder Nath | Non-Executive & Non-Independent Director, Member | 1 | 1 |
| 3 | Mr. S.K. Nagpal | Non-Executive & Independent Director, Member | 1 | 1 |
| 4 | Mr. R. Krishna Kumar | Executive & Non-Independent Director, Member | 1 | 1 |

- The Composition of CSR committee, CSR Policy and CSR projects approved by the Board can be accessed at the link of 'CSR Annual Action Plan for FY 2021/22' under 'Corporate Social Responsibility Policy' under 'Company policies' link on the company's website at: www.voithpaperfabricsindia.com
- Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Details of the amount available for set off in pursuance of Sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any:

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (INR in million) | Amount required to be set-off for the financial year, if any (INR in million) |
|---------|----------------|--|---|
| | | Nil | Nil |

6. Average net profit of the company as per section 135(5): Rs. 344.45 million
7. (a) Two Percent of average net profit of the company as per Section 135(5): Rs. 6.89 million
- (b) Surplus arising out of CSR projects or programmes or activities of the previous financial years: Nil
- (c) Amount required to be set-off for the financial year, if any: Nil
- (d) Total CSR obligations for the financial year (7a+7b-7c): Rs. 6.89 million
8. (a) CSR amount spent or unspent for the financial year:

| Total Amount spent for the Financial Year (INR in million) | Amount Unspent (INR in million) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 6.89 | Nil | NA | NA | Nil | NA |

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(Amount INR in Millions)

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | 9 | 10 | 11 | |
|---------|---------------------|---|----------------------|-------------------------|----------|------------------|----------------------------------|--|---|---|--|-------------------------|
| Sr. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project | Amount spent in the current financial year | Amount transferred to Unspent CSR Account for the project as per Section 135(6) | Mode of implementation - Direct (Yes/ No) | Mode of implementation through implementing agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1 | - | - | - | - | - | - | Nil | - | - | - | - | - |

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Amount INR in Millions)

| 1 | 2 | 3 | 4 | 5 | | 6 | 7 | 8 | |
|---------|--------------------------------------|---|---------------------|-------------------------|-----------|------------------------------|---|--|-------------------------|
| Sr. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No) | Location of the project | | Amount spent for the project | Mode of implementation - Direct (Yes/ No) | Mode of implementation through implementing agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 1 | Promoting Healthcare | (i) | Yes | Haryana | Palwal | 3.164 | No | Association for Blindness & Leprosy Eradication (Able Charities) | CSR00006891 |
| 2 | Employment enhancing vocation skills | (ii) | Yes | Haryana | Faridabad | 2.8 | No | FIA Charitable Society | CSR00001589 |
| 3 | Promoting Education | (ii) | Yes | Delhi | Delhi | 0.926 | No | Indian Institute of Technology, Delhi | CSR00017313 |
| TOTAL | | | | | | 6.89 | | | |

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 6.89 million
- (g) Excess amount for set off, if any:

| Sr. No. | Particulars | Amount (INR in million) |
|---------|---|-------------------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 6.89 |
| (ii) | Total amount spent for the Financial Year | 6.89 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Nil |
| (iv) | Surplus arising out of CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | Nil |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

(Amount INR in Millions)

| Sr. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135(6) | Amount spent in the reporting Financial Year | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | | Amount remaining to be spent in succeeding financial years |
|---------|--------------------------|--|--|---|--------|------------------|--|
| | | | | Name of the Fund | Amount | Date of transfer | |
| 1 | - | - | Nil | - | Nil | - | - |

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:

(Amount INR in Millions)

| Sr. No. | Project ID | Name of the project | Financial Year in which project was commenced | Project duration | Total amount allocated for the project | Amount spent on the project in the reporting financial year | Cumulative amount spent at the end of reporting financial year | Status of the project - Completed / Ongoing |
|---------|------------|---------------------|---|------------------|--|---|--|---|
| 1 | - | - | - | Nil | - | - | - | - |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

- (a) Date of creation or acquisition of the capital asset(s): None
- (b) Amount of CSR spent for creation or acquisition of capital asset: Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- (d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two percent of the average net profits as per section 135(5): Not Applicable

Benno Edmund Morlock

R. Krishna Kumar

Chairman of the CSR Committee

Managing Director

(DIN: 08276536)

(DIN: 05344619)

Note: Out of the total sum of INR 6.89 million spent by the Company towards CSR, about INR 2.11 million was yet to be spent by counterparties (IIT-Delhi & FIA Charitable Society).

ANNUAL EVALUATION BY THE BOARD

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

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

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

The performance of the Board and Individual Directors was also evaluated by the Board seeking inputs from all Directors on aforesaid parameters. The performance of Committees was evaluated by the Board seeking inputs from concerned Committee Members. A separate meeting of the Independent Directors was also held to review the performance of Non-independent Directors; performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Executive as well as Non-executive Directors.

PREVENTION OF SEXUAL HARASSMENT CASES

As required under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with rules made thereunder, the Company has constituted an "Internal Complaints Committee" which is responsible for redressal of complaints related to sexual harassment. The necessary disclosure in terms of requirements of Listing Regulations in this regard is given below:

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

NUMBER OF MEETINGS OF THE BOARD

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

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations and the circulars issued by the MCA and SEBI in this regard.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

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

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

REMUNERATION CRITERIA

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

The policy is available at 'Company Policies' link on 'Investors Corner' page at company's website at www.voithpaperfabricsindia.com

SECRETARIAL AUDIT

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

The Secretarial Audit Report does not contain any qualification, observation or other adverse remarks.

FRAUDS REPORTED BY THE AUDITORS

None of the auditors – Statutory, Secretarial or Internal – have reported any incident of fraud to the Audit Committee/Board of Directors, in their respective report, for the periods reviewed by them.

SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, as amended from time-to-time.

SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE COMPANIES

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

ANNUAL RETURN

As required under the provisions of Section 92(3) read with section 134(3)(a) of the Companies Act, 2013, a copy of the relevant Annual Return would be made available at 'Investor Relations' link on the 'Investors Corner' page of company's website at www.voithpaperfabricsindia.com

MAINTENANCE OF COST RECORDS

Maintenance of cost records as specified under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

VALUATION DONE WHILE TAKING LOAN FROM BANKS OR FINANCIAL INSTITUTIONS

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable.

APPRECIATIONS

The Board of Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment, in particular during the year. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board conveys its appreciation for its customers, shareholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support. The Board would like to reiterate its commitment to continue to build the organization into a truly world-class enterprise in all aspects.

For and on behalf of the Board of Directors

Ravinder Nath (DIN: 00062186)

S.K. Nagpal (DIN: 01171148)

Date : 29th May, 2022
Place : New Delhi

Deepti Gupta (DIN: 08481203)
Directors

R. Krishna Kumar (DIN: 05344619)
Managing Director

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

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

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

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

There were no contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2022, which were not at arm's length basis.

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

There were no material contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2022. However, the particulars of related party transactions carried out in the ordinary course of business at arm's length basis, are appearing at Note No. 36 forming part of the financial statements of this Annual Report.

ANNEXURE - II

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

A. CONSERVATION OF ENERGY

The company remains in constant pursuit to carry out its operations in an environment friendly manner as well as to reduce the consumption of energy. This is monitored regularly at various stages of production processes and suitable actions are implemented wherever needed & feasible. As part of this exercise, some more conventional lights were replaced with LED lights during the year under review. However, Company has not made any capital investment on procuring Energy Conservation Equipment.

B. TECHNOLOGY ABSORPTION

The company gets need based technical know-how from Voith Group and develops its technology and products from time to time. However, no new specific technology has been imported by the Company during last three years.

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

| (INR in Millions) | |
|---|-------|
| Capital | 2.83 |
| Recurring | 21.84 |
| Total (a + b) | 24.67 |
| Total R & D expenditure as a percentage of total turnover | 2.03% |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports (excluding Nepal) during the year were Rs. 215.88 million. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

| (INR in Millions) | |
|---|--------|
| Foreign Exchange Earnings (actual inflows) | 222.96 |
| Foreign Exchange Expenditure (actual outgo) | 502.60 |

ANNEXURE - III

As at 31st March, 2022 there were 131 employees on the rolls of the company. For the financial year ended on 31st March, 2022, median remuneration of the employees of the company was Rs. 876,367/-.

The ratio of remuneration of the Managing Director, Mr. R. Krishna Kumar to the median remuneration of the employees of the company was 22.81 times. The ratio of remuneration of other directors to the median remuneration of employees of the company is as follows: Mr. Ravinder Nath: 0.52 times; Mr. Surinder Kumar Nagpal: 0.64 times; Ms. Shahana Basu: 0.48 times; and Dr. Deepti Gupta: 0.64 times.

The percentage increase in the median remuneration of all employees for the year ended 31st March, 2022, over last year's median remuneration was 12.63%, whereas during this period the company has registered PBT of 28.34%. The percentage increase in the remuneration of Managing Director for the said period was 25.33%. Other directors, viz., Mr. Ravinder Nath; Mr. Surinder Kumar Nagpal; Ms. Shahana Basu and Dr. Deepti Gupta; were not paid any remuneration except the sitting fee for attending the meetings of the Board and/or its Committees.

In case of the CFO, Mr. Kalyan Dasgupta and the Company Secretary, Mr. C.S. Gugliani, the increase in remuneration was 26.70% and 24.34% respectively. Whereas, the average increase in remuneration of employees of the company was 13.30% which is in line with the policy of the company and prevailing market conditions.

During the year, the average increase in the remuneration of all employees, excluding the remuneration of Managing Director was 12.46%, whereas the increase in remuneration of Managing Director was 25.33%. The increase in remuneration of Managing Director has been as per the Nomination & Remuneration Policy of the company and in accordance with the approval of the shareholders. Besides this, there were no exceptional circumstances for increase in remuneration of Managing Director. The other Directors, who are resident in India, are paid only the sitting fee for attending the meetings of the Board and/or its Committees and are not paid any variable component.

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year ended 31st March, 2022, is as follows:

| Name of Employee | Age (in Years) as on 31/03/2022 | Designation; Nature of duties; date of commencement of employment and experience in years | Annual Remuneration (INR in Million) | Qualifications | Last employment held | % of Equity Shares Held by Employee | Whether related to any Director of the Company |
|------------------|---------------------------------|--|--------------------------------------|----------------|--|-------------------------------------|--|
| R. Krishna Kumar | 47 | Appointed as the Managing Director with effect from 1 st August, 2014 for a period of five years and reappointed for another term of five years, effective from 1 st August, 2019. He possesses a total experience of about 26 years. He is responsible for overall management and day-to-day affairs of the company. He has worked for the company in various capacities, lastly in the capacity of President, since 01/01/2010. | 19.99 | B.E. | Vice President - Voith Paper Technology (India) Private Limited / Assistant General Manager - Larsen & Toubro Limited. | NIL | No |

REMUNERATION OF TOP 10 EMPLOYEES

| Sr. No. | Name of Employee | Designation / Nature of Duties | Remuneration (Amount in INR) | Nature of Employment (Contractual or otherwise) | Qualifications | Experience (in years) | Date of Commencement of Employment | Age in years | Last Employment Held | % of Equity Shares Held by Employee | Whether related to any Director of the Company |
|---------|--------------------------|--------------------------------|------------------------------|---|---|-----------------------|------------------------------------|--------------|----------------------------------|-------------------------------------|--|
| 1 | Kalyan Dasgupta | VP | 6328358 | Permanent | Bachelors in Accounting and AICWA | 33 | 16.07.2009 | 59 | Jindal Saw Ltd | Nil | No |
| 2 | Karunakar Pant | VP | 4962900 | Permanent | Bachelors in Science from BITS Pilani and Diploma in Paper Technology | 43 | 21.10.1998 | 66 | Sinar Mas India Limited | Nil | No |
| 3 | Praveen Batra | DGM | 3950345 | Permanent | Masters in Pulp and Paper Technology from IIT Rorkee | 32 | 27.06.2005 | 56 | Wires and Fabriks (S.A.) Limited | Nil | No |
| 4 | Rakesh Kumar Malani | DGM | 3711630 | Permanent | Bachelors in Textile Technology & PGDBA from IGNOU | 26 | 06.07.2007 | 49 | Wires and Fabriks (S.A.) Limited | Nil | No |
| 5 | Shailesh Jha | Chief Manager | 3045425 | Permanent | Bachelors in Mechanical Engineering from BIT Mesra | 18 | 05.10.2012 | 40 | Timken India Limited | Nil | No |
| 6 | Rajesh Pruthi | Sr. Manager | 2939660 | Permanent | Diploma in Chemical Engg. Specialising in Pulp and Paper Technology | 25 | 08.09.2003 | 45 | Nalco Chemicals India Limited | Nil | No |
| 7 | Mahesh Arora | Chief Manager | 2848685 | Permanent | Bachelors in Textile Technology (GMTA) and PGDBA from IGNOU | 34 | 17.07.1990 | 55 | Nuchem Limited | 40 shares (0.0009%) | No |
| 8 | Bhatu Kuwar | Manager | 2829430 | Permanent | Bachelors in Pulp and Paper Technology | 28 | 17.08.2006 | 49 | Wires and Fabriks (SA) Limited | Nil | No |
| 9 | Chander Shekhar Gugliani | Company Secretary | 2775701 | Permanent | Masters in Commerce and Fellow Member of ICSI | 35 | 08.02.2002 | 57 | KCC Software Limited | Nil | No |
| 10 | Archana Sharma | Sr. Manager | 2613710 | Permanent | Masters in Commerce and Fellow Member of ICAI | 21 | 01.10.2008 | 41 | Ajay Mittal & Co. | Nil | No |

ANNEXURE - IV

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,
The Members,
Voith Paper Fabrics India Limited,
Plot No. 113/114 - A, Sector - 24,
Faridabad – 121005 (Haryana)

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Voith Paper Fabrics India Limited**, CIN: L74899HR1968PLC004895 (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year 2021-22 in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable for the period under review)**
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable for the period under review)**
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity Share) Regulations, 2021; **(Not applicable for the period under review)**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable for the period under review)**
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable for the period under review)**
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable for the period under review)**
- (vi) On the basis of written representation and detail of Industry provided by the company, we confirm that no other laws are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the audit period no specific events/actions were taken by the Company which has a major bearing on the Company's affairs in pursuance of the act, rules, regulations, guidelines, standards, etc.

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

(CS P C Jain)
Managing Partner
COP No.: 3349
M. No.: FCS 4103

UDIN : F004103D000320958

Date : 14th May, 2022

Place : Faridabad

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

Annexure - A

To,
The Members,
Voith Paper Fabrics India Limited
Plot No. 113/114-A, Sector-24,
Faridabad-121005 (Haryana)

Dear Members,

Our Secretarial Audit Report for the financial year 2021-22 of even date is to be read along with this letter.

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

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

(CS P C Jain)
Managing Partner
COP No.: 3349
M. No.: FCS 4103

UDIN : F004103D000320958

Date : 14th May, 2022

Place : Faridabad

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is an integral part of a company's value system, business practices and management ethos. Good Corporate Governance is an ongoing exercise and the Company is committed to pursue the same in accordance with the below mentioned principle laid down by Voith in this regard, much before the concept of Corporate Governance was formally introduced by the regulators:

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

Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

Your Company believes that good Corporate Governance is essential to achieve long-term goals and is committed to the adoption of best governance practices and its adherence in the true spirit at all levels and facets. Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably.

The governance processes and systems of your Company are getting strengthened with the passage of time, resulting in constant improvisation of sustainable growth.

Corporate Governance by Voith is manifestation of its culture and internal policies which founded its way back in 1927, long before this concept was reckoned by the Indian Corporate World. It aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner for achieving the corporate objectives so as to provide best services in the best interests of all stakeholders.

BOARD OF DIRECTORS

- Board's Composition – As at 31st March, 2022, the Board of Directors of the company comprised of six Directors including a Non- Executive Chairman, a Managing Director, One Non-Executive Non-Independent Director, One Non-Executive Independent Director and two Non-Executive Independent Woman Directors. The Chairman of the Board is nominated by the holding company. None of the directors hold any inter-se relationship with each other.
- Skill/expertise/competence of the Board of Directors of the Company – The Board of directors have identified the following list of core skills/expertise/competencies required of its members, in context of business of the company and for it to function effectively. Presently, the Board members who possess the identified skill/expertise/competencies is also given below:
 - Engineering & Technical – Mr. Benno Edmund Morlock, Dr. Deepti Gupta and Mr. R. Krishna Kumar.
 - Finance & Accounts – Mr. S.K. Nagpal (Expert) and other directors possess functional knowledge of Finance & Accounts.
 - Legal – Mr. Ravinder Nath and Ms. Shahana Basu.

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

- Details of Board Meetings – Between the period from 1st April, 2021 and 31st March, 2022, the Board met on five occasions as follows:
 - On 14th June, 2021 in first Quarter of 2021/22.
 - On 14th August, 2021 in second Quarter of 2021/22.
 - On 11th November, 2021 in third Quarter of 2021/22.
 - On 7th February, 2022 and 21st February, 2022 in last Quarter of 2021/22.
- Meeting of Independent Directors – As per requirement of Regulation 25 of Listing Regulations and provisions of Section 149 read with Schedule IV of Companies Act, 2013, an exclusive meeting of Independent Directors was also held without the presence of Non-Independent Directors & members of management, on 7th February, 2022, at which two Independent Directors were present. The Board also confirms that in its opinion, all the independent directors fulfill the applicable conditions of independence as specified in the Listing Regulations and that they are independent of the management of the company.
- Names and Categories of Directors on the Board, their attendance at the Board Meeting and Annual General Meeting and number of Directorships and Committee positions held by them in other companies, as at 31/03/2022, are as given below:

| Name of Director | Category | Number of Board Meetings attended during the year | Attendance at the last AGM held on 17/09/2021 | No. of Directorships held as on 31/03/2022 in other Indian companies (Public and Private) | | No. of Audit/SRC Committee Memberships held in other Indian Public Companies as on 31/03/2022 | |
|--|---|---|---|---|-------------|---|-----------|
| | | | | As Chairman | As Director | As Chairman | As Member |
| Mr. Benno Edmund Morlock (Chairman of the Board) | Non-Executive and Non-Independent Director (Nominee of the Holding Company) | 2 | Present | - | - | - | - |
| Mr. Ravinder Nath | Non-Executive and Non-Independent Director | 5 | Present | - | 6 | - | - |
| Mr. Surinder Kumar Nagpal | Non-Executive and Independent Director | 5 | Present | - | 1 | - | 1 |
| Ms. Shahana Basu | Non-Executive and Independent Director | 4 | Not Present | - | 1 | - | - |
| Dr. Deepti Gupta | Non-Executive and Independent Director | 5 | Present | - | 2 | NA | NA |
| Mr. R. Krishna Kumar | Managing Director | 5 | Present | - | 2 | NA | NA |

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

| Name of Director | Directorships (with Category) held in other Listed Companies as on 31/03/2022 |
|-------------------|---|
| Mr. Ravinder Nath | Somany Ceramics Limited – Independent Director Kanoria Chemicals & Industries Limited – Independent Director |
| Mr. S. K. Nagpal | Oracle Credit Limited – Independent Director |
| Ms. Shahana Basu | DCM Nouvelle Limited – Non-Executive, Non-Independent Director |

- Details of shareholding of Directors and their relatives as on 31/03/2022:

| Name of Director | Shares held by Director and relatives in the Company | Total Shares held |
|---------------------------|--|-------------------|
| Mr. Benno Edmund Morlock | NIL | NIL |
| Mr. Ravinder Nath | NIL | NIL |
| Mr. Surinder Kumar Nagpal | NIL | NIL |
| Ms. Shahana Basu | NIL | NIL |
| Dr. Deepti Gupta | NIL | NIL |
| Mr. R. Krishna Kumar | NIL | NIL |

- Familiarization Programme for Independent Directors:

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

Further, at each Audit Committee Meetings and Board Meetings, some time is normally allocated for Independent Directors, when they are usually briefed about the latest updates pertaining to the operations, business model/developments of the Company; regulatory/statutory changes and its likely impact on the Company workings etc., that have occurred since previous Board Meeting, by the Statutory Auditors, Managing Director, as well as the Company Secretary. This way they devote adequate time to understand, familiarize and remain updated about the activities of the Company.

The necessary disclosures about the familiarization programme for independent directors, as above, is also available at link of 'Investor Relations' on 'Investor Corner' page on the company's website at www.voithpaperfabricsindia.com

- Committees of the Board – The company has constituted the following four Committees of the Board:

A. AUDIT COMMITTEE:

Terms of reference: The Audit Committee provides direction to the audit function in the company and monitors/reviews the quality of financial management and internal audit. It also oversees the financial reporting process for proper disclosure in

the financial statements and recommends appointment, re-appointment and removal of the auditors and about fixing their remuneration.

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

Composition - In accordance with the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015, as at 31st March, 2022 the Audit Committee of the Company comprised of three Non-Executive & Independent Directors under the Chairmanship of Mr. Surinder Kumar Nagpal.

Meetings and Attendance - Four meetings of the Audit Committee of the Board of Directors took place during the year under review. For the year ended 31/03/2022, the attendance details of Committee Members at the meetings held on 14th June, 2021, 14th August, 2021, 11th November, 2021 and 7th February, 2022, is as follows:

| Name & Designation of Director in the Committee | Category | No. of meetings attended |
|---|--|--------------------------|
| Mr. Surinder Kumar Nagpal, Chairman | Non-Executive & Independent Director | 4 |
| Ms. Shahana Basu, Member | Non-Executive & Independent Woman Director | 3 |
| Dr. Deepti Gupta, Member | Non-Executive & Independent Woman Director | 4 |

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

Related Party Transaction Policy

Company has formulated a Policy on Related Party Transactions as per the requirements of Listing Regulations, which was lastly reviewed and approved by the Board in February 2022.

The relevant Policy can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website at www.voithpaperfabricsindia.com

B. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

Terms of Reference - The salient functions of the Stakeholders' Relationship Committee (SRC) include, resolving the grievances of shareholders, overseeing the allotment/approvals & rejection of transfer/transmission of shares, split/consolidation, etc.; issue of duplicate share certificates; reviewing the various aspects of interest of shareholders & measures for improvement etc.; and compliance with the listing requirements for securities of the Company, including dematerialization and/or rematerialization of securities and all allied matters related thereto.

Composition - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 20 of Listing Regulations, 2015, as at 31st March, 2022, the SRC comprised of three Directors, under the Chairmanship of a Non- Executive Director, Mr. Ravinder Nath, an advocate by profession.

Meetings and Attendance - Two meetings of the SRC of Board of Directors took place during the year under review. For the year ended 31/03/2022, the attendance details of Committee Members at the Meetings held on 14th August, 2021 and 11th November, 2021 is as follows:

| Name & Designation of Director in the Committee | Category | No. of meeting attended |
|---|--|-------------------------|
| Mr. Ravinder Nath, Chairman | Non-Executive & Non-Independent Director | 2 |
| Dr. Deepti Gupta, Member | Non-Executive & Independent Woman Director | 2 |
| Mr. R. Krishna Kumar, Member | Managing Director | 2 |

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

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

| Particulars | Related to Share Transfers | Other Complaints |
|---|----------------------------|------------------|
| Number of complaints pending as on 01/04/2021 | 0 | 0 |
| Number of complaints received during the period from 01/04/2021 to 31/03/2022 | 0 | 0 |
| Number of complaints disposed-off during the period from 01/04/2021 to 31/03/2022 | 0 | 0 |
| Number of complaints pending as on 31/03/2022 | 0 | 0 |

C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Composition - In accordance with the provisions of Section 135 of Companies Act, 2013 read with Rule 5 of Companies (CSR Policy) Rules, 2014, as at 31st March, 2022 the CSR Committee comprised of four directors, three of whom are Non-Executive Directors. Mr. Benno Edmund Morlock, Chairman of the Board is also the Chairman of the CSR Committee.

Meetings and Attendance - One meeting of the CSR Committee of the Board of Directors took place during the year under review. The attendance details of the Members at the Committee Meeting held on 11th November, 2021 during the year under review is as follows:

| Name & Designation of the Director in the Committee | Category | No. of meeting attended |
|---|--|-------------------------|
| Mr. Benno Edmund Morlock, Chairman | Non-Executive & Non-Independent Director | 0 |
| Mr. Ravinder Nath, Member | Non-Executive & Non-Independent Director | 1 |
| Mr. Surinder Kumar Nagpal, Member | Non-Executive & Independent Director | 1 |
| Mr. R. Krishna Kumar, Member | Managing Director | 1 |

D. NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

Composition - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 19 of Listing Regulations, 2015, as at 31st March, 2022 the NRC comprised of three Non-executive Directors, two of whom are Independent Directors. Mr. Surinder Kumar Nagpal, an Independent Director is the Chairman of the NRC.

Meetings and Attendance - One meeting of the NRC of the Board of Directors took place during the year under review. The attendance details of Members at the Committee Meeting held on 14th June, 2021 during the year under review, is as follows:

| Name & Designation of the Director in the Committee | Category | No. of meeting attended |
|---|--|-------------------------|
| Mr. Surinder Kumar Nagpal, Chairman | Non-Executive & Independent Director | 1 |
| Mr. Benno Edmund Morlock, Member | Non-Executive & Non-Independent Director | 0 |
| Ms. Shahana Basu, Member | Non-Executive & Independent Woman Director | 1 |

PERFORMANCE EVALUATION CRITERIA OF DIRECTORS

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

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

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

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

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

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

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

Details of payment made to Non-Executive Directors - In order to retain seasoned professional on Board & to receive their valuable guidance, the Non-Executive Directors, resident in India, were paid the sitting fee for attending the meetings of the Board and/or its Committees at the rate of Rs. 70,000/- and Rs. 35,000/- respectively, per meeting.

| Name of the Director | Sitting Fees (in INR) paid, during the year under review, for attending the meetings of: | | | | | Total Sitting Fees Paid (INR) |
|----------------------|--|-----------------|-------------------------------------|--------------------------------------|---|-------------------------------|
| | Board of Directors | Audit Committee | Nomination & Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee | |
| Mr. Ravinder Nath | 350,000 | - | - | 70,000 | 35,000 | 455,000 |
| Mr. S. K. Nagpal | 350,000 | 140,000 | 35,000 | - | 35,000 | 560,000 |
| Ms. Shahana Basu | 280,000 | 105,000 | 35,000 | - | - | 420,000 |
| Dr. Deepti Gupta | 350,000 | 140,000 | - | 70,000 | - | 560,000 |

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

Following are the details of remuneration (including perquisites and retirement benefits) paid/payable to the Managing Director, Mr. R. Krishna Kumar, for the financial year ended on 31st March, 2022:

| Particulars | Amount (in INR) |
|-------------------------------------|---|
| Basic | 3,704,202 |
| Performance Linked Reward | 5,905,091 |
| Allowances and perquisites | 8,446,881 |
| Contribution to Provident Fund | 12% of Basic Salary |
| Contribution to Gratuity Fund | Through Group Gratuity Scheme with LIC of India |
| Contribution to Superannuation Fund | 15% of Basic Salary |

GENERAL BODY MEETINGS

- Details of last three Annual General Meetings held:

| Year (AGM) | Venue | Day & Date | Time |
|--------------------------|--|-------------------------|-----------|
| 2021 (51 st) | Through VC/OAVM, at below deemed venue: Voith Paper Fabrics India Limited 113/114A, Sector-24, Faridabad – 121005, Haryana | Friday 17/09/2021 | 3:30 p.m. |
| 2020 (50 th) | Through VC/OAVM, at below deemed venue: Voith Paper Fabrics India Limited 113/114A, Sector-24, Faridabad – 121005, Haryana | Wednesday 30/09/2020 | 3:30 p.m. |
| 2019 (49 th) | Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad – 121001, Haryana | Wednesday 28/08/2019 | 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 |
|--------------------------|--|
| 2021 (51 st) | None |
| 2020 (50 th) | Appointment of Statutory Auditor; and Appointment of Non-Executive Director |
| 2019 (49 th) | Appointment of Managing Director; and Appointment of Independent Directors |

Special Resolutions Passed Through Postal Ballot:

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

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

DISCLOSURES

- i. During the year ended 31st March, 2022, there has been no materially significant transaction entered by the company with any party which is considered to have potential conflict with interest of the company at large. The details of all related party transactions are placed and approved by the Audit Committee and Board of Directors on periodical basis.
- ii. During the last three years there has been no instance of non-compliance and no penalties or strictures imposed on the Company by Stock Exchanges or the SEBI or any other statutory authorities on any matter related to capital market. However, the company received a letter from stock exchange in the year 2018, wherein it was mentioned that Nomination and Remuneration Committee (NRC) was not compliant for certain period as the Chairman nominated by the holding company was changed in July 2018 and the new Chairman appointed was inducted on the Board in November 2018. During this period, he was in the process of completing formalities like obtaining DSC & DIN. The company has already given a representation in this regard to the stock exchange and the response from stock exchange is still awaited.
- iii. In accordance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated a 'Vigil Mechanism/Whistle Blower Policy' which provides an avenue to the Directors and employees of the Company to directly report, their genuine concerns including unethical behavior and violation of code of conduct, to the Chairman of the Audit Committee.

No person has been denied access to the Chairman of the Audit Committee of the Board of Directors of the Company.
- iv. The Company has complied with the mandatory requirements of Listing Regulations. Compliance status about the non-mandatory requirements of the Listing Regulations are disclosed separately elsewhere.
- v. At present, Company does not have any subsidiary, hence it has not formulated any Policy for determining 'material' subsidiary.
- vi. The Policy for dealing with Related Party Transactions can be accessed under 'Company Policies' link at the web-link www.voithpaperfabricsindia.com
- vii. Commodity price risk or foreign exchange risk and hedging activity: The risks pertaining to foreign exchange are hedged by the company from time to time, on need basis.
- viii. During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations.
- ix. A certificate from a Company Secretary in Practice, confirming that none of the directors have been debarred / disqualified by the Board/Ministry of Corporate affairs or any such statutory authority, from being appointed or continuing as Director on the Board of the Company, is forming part of this report.
- x. During the year, there were no instances where Board had not accepted any recommendation of any Committees of the Board which is mandatorily required.
- xi. Company has paid Rs. 3.30 million in aggregate (excluding applicable taxes), to statutory auditors and all entities in their network firms, for all services availed from them during the year.
- xii. There were no complaints filed and pending during the year under review in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- xiii. The Company has complied with all the requirements of Corporate Governance Report as stated under sub paras (2) to (10) of section (C) of Schedule V to the Listing Regulations.
- xiv. The Company has not adopted discretionary requirements as specified in Part E of Schedule II in terms of Regulation 27(1) of the Listing Regulations.
- xv. The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

DISCLOSURES OF ACCOUNTING TREATMENT

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

MEANS OF COMMUNICATION

- Intimation to Stock Exchange - Your Company believes that all the stakeholders should have access to adequate information about the Company. All information, which could have a material bearing on the share prices, is released at the earliest to the BSE in accordance with the requirements of Listing Regulations.
- Newspapers - The financial results and other communications of the Company were normally published in 'The Hindu Business Line/ Financial Express' and 'Rashtriya Sahara/Naya India/Jansatta'.

- Website - The financial Results were also displayed on 'Financial Results' link on 'Investor Corner' page on the company's website at www.voithpaperfabricsindia.com The Company also updates the website with other relevant information, as and when required.
- The Company did not make any official news release nor made any presentations to the institutional investors or analysts, during the year under review.

GENERAL SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

| Day & Date | Time | Venue |
|--|-----------|--|
| Wednesday, 17 th August, 2022 | 3:30 p.m. | Through Video Conferencing (VC) or Other Audio Visual Means (OAVM) |

Financial Calendar (From 1st April, 2022 to 31st March, 2023)

Subject to any directive/instruction from the statutory authorities in this regard, tentative dates of releasing financial results for quarter ending:

- 30th June, 2022 - By 14th August, 2022
- 30th September, 2022 - By 14th November, 2022
- 31st December, 2022 - By 14th February, 2023
- 31st March, 2023 - By 30th May, 2023

Book Closure and Dividend Payment date:

Book Closure: From Saturday, 6th August, 2022 to Wednesday, 17th August, 2022 (both days inclusive).

Dividend Payment Date: Dividend would be credited in the account of shareholders whose ECS Mandate is available, within 30 days of declaration at Annual General Meeting. For members whose bank details are not updated and/or to whom the electronic payment of dividend could not be made successfully, necessary dividend warrants / demand drafts / cheques would be sent by post in accordance with the prevailing guidelines of postal authorities. Hence, shareholders are advised to kindly update their NECS Mandates with the Company/RTA (for shares held in physical mode) or the Depository Participant (for shares held in demat mode) at the earliest.

Further, no amount was transferred to the Investor Education and Protection Fund (IEPF) during the year under review, in accordance with the provisions of Section 124 of the Companies Act, 2013, as the company did not declare any dividend during the calendar year 2014.

Further, until 31st March, 2022, 47739 shares in respect of which dividends have remained unclaimed/unpaid for seven consecutive years, stand transferred to the Investor Education and Protection Fund (IEPF) in accordance with the applicable provisions of the Companies Act, 2013, and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2017, as amended. Relevant details in this regard has also been made available on the website of the company at 'Investor Relations' link on 'Investors Corner' page at www.voithpaperfabricsindia.com

LISTING ON STOCK EXCHANGE

The Equity Shares of the Company are currently listed for trading under Group/Index 'X' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2022/23.

The Company also confirms that it has paid the annual custodial fees to the Central Depository Services (India) Limited (CDSL) and the National Securities Depository Limited (NSDL) for the year 2022/23.

STOCK CODE

BSE Limited (BSE) : 522122

ISIN for NSDL/CDSL : INE285C01015

MARKET PRICE INFORMATION

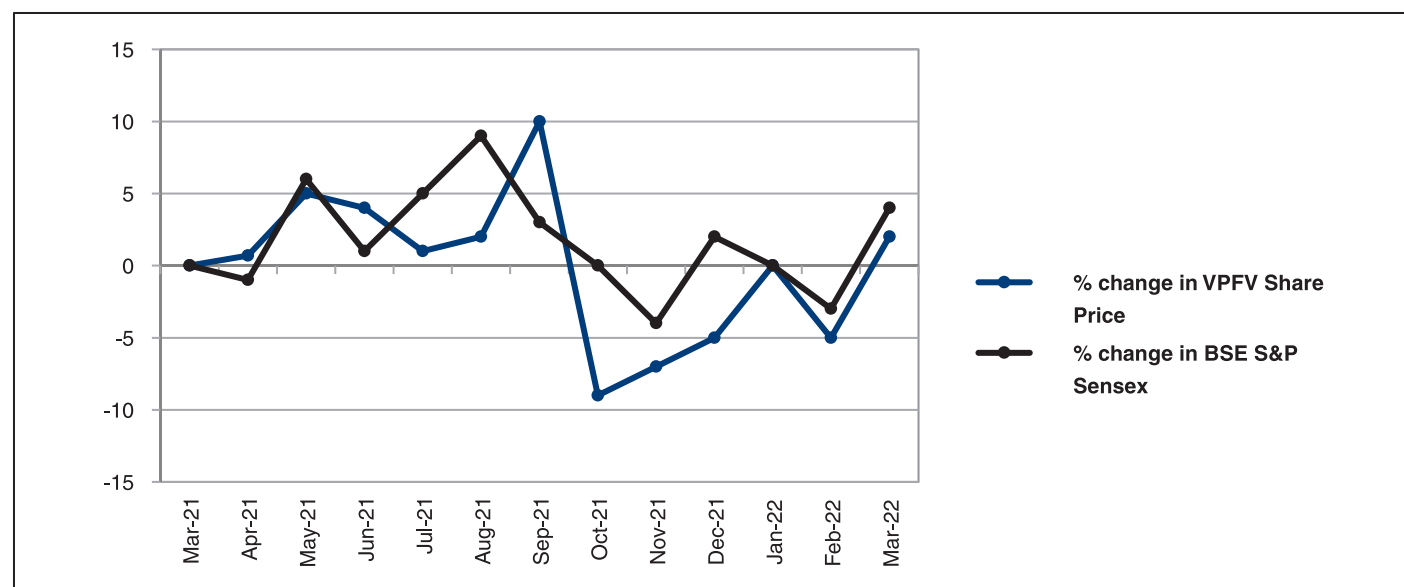
The monthly 'high' and 'low' closing prices (rounded off to the nearest rupee) of the shares traded during the period from April, 2021 to March, 2022 on BSE are given below:

| Month | High (in Rs.) | Low (in Rs.) |
|--------------|---------------|--------------|
| April, 2021 | 1110 | 1050 |
| May, 2021 | 1150 | 1061 |
| June, 2021 | 1275 | 1080 |
| July, 2021 | 1244 | 1160 |
| August, 2021 | 1255 | 1120 |

| Month | High (in Rs.) | Low (in Rs.) |
|-----------------|---------------|--------------|
| September, 2021 | 1370 | 1198 |
| October, 2021 | 1350 | 1192 |
| November, 2021 | 1295 | 1092 |
| December, 2021 | 1174 | 1043 |
| January, 2022 | 1188 | 1006 |
| February, 2022 | 1158 | 1009 |
| March, 2022 | 1097 | 1001 |

Source: BSE Website

SHARE PRICE VIS-A-VIS SENSEX MOVEMENT



REGISTRAR & TRANSFER AGENT (RTA)

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

SHARE TRANSFER SYSTEM

Investors may kindly note that SEBI has mandated that in case of securities market transactions and off-market/private transactions, involving transfer of shares of a listed company in physical mode, is not allowed w.e.f. 1st April, 2019.

MCS Share Transfer Agent Limited handles the investor services of the Company and also share transfer/transmission related work within the stipulated time prescribed under applicable laws, if the documents are found correct and valid in all respects.

As per the requirements of Regulation 40(9) of the Listing Regulations, Company has obtained the necessary certificate from a Company Secretary in Practice and submitted the same to BSE, 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, 2022:

| Category code | Category of Shareholder/Member | Total No. of Members | Total No. of shares | No. of Shares held in dematerialized form | Total share holding as a percentage of total number of shares | |
|---------------|---|----------------------|---------------------|---|---|-------------------|
| | | | | | As a % of (a+b) | As a % of (a+b+c) |
| (a) | Shareholding of Promoter and Promoter group | | | | | |
| | (1) Indian | Nil | Nil | Nil | N.A. | N.A. |
| | Sub Total (a)(1) | Nil | Nil | Nil | N.A. | N.A. |
| | (2) Foreign | | | | | |
| | Bodies Corporate | 1 | 3,252,418 | 3,252,418 | 74.04 | 74.04 |
| | Sub Total (a)(2) | 1 | 3,252,418 | 3,252,418 | 74.04 | 74.04 |
| | Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2) | 1 | 3,252,418 | 3,252,418 | 74.04 | 74.04 |
| (b) | Public shareholding | | | | | |
| | (1) Institutions | | | | | |
| | Mutual Funds/ UTI | Nil | Nil | Nil | Nil | Nil |
| | Financial Institutions / Banks | 3 | 626 | 352 | 0.01 | 0.01 |
| | Insurance Companies | 2 | 51,406 | 51,331 | 1.17 | 1.17 |
| | Sub Total (b)(1) | 5 | 52,032 | 51,683 | 1.18 | 1.18 |
| | (2) Non institutions | | | | | |
| | a) Bodies Corporate | 90 | 100,561 | 99,407 | 2.29 | 2.29 |
| | b) Individuals | | | | | |
| | i. Individual shareholders holding nominal share capital up to Rs. 2 Lakh | 4294 | 791,923 | 723,841 | 18.03 | 18.03 |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 2 Lakh | 4 | 133,699 | 133,699 | 3.04 | 3.04 |
| | iii. IEPF Authority | 1 | 47,739 | 47,739 | 1.09 | 1.09 |
| | c) NBFC registered with RBI | 1 | 448 | 448 | 0.01 | 0.01 |
| | d) NRIs | | | | | |
| | i) with Repat | 31 | 4,898 | 4,674 | 0.11 | 0.11 |
| | ii) without Repat | 33 | 8,841 | 6,551 | 0.20 | 0.20 |
| | e) Any Other (Specify) | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (b)(2) | 4454 | 1,088,109 | 1,016,359 | 24.77 | 24.77 |
| | Total Public shareholding | | | | | |
| | (b)=(b)(1)+(b)(2) | 4459 | 1,140,141 | 1,068,042 | 25.96 | 25.96 |
| | TOTAL (a)+(b) | 4460 | 4,392,559 | 4,320,460 | 100.00 | 100.00 |
| (c) | Shares held by Custodians and against which Depository Receipts have been issued | Nil | Nil | Nil | Nil | Nil |
| | Grand Total (a+b+c) | 4460 | 4,392,559 | 4,320,460 | 100.00 | 100.00 |

B. Shareholders with more than one percent holding as on 31st March, 2022:

| Sl. No. | Name of the Shareholder | No. of shares held | % of shares held |
|---------|--|--------------------|------------------|
| 1. | VP Auslandsbeteiligungen GmbH | 3,252,418 | 74.04 |
| 2. | Om Prakash Rawat | 60,019 | 1.37 |
| 3. | The Oriental Insurance Company Limited | 51,331 | 1.17 |

Distribution of Shareholding as on 31st March, 2022:

| No. of Shares held (Range) | No. of Shareholders | % to total Shareholders | No. of Shares | % to total Shares |
|----------------------------|---------------------|-------------------------|---------------|-------------------|
| 1 - 500 | 4118 | 92.25 | 328,609 | 7.48 |
| 501 - 1000 | 179 | 4.01 | 129,115 | 2.94 |
| 1001 - 2000 | 97 | 2.17 | 133,857 | 3.05 |
| 2001 - 3000 | 25 | 0.56 | 62,704 | 1.43 |
| 3001 - 4000 | 11 | 0.25 | 38,684 | 0.88 |
| 4001 - 5000 | 5 | 0.11 | 22,735 | 0.52 |
| 5001 - 10000 | 15 | 0.34 | 102,696 | 2.34 |
| 10001 - 50000 | 11 | 0.25 | 210,391 | 4.79 |
| 50001 - 100000 | 2 | 0.04 | 111,350 | 2.53 |
| 100001 and above | 1 | 0.02 | 3,252,418 | 74.04 |
| Total | 4464 | 100.00 | 4,392,559 | 100.00 |

DEMATERIALIZATION OF SHARES

The Company's shares are available for trading in the depository systems of both the NSDL and the CDSL. 3,252,418 equity shares owned by the holding company are held in dematerialized mode.

Out of remaining 1,140,141 equity shares; 1,068,042 equity shares of the company forming 93.68% of the total public shareholding, stand dematerialized as on 31st March, 2022.

LIQUIDITY OF SHARES

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

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

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

PLANT LOCATION

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

ADDRESS FOR CORRESPONDENCE

The Company Secretary,

Voith Paper Fabrics India Limited

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

Phone: 0129 – 4292200; Fax: 0129 – 2232072

E-mail: investorcare.vffa@voith.com (dedicated email ID for investors as per Regulation 13 of Listing Regulations)

PARTICULARS OF UNCLAIMED/UNDELIVERED SHARES

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

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

| Sr. No. | Particulars | No. of cases | No. of Shares |
|---------|--|--------------|---------------|
| 1 | Status as on 01/04/2021 | 9 | 1,332 |
| 2 | Total request received during the year, from shareholders for dispatch of shares to them | 2 | 110 |
| 3 | Shares dispatched in pursuance of valid requests received from shareholders | 2 | 110 |
| 4 | Undelivered / unclaimed shares lying with the Company as on 31/03/2022 | 7 | 1,222 |

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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

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

CEO & CFO CERTIFICATION

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

CODE OF CONDUCT

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

DISCLOSURE OF LOANS AND ADVANCES IN WHICH DIRECTORS ARE INTERESTED:

The company has not granted any loans or advances to firms/companies in which Directors are interested.

DECLARATION BY THE MANAGING DIRECTOR

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

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

For Voith Paper Fabrics India Limited

-- sd --

R. Krishna Kumar
Managing Director
DIN: 05344619

STATUS OF ADOPTION OF NON-MANDATORY/DISCRETIONARY REQUIREMENTS

1. The Board - The Corporate Office of the Company does not bear the expenses of the office of the Chairman, as he is stationed outside India.
2. Shareholders Rights - The quarterly financial results and other material information, if any, are published in an English newspaper having nation-wide circulation and a local language newspaper. The results are also displayed on the website of the Company besides being available for public viewing through the website of BSE. Therefore, the half yearly results including summary of the significant events are not separately sent to the shareholders.
3. Audit Qualifications - The Company does not have any qualifications from the Auditors in its Financial Statements as on 31st March, 2022.
4. Chairman & CEO - The positions of Chairman and CEO are held by two different individuals.
5. Reporting by the Internal Auditor - The Audit Committee and the Board were duly briefed about the Internal Audit Report submitted by the Internal Auditor.

COMPLIANCE CERTIFICATE

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

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

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

We have reviewed the implementation of Corporate Governance procedures by **VOITH PAPER FABRICS INDIA LIMITED** for the financial year ended on 31st March, 2022, 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.

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

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

- That the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 with the stock exchange have been complied with in all material respect by the Company; and
- That 'No' investor grievance is pending for a period exceeding one month as per the records maintained by the Company.

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

(P.C. Jain)
Managing Partner
CP No. 3349
M No.:4103

UDIN: F004103D000372614

Place : Faridabad
Date : 24th May, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
VOITH PAPER FABRICS INDIA LIMITED
(CIN: L74899HR1968PLC004895)
113/114-A, Sector-24
Faridabad - 121005 (Haryana)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Voith Paper Fabrics India Limited having (CIN: L74899HR1968PLC004895) and having registered office at 113/114-A, Sector-24 Faridabad - 121005 (Haryana) (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations/ representations furnished to us by the Company & its Director/ officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended as on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of Appointment of Director |
|---------|---------------------------------|----------|---------------------------------|
| 1 | Mr. Benno Edmund Morlock | 08276536 | 10/11/2018 |
| 2 | Mr. Ravinder Nath | 00062186 | 24/10/1998 |
| 3 | Mr. Surinder Kumar Nagpal | 01171148 | 27/01/2010 |
| 4 | Ms. Shahana Basu | 07137715 | 06/02/2016 |
| 5 | Dr. Deepti Gupta | 08481203 | 30/07/2020 |
| 6 | Mr. Krishna Kumar Rajamohannair | 05344619 | 01/08/2014 |

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

(P.C. Jain)
Managing Partner
CP No. 3349
M No.:4103

UDIN: F004103D000321068

Place : Faridabad
Date : 14th May, 2022

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

Paper Industry is a significant player in the World Economy. The four key Paper and Board categories are: Newsprint, Printing and Writing papers, Paper board for packaging applications, Tissue papers & other specialty papers.

Paper Industry in India is not a forest-based industry, but an agro-based industry, providing jobs and income to lakhs of farmers involved in cultivating trees. The paper industry seeks to maintain and contribute to society, foster the well-being of our communities, and utilizes sustainable manufacturing practices and fiber procurement measures that protect the environment and ensure that our resources will be as available for future generations as they are today. Paper addresses growing humankind needs in areas like education, sanitation, packaging and communication.

The pulp and paper industry is one of the important and largest industry around the world, yet like all businesses, the industry was adversely affected during the Covid-19 pandemic phase. There was however a satisfactory economic recovery post easing of Covid-19 restrictions. With reopening of economies, writing and printing paper segments has started seeing gradual uptick in demand. We expect demand for writing and printing paper to revive and growth prospects would be better in coming months.

Though extended lockdowns amid Covid-19 have resulted in disruption of supply chains and production of pulp and paper around the world, demand for hygiene & personal care products, including tissue paper increased during this period. Leading global tissue manufacturers are focusing on meeting continually rising demand of tissue papers from hospitals & other healthcare facilities. While rising consumer consciousness for health and hygiene led to higher demand for tissues, the growth in demand of pharmaceutical products raised the demand for paperboard.

Covid-19 brought major swings in demand to the different sub-sectors of the pulp and paper industry. Online shopping was treading in a positive direction before the pandemic, with conveniences like meal kit and grocery delivery services already on rise, but forced lockdowns and cautionary sentiments led to a significant spike in e-commerce, with consumers doing as much of their shopping online as possible. This garnered a major boost in the demand for cardboard boxes.

Pulp & paper are considered to be the most recyclable and sustainable material available in the world today. Owing to rising environmental concerns, both manufacturers and consumers are shifting their preference towards more sustainable paper packaging solutions. Nowadays, the environmental concerns are surging and this is further compelling the manufacturers to shift towards more eco-friendly paper packaging solutions. Leading food, cosmetics and FMCG companies are continuously engaging with paper manufacturers to develop advanced paper packaging solutions to meet their commitments towards sustainability.

Owing to increased adoption of paper based packaging products, the wrapping & packaging segment is projected to lead the market in the near future. The rapid penetration of e-commerce and retail sector across the world has created huge demand for both wrapping & packing papers.

New innovations and trends are constantly emerging in the paper industry. The coronavirus has brought a focus on cleanliness creating new opportunities for tissue and toilet papers. Within the past year, the e-commerce boom has created a structural change in consumer habits. With the increase in online shopping, there has been a significant surge in corrugated and containerboard demand. Accordingly, a strong revival in consumer spending amid the waning impact of the Covid-19 pandemic will help the paper packaging industry bounce back with a revenue growth.

OUR STRENGTHS

The paper industry occupies an important place, as paper can be put to many uses. It contributes not only to economic development but also to cultural development. The spread of education and literacy is bound to increase demand for paper.

The pulp and paper manufacturing sector is energy and raw materials intensive, with high capital costs and long investment cycle. The industry has an excellent track record in resource utilization and innovation. Paper is very important commodity and part and parcel of our everyday life. The paper industry is diversifying and responding to an increased globalized marketplace.

Being an established participant in the industry with a satisfied customer base and with the strong support of Voith Group, the company is better placed than its competitors to command a formidable position in the industry. Besides this, with the support of a strong R&D facility of the Voith Group the company can also provide novel solutions to the problems of customers. Further, the enthusiasm and untiring efforts of employees at all levels has enabled your company to progress, despite prevailing uncertain economic situation.

OUR WEAKNESSES

The company's products are mainly used in manufacture of paper. Accordingly, the scope of growth of the company in future, is directly connected to the growth of Paper Industry in India. Owing to the scarce resources needed to manufacture paper, it remains subject to policy constraints by Central/State governments pertaining to the Paper Industry. This may in turn restrict the future growth prospects of the company as well.

THE OPPORTUNITIES

Paper packaging is lightweight & convenient for logistics. Also, the increasing need for sustainability in retail packaging to reduce the adverse effect of plastic packaging waste has pushed the demand for paper based packaging products. With expanding online retailing, demand for corrugated boxes and paper bags is expected to increase in future.

Based on category, market is fragmented into newsprint, printing and writing, wrapping and packaging, and others. Out of these, the wrapping and packing segment generated major of pulp and paper market share and is likely to continue in coming years also. This growth is attributable to the rising usage of paper based packaging products. Additionally, the increasing penetration of the retail sector and e-commerce is continuing the surge in demand for wrapping & packing papers.

There are ongoing efforts to reduce or eliminate the use of plastic for packaging. This anti-plastic sentiment is beneficial to the pulp and paper industry in that it encourages biodegradable alternatives. In fact, the use of plant based raw materials is being explored. This is being driven by governmental agencies and by consumers that are health conscious and committed to finding eco-friendly options.

Apart from that, the prominent FMCG, cosmetics and food companies are joining hands with pulp and paper manufacturers to develop novel paper packaging solutions. Another encouraging aspect is that Indian paper industry has trained manpower whose skill can be gainfully used to adapt with modern technology for manufacturing paper and paper board of international standard at relatively lower manpower cost inputs.

Once the effects of Covid-19 wear out, India is expected to regain its growth trajectory and so will the paper industry. The government is also expected to support the pace of economic recovery through its various policies, schemes and incentives.

The lower per capita consumption of paper in India, rising awareness in consumers and growth of the organized food sector, increased usage of packaging paper and improved logistical capabilities are the factors providing ample scope for long term growth of the paper industry.

THE THREATS

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

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

The Covid-19 situation has also resulted in waste paper supply shortage. Waste paper is recycled and it is the main raw material for the industry, but even domestic paper is not available for the industry. Imports of waste paper and cuttings have been affected due to the Covid-19 pandemic in Europe.

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

SEGMENT WISE REPORTING

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

OUTLOOK

Paper plays a key role in communication and as a packaging material. Demand for paper is closely linked to the prevalent economic conditions. Paper industry continues to have a reasonably moderate prospect in India during next few years as the demand of paper products grow in line with the GDP growth. Paper continues to enjoy a relatively healthy demand on account of (i) lifecycle of a paper product from manufacture to consumption and disposal is short, as paper is used more in the nature of a consumable and not as a durable (ii) Wide usage, right from an individual to a corporate entity and (iii) no real low cost substitutes for paper.

The Indian paper and paperboard industry has the potential and the capabilities to service the demand in domestic and international market; and also to create huge employment avenues in rural India through agro production and forestry. This will only strengthen if the competitiveness of the value chain is encouraged by the government.

The Covid-19 pandemic sent shockwaves across the globe and throughout many industries as populations have had to completely alter their lifestyles. Lockdowns, mask mandates, work from home orders and online schooling became the new normal for most of 2021/22. The growing retail and e-commerce industries, along with the growing demand for environment friendly packaging products, currently represents the key factors driving growth of the market.

Furthermore, increasing consciousness among consumers regarding sustainable packaging and the implementation of favorable government policies are providing a boost to the market growth. Government of various developed and emerging nations are promoting the usage of paper based products as an alternative to plastic for minimizing pollution and toxin levels in the environment.

The global pulp industry witnessed price volatility due to disruptions caused by the pandemic that affected the entire supply chain. The pandemic also accelerated the de-growth of writing/printing paper and newsprint, given the increased pace of digital adoption across businesses and the closure of educational institutions. The reopening of educational institutions across the country should revive the demand for writing and printing segment.

Additionally, the rapid growing food and beverages industry across the globe is acting as another growth inducing factor. Food manufacturing organizations are adopting food grade paper packaging products to retain the nutrient content and maintain the quality of the food. Other

factors, including various product innovations to enhance the efficiency and to produce visually appealing variants are projected to drive the paper packaging market growth in coming years.

Paper continues to be an important commodity which invariably touches upon our everyday life and there are broadly three identified reasons for the strengthening of the industry. These are, increasing e-commerce demand for container board as packaging material, new market outlets for the middle class in emerging markets, and increasing demand for hygiene products. Also, digital technology in paper and pulp production is changing the way manufacturing processes are being automated. Manual processes can be digitized to increase production and precision. High levels of manufacturing uniformity at lower energy production are attainable.

The Indian paper industry, which was one of the worst hit in the wake of the Covid-19 pandemic, briefly witnessed signs of revival on a month-on-month basis. The increased reliance of people on packaged goods and products during the lockdown gave a fillip to the packaging board business. This apart, the global trend supporting biodegradable and sustainable packaging has also augured well for the industry. The Covid-19 pandemic has accelerated trends such as digitization and emphasis on hygiene and it leads to increased demand for various paper products.

The long-term outlook of the Indian paper and packaging board market remains positive with growth expected to be driven by the packaging segment. Rising imports, due to surplus capacity globally, remains a concern for domestic manufacturers.

RISKS & CONCERNS

The paper industry is labour intensive as well as capital intensive and is exposed to several risks i.e. changes in government policies, environmental policies, duties and taxes, technological obsolescence and external economic factors.

The Company has a Management Team that meets periodically to analyze and minimize the potential risks to the Company, which are an inherent part of every business.

INTERNAL CONTROL SYSTEMS & ADEQUACY

The Company has adequate internal control systems commensurate with its size. All operating parameters are monitored and controlled. The Audit Committee of its Board of Directors, comprising of Independent Directors, also reviews the systems on regular intervals. Moreover, the Company has appointed M/s Lodha & Co., Chartered Accountants, as its internal auditors and they periodically test the efficacy of the internal control systems.

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

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

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

There were 131 employees on the rolls of the Company as on 31st March, 2022.

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

As compared to previous year there was no significant change in specified key financial ratios.

As compared to previous year (10.45%), the change in 'Return on Net Worth' in the current year (10.24%) amounts to decrease of 0.21%. This is primarily due to increase in net worth for the year under review.

CERTIFICATIONS

The Company is conscious of protecting the environment and has initiated various eco-friendly practices including rainwater-harvesting system. It is our continuous effort to keep the premises and surroundings clean and green. The Company is continuing with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications by TUV.

CAUTIONARY STATEMENT

Statements in the foregoing paragraphs of this report describing the current industry structure, outlook, opportunities etc. reflect the estimation and opinion of the Company. The same are based on certain assumptions and expectations of future events. The actual results may substantially diverge from the same as they depend upon the global political, economic and social situation. Further, change in Government regulations, environmental laws, tax structure, cyclical demand, demand & supply conditions, cost of raw materials & their availability and other related factors such as litigation, Industrial relations and other unforeseen events can also have a bearing on the above statements. The Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in future on the basis of subsequent developments, information or events.

INDEPENDENT AUDITOR'S REPORT

To the Members of Voith Paper Fabrics India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Voith Paper Fabrics India Limited (the "Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Description of Key Audit Matter

Revenue recognition

See note 21 to the financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The Company recognises revenue from the sales of products when control over goods is transferred to the customer based on the specific terms and conditions of the sale contracts entered with respective customers.</p> <p>We have identified recognition of revenue as a key audit matter as:</p> <ul style="list-style-type: none"> revenue is a key performance indicator; and there is a presumed fraud risk of revenue being overstated through manipulation of the timing of transfer of control due to pressures to achieve performance targets as well as meeting external expectations | <p>Our audit procedures includes the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the policies in respect of revenue recognition by comparing with applicable accounting standards; Tested the design, implementation and operating effectiveness of key internal controls including General Information Technology ('IT') controls and key IT application controls over revenue recognition; Performed substantive procedures including testing of recognition of revenue in the appropriate period by selecting samples of revenue transactions recorded during and at the end of the financial year. Examined the underlying documents such as sales invoices/ contracts and dispatch/shipping documents (as applicable) for the selected transactions. Assessed manual journals posted in revenue ledger to identify any unusual items |

Other Information

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

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

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

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 37 (B) and (C) to the financial statements.
 - b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 17 and 40 to the financial statements.
 - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 46 (vi) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 46 (vii) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) of Rule 11 (e) contain any material mis-statement.
 - e) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in note 35 (b) to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Ankush Goel
Partner
 Membership No:505121
 ICAI UDIN: 22505121AJMMRY5557

Place : New Delhi
 Date : 24 May 2022

Annexure A referred to the Independent Auditor's Report on the Financial Statements

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not have any intangible assets. Accordingly, clause 3(i) (a) (B) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the previous year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value as at 31 March 2022 (Rs. in million) | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|--------------------------|---|-----------------------------------|--|--|---|
| Freehold Land, Faridabad | 1.81 | Porritts & Spencer (Asia) Limited | Not applicable | Since March 1970 | Name of the Company changed from "Porritts & Spencer (Asia) Limited" to "Voith Paper Fabrics India Limited" |

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it or services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and

Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute except as follows:

| Name of the statute | Nature of the dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|----------------------|------------------------------------|-------------------------|------------------------------------|--------------------------------|-----------------|
| Income Tax Act, 1961 | Disallowance of technical know-how | 12.55 | AY 2016-17 | Income Tax Appellate Tribunal | |

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) 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 purposes by the Company.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) (a), (b) and (c) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
 - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
 - (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Ankush Goel
Partner
 Membership No: 505121
 ICAI UDIN: 22505121AJMMRY5557

Place : New Delhi
 Date : 24 May 2022

Annexure B to the Independent Auditors' report on the financial statements of Voith Paper Fabrics India Limited for the period ended 31 March 2022

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

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Voith Paper Fabrics India Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants

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

Ankush Goel
Partner

Place : New Delhi
Date : 24 May 2022

Membership No: 505121
ICAI UDIN: 22505121AJMMRY5557

BALANCE SHEET AS AT 31 MARCH 2022*(All amounts are in Rs. Million, unless otherwise stated)*

| Particulars | Notes | As at 31 March 2022 | As at 31 March 2021 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 720.86 | 649.30 |
| Capital work-in-progress | 3 | 74.06 | 121.36 |
| Financial assets | | | |
| i. Other financial assets | 4 | 4.80 | 4.52 |
| Income tax assets (net) | 5 | 27.67 | 34.38 |
| Other non-current assets | 6 | 33.02 | 22.90 |
| Total non-current assets | | 860.41 | 832.46 |
| Current assets | | | |
| Inventories | 7 | 248.13 | 189.95 |
| Financial assets | | | |
| i. Trade receivables | 8 | 219.23 | 183.62 |
| ii. Cash and cash equivalents | 9(a) | 111.66 | 56.12 |
| iii. Bank balances other than (ii) above | 9(b) | 1,696.98 | 1,556.53 |
| iv. Other financial assets | 10 | 0.05 | 0.36 |
| Other current assets | 11 | 25.47 | 16.73 |
| Total current assets | | 2,301.52 | 2,003.31 |
| Total assets | | 3,161.93 | 2,835.77 |
| EQUITIES AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 43.93 | 43.93 |
| Other equity | 13 | 2,818.60 | 2,547.08 |
| Total equity | | 2,862.53 | 2,591.01 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Provisions | 14 | 37.49 | 37.71 |
| Deferred tax liabilities (net) | 15 | 9.78 | 7.10 |
| Other financial liabilities | 17 | 1.21 | 1.15 |
| Total non-current liabilities | | 48.48 | 45.96 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i. Trade payable: | 16 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 3.69 | 6.15 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 156.26 | 123.69 |
| ii. Other financial liabilities | 17 | 37.21 | 28.75 |
| Other current liabilities | 18 | 31.84 | 21.36 |
| Provisions | 19 | 21.92 | 17.06 |
| Income tax liabilities (Net) | 20 | - | 1.79 |
| Total current liabilities | | 250.92 | 198.80 |
| Total liabilities | | 299.40 | 244.76 |
| Total equity and liabilities | | 3,161.93 | 2,835.77 |
| Significant accounting policies | 2 | | |
| Notes to the financial statements | 3-46 | | |
| The accompanying notes form an integral part of the financial statements | | | |

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Ankush Goel

Partner

Membership No. 505121

R. Nath

Director

DIN : 00062186

R. Krishna Kumar

Managing Director

DIN : 05344619

S.K. Nagpal

Director

DIN : 01171148

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

Deepti Gupta

Director

DIN : 08481203

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Dated : 24 May 2022

Place : New Delhi

Dated : 24 May 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(All amounts are in Rs. Million, unless otherwise stated)

| | Notes | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------|-------------------------------------|-------------------------------------|
| Revenue from operations | 21 | 1,452.44 | 1,185.25 |
| Other income | 22 | 78.23 | 78.04 |
| Total income | | 1,530.67 | 1,263.29 |
| Expenses | | | |
| Cost of materials consumed | 23 | 321.98 | 253.56 |
| Purchase of stock-in-trade | 24 | 156.08 | 129.85 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 25 | (11.45) | (29.24) |
| Employee benefits expense | 26 | 177.13 | 157.91 |
| Depreciation expense | 27 | 77.62 | 75.14 |
| Other expenses | 28 | 413.90 | 318.10 |
| Total expenses | | 1,135.26 | 905.32 |
| Profit before tax | | 395.41 | 357.97 |
| Tax expense | | | |
| - Current tax | 30 | 101.30 | 89.94 |
| - Income tax credit relating to earlier years | 30 | (1.60) | (3.88) |
| - Deferred tax charge | 30 | 2.57 | 1.21 |
| Total tax expense | | 102.27 | 87.27 |
| Profit for the year | | 293.14 | 270.70 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Remeasurement of defined benefit obligations/ asset | | 0.46 | 2.35 |
| Income tax related to above | | (0.12) | (0.59) |
| Other comprehensive income for the year (net of tax) | | 0.34 | 1.76 |
| Total comprehensive income for the year | | 293.48 | 272.46 |
| Earnings per equity share of INR 10 each | | | |
| Basic | 42 | 66.77 | 61.66 |
| Diluted | | 66.77 | 61.66 |
| Significant accounting policies | 2 | | |
| Notes to the financial statements | 3-46 | | |
| The accompanying notes form an integral part of the financial statements | | | |

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Ankush Goel

Partner

Membership No. 505121

R. Nath

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DIN : 00062186

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CMA No. : 25152

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Director

DIN : 08481203

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Dated : 24 May 2022

Place : New Delhi

Dated : 24 May 2022

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

(All amounts are in Rs. Million, unless otherwise stated)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 395.41 | 357.97 |
| Adjustments : | | |
| Depreciation expense | 77.62 | 75.14 |
| (Gain) on sale / disposal / discard of property, plant and equipment (net) | (1.33) | (0.91) |
| Unwinding of discount on security deposits | 0.06 | (0.34) |
| Allowances for doubtful debts charged (net) (including effect of expected loss allowance) | 1.82 | 0.32 |
| Allowances for doubtful deposits (written back) / charged (net) | (0.05) | 0.35 |
| Bad debts written off | 0.26 | 1.14 |
| Advances written off | - | 0.28 |
| Unrealised foreign exchange (gain) (net) | (0.09) | (0.05) |
| Mark to market loss on foreign exchange forward contracts loss (net) | 4.41 | 2.49 |
| Interest income on bank deposits | (65.52) | (65.57) |
| Interest income others | (2.99) | - |
| Operating cash flow before working capital changes | 409.60 | 370.82 |
| Movements in working capital : | | |
| (Increase) in trade receivables | (37.47) | (11.36) |
| Decrease in other financial assets | 0.08 | 1.50 |
| (Increase) / decrease in other assets | (8.74) | 7.75 |
| (Increase) in inventories | (58.18) | (21.51) |
| Increase in trade payables | 25.59 | 10.01 |
| Increase in other financial liabilities | 9.02 | 5.27 |
| Increase in other liabilities | 10.48 | 3.45 |
| Increase in provisions | 5.10 | 0.93 |
| Cash generated from operations | 355.48 | 366.86 |
| Income tax paid (net of refund) | (94.78) | (83.09) |
| Net Cash generated from operating activities (a) | 260.70 | 283.77 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment (including capital work-in- progress) | (113.90) | (85.35) |
| Proceeds from sale of property, plant & equipment | 2.75 | 3.84 |
| Interest received | 60.65 | 74.91 |
| Net movement in other bank balances | (132.59) | (267.25) |
| Net cash used in investing activities (b) | (183.09) | (273.85) |
| Cash flows from financing activities | | |
| Dividend paid | (22.07) | (21.87) |
| Net cash used in financing activities (c) | (22.07) | (21.87) |
| Net increase/(decrease) in cash and cash equivalents (a+b+c) | 55.54 | (11.95) |
| Add : Cash and cash equivalents at the beginning of the year | 56.12 | 68.07 |
| Cash and cash equivalents at the end of the year | 111.66 | 56.12 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

(All amounts are in Rs. Million, unless otherwise stated)

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Components of cash and cash equivalents | | |
| Balances with banks: | | |
| - On current accounts/ EEFC accounts | 35.63 | 38.12 |
| - On deposit accounts with original maturity upto three months | 76.03 | 18.00 |
| Cash and cash equivalents in Cash Flow Statement | 111.66 | 56.12 |
| The statement of cash flows has been prepared in accordance with the 'Indirect method' as set out in the Ind AS 7 on "Statement of Cash flows". | | |
| Significant accounting policies | 2 | |
| Notes to the financial statements | 3-46 | |
| The accompanying notes form an integral part of the financial statements | | |

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Ankush Goel

Partner

Membership No. 505121

R. Nath

Director

DIN : 00062186

R. Krishna Kumar

Managing Director

DIN : 05344619

Place : New Delhi

Dated : 24 May 2022

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

S.K. Nagpal

Director

DIN : 01171148

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

Deepti Gupta

Director

DIN : 08481203

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Dated : 24 May 2022

Statement of Changes in equity for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

A Equity share capital

Particulars

Equity share capital

Balance as at 1 April 2020

Changes in equity share capital during 2020-21

Balance as at 31 March 2021

Changes in equity share capital during 2021-22

Balance as at 31 March 2022

| | Numbers | Amount |
|--|---------|--------|
| Balance as at 1 April 2020 | 4.39 | 43.93 |
| Changes in equity share capital during 2020-21 | - | - |
| Balance as at 31 March 2021 | 4.39 | 43.93 |
| Changes in equity share capital during 2021-22 | - | - |
| Balance as at 31 March 2022 | 4.39 | 43.93 |

B (i) Other equity

| | General reserve | Retained earnings | Remeasurement of defined benefit obligation/ (assets) | Total |
|--|-----------------|-------------------|---|----------|
| Balance as at 1 April 2020 | 577.53 | 1,720.43 | (1.38) | 2,296.58 |
| Total comprehensive income for the year ended 31 March 2021: | | | | |
| Profit for the year | - | 270.70 | - | 270.70 |
| Other comprehensive income/(loss) (net of tax) | - | - | 1.76 | 1.76 |
| Total comprehensive income | - | 270.70 | 1.76 | 272.46 |
| Distributions: | | | | |
| Dividend | - | (21.96) | - | (21.96) |
| Balance as at 31 March 2021 | 577.53 | 1,969.17 | 0.38 | 2,547.08 |
| Total comprehensive income for the year ended 31 March 2022: | | | | |
| Profit for the year | - | 293.14 | - | 293.14 |
| Other comprehensive income/(loss) (net of tax) | - | - | 0.34 | 0.34 |
| Total comprehensive income | - | 293.14 | 0.34 | 293.48 |
| Distributions: | | | | |
| Dividend | - | (21.96) | - | (21.96) |
| Total distribution | - | (21.96) | - | (21.96) |
| Balance as at 31 March 2022 | 577.53 | 2,240.35 | 0.72 | 2,818.60 |

Refer note 13 for nature and purpose of other equity.

Significant accounting policies

Notes to the financial statements

The accompanying notes form an integral part of the financial statements

2
3-46

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Ankush Goel

Partner

Membership No. 505121

R. Nath

Director

DIN : 00062186

R. Krishna Kumar

Managing Director

DIN : 05344619

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

S.K. Nagpal

Director

DIN : 01171148

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

Deepti Gupta

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DIN : 08481203

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Dated : 24 May 2022

Place : New Delhi

Dated : 24 May 2022

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

1. Corporate information

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

2. Significant accounting policies

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

(a) Basis of preparation

(i) Statement of compliance

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

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. Further, all the values in the financial statements are rounded off to the nearest million unless otherwise stated.

(iii) Historical cost convention

The financial statements have been prepared under the historical cost convention on going concern basis except for the following:

- certain financial asset and liabilities at fair value
- define benefit obligation-plan assets are measured at fair value

(b) Current versus non-current classification

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

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

(c) Property, plant and equipment (PPE)

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

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

(iii) Depreciation methods, estimated useful lives and residual value

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

| Category of assets | Management estimate of useful life | Useful life as per Schedule II |
|---|------------------------------------|--------------------------------|
| Pre-tackers | 10 Years | 10-15 years |
| Needle loom, weaving loom, forming/shuttle loom | 12 Years | 10-15 years |
| 1 Texo Loom - Flat, Oil heated Cylinder | 13.48 years | 10-15 years |
| Texo Loom | 10 years | 10-15 years |

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

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

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

(d) Non-current assets held for sale

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

Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Any subsequent gain in fair value less costs to sell of an asset is recognized, but not in excess of the cumulative impairment loss that has been recognised either in accordance with this Ind AS or previously in accordance with Ind AS 36, Impairment of Assets. Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.

(e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

(f) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

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

Financial assets at FVOCI

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

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

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

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

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

Impairment of financial assets

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

Derecognition

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

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

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

Financial liabilities

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

Derecognition

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

Offsetting

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

Termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

(g) Inventories

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

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

| | |
|--|----------------------------------|
| Raw Material | Weighted average method |
| Stores and spares | First in first out (FIFO) method |
| Work-in-progress and finished goods (manufactured) | Weighted average method |
| Finished goods (traded) | Weighted average method |

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

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

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on reasonable basis.

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

The comparison of cost and net realisable value is made on an item-by-item basis.

Inventories in transit are valued at cost.

Appropriate adjustments are made to the carrying value of damaged, slow moving and obsolete inventories based on management's current best estimate.

(h) Cash and cash equivalents

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

(i) Provisions

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

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

Warranty provisions

Warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods and is included in the Statement of Profit and Loss. The estimates used for accounting for warranty costs are reviewed periodically and revisions are made, as and when required.

(j) Revenue recognition

The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

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

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

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

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

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

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

Use of judgments in revenue recognition :-

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

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

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

(k) Retirement and other employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

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

a) Gratuity

The Company has an obligation towards gratuity as per payment of Gratuity Act, 1972, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of the employment. The liability in respect of gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary at each balance sheet date using projected unit credit method. The gratuity liability of the Company is funded with Life Insurance Corporation of India, which is managed by separate trust set up the Company. Actuarial losses/gains are recognised in the other comprehensive income and Loss in the year in which they arise.

b) Superannuation

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

c) Provident fund

The Company makes contribution to the recognised provident fund - VPFIL Employees Provident Fund Trust for its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

(iii) Other long-term employee benefits

Compensated absences

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

(l) Income tax

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

a) Current tax

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

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

b) Deferred tax

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Entity has recognised the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

(m) Leases

(i) Determining whether a contract contains lease

At inception of a contract, the Company determines whether the contract is, or contains, a lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset or assets for a period of time in exchange for consideration, even if that right is not explicitly specified in a contract. At inception or on reassessment of a contract that contains lease component and one or more additional lease or non-lease components, the Company separates payments and other consideration required by the contract into those for each lease component on the basis of their relative stand-alone price and those for non-lease components on the basis of their relative aggregate stand-alone price. If the Company concludes that it is impracticable to separate the payments reliably, then right-of-use asset and Lease liability are recognised at an amount equal to the present value of future lease payments; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

(ii) Company as a lessee

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

judgement about whether it depends on an identified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of that asset.

The Company has elected to separate lease and non-lease components of contracts, wherever possible. The Company recognizes a right-of-use (ROU) asset and a lease liability at the transition date/ lease commencement date. The right-of-use asset is initially measured based on the present value of future lease payments, plus initial direct costs, and cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date, less any incentives received. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right of-use asset is subject to testing for impairment if there is an indicator for impairment.

At the commencement date, Company measures the lease liability at the present value of the future lease payments that are not yet paid at that date discounted using interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company's uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Contingent rents payments are recognised as an expense in the period in which they are incurred. Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities in separately from other assets/ liabilities in the balance sheet.

The Company has elected not to recognize rightof- use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for leases of low value assets. The payments for such leases are recognized in the Standalone Statement of Profit and Loss on a straight-line basis over the lease term.

(iii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an underlying assets are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments are structured to increase in line with the general inflation to compensate for the lessor's expected inflationary cost increase. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of underlying asset is transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(n) Segment reporting

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

(o) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

- equity investment at fair value through OCI (FVOCI)

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing

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

(ii) Diluted earnings per share

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

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

(q) Measurement of fair values

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

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

(r) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Company has considered the impact of COVID-19 while evaluating these estimates.

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

- | | |
|---|------------------|
| a) Recognition and estimation of tax expense including deferred tax | Note 30 |
| b) Assessment of useful life of property, plant and equipment | Note 2 (c) (iii) |
| c) Estimation of assets and obligations relating to employee benefits | Note 32 |
| d) Assessment of litigations | Note 37 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

(s) Contingent liabilities

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

(t) Cash flow statement

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

(u) Recent accounting pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022 applicable from 1 April 2022 as below :

(i) Ind AS 16 - Proceeds before intended use

The amendments mainly prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related costs in profit or loss. The Company is evaluating the effect of the amendments on its financial statements.

(ii) Ind AS 109 - Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the "10 percent" test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company is evaluating the effect of the amendments on its financial statements.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

3. Property, plant and equipment

| Particulars | Freehold Land | Buildings | | Plant and machinery | Furniture and fixtures | Office equipment's (including Computers) | Vehicles | Sub-total (A) | Capital work-in-progress (B) | Total (A) + (B) |
|--|---------------|-----------|-----------------------|---------------------|------------------------|--|----------|---------------|------------------------------|-----------------|
| | | Owned | Owned, given on lease | | | | | | | |
| Gross carrying amount | | | | | | | | | | |
| Balance as at 31 March 2020 | 1.81 | 167.94 | 13.54 | 701.49 | 4.27 | 25.53 | 0.46 | 915.04 | 118.35 | 1,033.39 |
| Additions during the year | - | - | - | 35.28 | 0.21 | 15.57 | - | 51.06 | 53.47 | 104.53 |
| Disposals/ adjustments during the year | - | - | - | 4.50 | - | 7.80 | - | 12.30 | 50.46 | 62.76 |
| Balance as at 31 March 2021 | 1.81 | 167.94 | 13.54 | 732.27 | 4.48 | 33.30 | 0.46 | 953.80 | 121.36 | 1,075.16 |
| Additions during the year | - | - | - | 141.47 | 0.18 | 8.95 | - | 150.60 | 103.30 | 253.90 |
| Disposals/ adjustments during the year | - | - | - | 1.93 | - | - | - | 1.93 | 150.60 | 152.53 |
| Balance as at 31 March 2022 | 1.81 | 167.94 | 13.54 | 871.81 | 4.66 | 42.25 | 0.46 | 1,102.47 | 74.06 | 1,176.53 |
| Accumulated depreciation | | | | | | | | | | |
| Balance as at 31 March 2020 | - | 13.09 | 2.33 | 204.20 | 1.96 | 16.72 | 0.43 | 238.73 | - | 238.73 |
| Depreciation for the year | - | 6.36 | 0.47 | 63.17 | 0.40 | 4.73 | 0.01 | 75.14 | - | 75.14 |
| Disposals | - | - | - | 1.62 | - | 7.75 | - | 9.37 | - | 9.37 |
| Balance as at 31 March 2021 | - | 19.45 | 2.80 | 265.75 | 2.36 | 13.70 | 0.44 | 304.50 | - | 304.50 |
| Depreciation for the year | - | 6.09 | 0.47 | 63.96 | 0.41 | 6.68 | 0.01 | 77.62 | - | 77.62 |
| Disposals | - | - | - | 0.51 | - | - | - | 0.51 | - | 0.51 |
| Balance as at 31 March 2022 | - | 25.54 | 3.27 | 329.20 | 2.77 | 20.38 | 0.45 | 381.61 | - | 381.61 |
| Carrying amounts (net) | | | | | | | | | | |
| As at 31 March 2021 | 1.81 | 148.49 | 10.74 | 466.52 | 2.12 | 19.60 | 0.02 | 649.30 | 121.36 | 770.66 |
| As at 31 March 2022 | 1.81 | 142.40 | 10.27 | 542.61 | 1.89 | 21.87 | 0.01 | 720.86 | 74.06 | 794.92 |

| Description of property | Gross carrying value as at 31 March 2022 (Rs. in million) | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the Company. Also indicate if in dispute |
|--------------------------|---|-----------------------------------|--|--|---|
| Freehold Land, Faridabad | 1.81 | Porritts & Spencer (Asia) Limited | Not applicable | Since March 1970 | Name of the Company changed from "Porritts & Spencer (Asia) Limited" to "Voith Paper Fabrics India Limited" |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

31 March 2022 - Ageing of Capital work-in-progress

| | Amount in Capital work-in-progress for a period of | | | | |
|---------------------------------------|--|-------------|-------------|--------------|--------------|
| Project name | Less than a year | 1-2 Years | 2-3 Years | >3 Year | Total |
| <i>Projects under progress</i> | | | | | |
| Project 1 | 10.77 | 1.80 | - | 22.20 | 34.77 |
| Project 2 | 17.78 | - | - | 12.97 | 30.75 |
| Project 3 | 0.20 | - | - | 6.94 | 7.14 |
| Project 4 | 0.03 | 0.63 | 0.73 | - | 1.39 |
| Project 14 | 0.01 | - | - | - | 0.01 |
| <i>Projects temporarily suspended</i> | Nil | Nil | Nil | Nil | Nil |
| Total | 28.79 | 2.43 | 0.73 | 42.11 | 74.06 |

a) Completion schedule for capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan

| | To be completed in | | | | |
|---------------------------------------|--------------------|-----------|-----------|----------|--------------|
| Project name | Less than a year | 1-2 Years | 2-3 Years | >3 Year | Total |
| <i>Projects under progress</i> | | | | | |
| Project 1 | 34.78 | - | - | - | 34.78 |
| Project 2 | 30.75 | - | - | - | 30.75 |
| Project 3 | 7.14 | - | - | - | 7.14 |
| <i>Projects temporarily suspended</i> | Nil | Nil | Nil | Nil | Nil |
| Total | 72.67 | - | - | - | 72.67 |

31 March 2021 - Ageing of Capital work-in-progress

| | Amount in Capital work-in-progress for a period of | | | | |
|---------------------------------------|--|--------------|--------------|--------------|---------------|
| Project name | Less than a year | 1-2 Years | 2-3 Years | >3 Year | Total |
| <i>Projects under progress</i> | | | | | |
| Project 1 | 1.80 | - | 5.31 | 16.89 | 24.00 |
| Project 2 | - | - | 6.92 | 6.05 | 12.97 |
| Project 3 | - | - | 2.67 | 4.27 | 6.94 |
| Project 4 | 0.63 | 0.73 | - | - | 1.36 |
| Project 5 | 5.65 | 2.25 | 17.46 | 11.13 | 36.49 |
| Project 6 | 0.37 | 0.57 | 1.90 | 4.61 | 7.45 |
| Project 7 | 0.13 | - | 2.03 | 3.47 | 5.63 |
| Project 8 | 1.53 | 10.07 | - | - | 11.60 |
| Project 9 | 2.26 | - | - | - | 2.26 |
| Project 10 | 0.68 | - | - | - | 0.68 |
| Project 11 | 0.97 | - | - | - | 0.97 |
| Project 12 | 0.70 | - | - | - | 0.70 |
| Project 13 | 10.31 | - | - | - | 10.31 |
| <i>Projects temporarily suspended</i> | Nil | Nil | Nil | Nil | Nil |
| Total | 25.03 | 13.62 | 36.29 | 46.42 | 121.36 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

- b) Completion schedule for capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan

| Project name | To be completed in | | | | Total |
|---------------------------------------|--------------------|--------------|-----------|----------|--------------|
| | Less than a year | 1-2 Years | 2-3 Years | >3 Year | |
| <i>Projects under progress</i> | | | | | |
| Project 1 | - | 24.01 | - | - | 24.01 |
| Project 2 | - | 12.97 | - | - | 12.97 |
| Project 5 | 36.49 | - | - | - | 36.49 |
| Project 8 | 11.60 | - | - | - | 11.60 |
| <i>Projects temporarily suspended</i> | Nil | Nil | Nil | Nil | Nil |
| Total | 48.09 | 36.98 | - | - | 85.07 |

4. Other financial assets (Non-current)

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Security deposits | 4.80 | 4.52 |
| Total other financial assets (Non-current) | 4.80 | 4.52 |

5. Income tax assets (net)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Advance income tax (net of provision for tax Rs. 568.57 million; 31 March 2021 : 377.29 million) | 27.67 | 34.38 |
| Total income tax assets (net) | 27.67 | 34.38 |

6. Other non-current assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|---------------------------------------|------------------------|------------------------|
| Capital advances | 33.02 | 22.90 |
| Total other non-current assets | 33.02 | 22.90 |

7. Inventories

(valued at lower of cost and net realisable value)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Raw materials (including goods in transit Rs. 18.22 million; 31 March 2021 : Rs. 13.88 million) | 150.51 | 98.66 |
| Work-in-progress | 64.96 | 50.55 |
| Finished goods | 16.60 | 7.74 |
| Stock-in-trade (including goods in transit Rs. 4.65 million; 31 March 2021 : Rs. Nil million) | 13.25 | 25.07 |
| Stores and spare parts | 2.81 | 7.93 |
| Total inventories | 248.13 | 189.95 |

The write-down of inventories to net realisable value amounted to Rs. 4.67 million; (31 March 2021 : Rs. 6.15 million). The reversal of write-downs during the year amounted to Rs. 3.85 million (31 March 2021 : Rs. 2.96 million). The write-down and reversal are included in cost of materials or changes in inventories of finished goods and work-in-progress.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

8. Trade receivables

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Trade receivables*: | | |
| Trade receivable from contract with customers - billed | 200.06 | 171.94 |
| Trade receivable from contract with customers - unbilled | - | - |
| Trade receivable from contract with customers - related parties | 24.24 | 15.39 |
| Less: Loss allowances | (5.07) | (3.71) |
| Total receivable | 219.23 | 183.62 |
| Current portion | 219.23 | 183.62 |
| Non-current portion | - | - |
| Break-up of security details | | |
| Trade receivable considered good - secured | - | - |
| Trade receivable considered good - unsecured | 220.37 | 184.16 |
| Trade receivable which have significant increase in credit risk | - | - |
| Trade receivable - credit impaired | 3.93 | 3.17 |
| Total | 224.30 | 187.33 |
| Loss allowance | (5.07) | (3.71) |
| Total trade receivables | 219.23 | 183.62 |

Ageing of trade receivable as on 31 March 2022:

| | Outstanding for following periods from due date of payment | | | | | | | |
|--|--|---------|--------------------|-------------------|-----------|-----------|-------------------|--------|
| | Unbilled | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed trade receivables | | | | | | | | |
| Considered good | - | 129.68 | 89.01 | 1.24 | 0.43 | 0.01 | - | 220.37 |
| which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| credit impaired | - | - | - | - | 1.05 | 0.44 | 0.27 | 1.76 |
| Disputed trade receivable | | | | | | | | |
| Considered good | - | - | - | - | - | - | - | - |
| which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| credit impaired | - | - | - | - | - | - | 2.17 | 2.17 |
| Total | - | 129.68 | 89.01 | 1.24 | 1.48 | 0.45 | 2.44 | 224.30 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Ageing of trade receivable as on 31 March 2021:

| | Outstanding for following periods from due date of payment | | | | | | | Total |
|--|--|---------|--------------------|-------------------|-----------|-----------|-------------------|--------|
| | Unbilled | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables | | | | | | | | |
| Considered good | - | 117.71 | 64.01 | 1.87 | 0.58 | - | - | 184.17 |
| which have significant increase in credit risk | - | | | | | | | - |
| credit impaired | - | - | - | - | 0.67 | 0.01 | 0.31 | 0.99 |
| Disputed trade receivable | | | | | | | | |
| Considered good | - | - | - | - | - | - | - | - |
| which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| credit impaired | - | | | | | | 2.17 | 2.17 |
| Total | - | 117.71 | 64.01 | 1.87 | 1.25 | 0.01 | 2.48 | 187.33 |

* Refer note 36 for related party balances.

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

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

9(a). Cash and cash equivalents

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Balances with banks: | | |
| - On current accounts/ EEFC account | 35.63 | 38.12 |
| - Deposits with original maturity of less than 3 months | 76.03 | 18.00 |
| Total cash and cash equivalents | 111.66 | 56.12 |

9(b). Other bank balances

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Deposits due to mature within 12 months of reporting date* | 1,694.84 | 1,554.28 |
| - Unclaimed dividend account | 2.14 | 2.25 |
| Total other bank balances | 1,696.98 | 1,556.53 |

* Includes interest accrued on fixed deposits amounting to Rs. 33.14 million (31 March 2021 - Rs. 25.28 million)

10. Other financial assets (Current)

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Security deposits | 1.25 | 1.61 |
| Less : Loss allowances for doubtful deposits | (1.20) | (1.25) |
| Total other financial assets | 0.05 | 0.36 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

11. Other current assets

(unsecured considered good unless otherwise stated)

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Prepaid expenses | 6.73 | 3.95 |
| Balances with government authorities | | |
| Unsecured and good | 11.04 | 8.13 |
| Doubtful | 0.20 | 0.20 |
| Less : Loss allowances for doubtful assets | (0.20) | (0.20) |
| Advance to employees | 1.73 | 1.92 |
| Advance for supply of goods and services | 4.99 | 1.99 |
| Other advances | 0.98 | 0.74 |
| Total other current assets | 25.47 | 16.73 |

12. Equity Share Capital

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---------------------------------------|---------------------|--------|---------------------|--------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 25.00 | 250.00 | 25.00 | 250.00 |
| | 25.00 | 250.00 | 25.00 | 250.00 |
| Issued, Subscribed and Paid-up | | | | |
| Equity shares of Rs. 10 each | 4.39 | 43.93 | 4.39 | 43.93 |
| | 4.39 | 43.93 | 4.39 | 43.93 |

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

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|--------|---------------------|--------|
| | Numbers | Amount | Numbers | Amount |
| Equity shares | | | | |
| At the commencement and at the end of the year | 4.39 | 43.93 | 4.39 | 43.93 |

b) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having par value of INR 10 each. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding company

| | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---------------------|--------|---------------------|--------|
| | Numbers | Amount | Numbers | Amount |
| Equity shares of Rs. 10 each held by - | | | | |
| VP Auslandsbeteiligungen GmbH, Germany | 3.25 | 32.52 | 3.25 | 32.52 |
| | 3.25 | 32.52 | 3.25 | 32.52 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

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

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|--------------|---------------------|--------------|
| | Numbers | % of holding | Numbers | % of holding |
| Equity shares of Rs. 10 each held by - | | | | |
| VP Auslandsbeteiligungen GmbH, Germany | 3.25 | 74.04% | 3.25 | 74.04% |
| | 3.25 | 74.04% | 3.25 | 74.04% |

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

e) Details of promoters shareholding as at year end:

| | As at 31 March 2022 | | As at 31 March 2021 | |
|--|---------------------|--------------|---------------------|--------------|
| | Numbers | % of holding | Numbers | % of holding |
| Equity shares of Rs. 10 each held by - | | | | |
| VP Auslandsbeteiligungen GmbH, Germany | 3.25 | 74.04% | 3.25 | 74.04% |
| | 3.25 | 74.04% | 3.25 | 74.04% |

13. Other equity

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| <i>Attributable to the owners of the Company :</i> | | |
| General reserve (a) | 577.53 | 577.53 |
| Retained earnings | 2,240.35 | 1,969.17 |
| Other comprehensive income - remeasurement of defined benefit (obligation) / asset (b) | 0.72 | 0.38 |
| Total attributable to the owners of the Company | 2,818.60 | 2,547.08 |

Nature and purpose of other equity

(a) *General reserve*

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

(b) *Remeasurement of defined benefit obligation*

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

14. Provisions (Non-current)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| <i>Provision for Employee benefits</i> | | |
| Provision for gratuity (Refer note 32) | 3.56 | 6.48 |
| Provision for compensated absences (Refer note 32) | 32.32 | 29.68 |
| Provision for other retirement benefits (Refer note 32) | 0.10 | 0.11 |
| Provision for long service award (Refer note 32) | 1.51 | 1.44 |
| Total provisions (Non-current) | 37.49 | 37.71 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

15. Deferred tax

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| <i>Deferred tax liabilities</i> | | |
| Difference in property, plant and equipment as per books and income-tax law | 31.85 | 27.77 |
| Total (I) | 31.85 | 27.77 |
| <i>Deferred tax assets</i> | | |
| Provision for other retirement benefits | 0.04 | 0.03 |
| Provision for warranties and other payables etc. | 5.11 | 2.85 |
| Provision for contingencies | 1.80 | 1.80 |
| Expenditure covered by section 43B of the Income-tax Act, 1961 | 13.49 | 11.79 |
| Provision for loss allowances for doubtful debts and inventory | 1.63 | 4.20 |
| Total (II) | 22.07 | 20.67 |
| Net deferred tax liability (I)-(II) | 9.78 | 7.10 |

16. Trade payables

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| <i>Current</i> | | |
| Trade payables* | | |
| - total outstanding dues of micro enterprises and small enterprises | 3.69 | 6.15 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 156.26 | 123.69 |
| Total trade payables | 159.95 | 129.84 |

Ageing of trade payable as on 31 March 2022:

| | Outstanding for following periods from due date of payment | | | | | | |
|---|--|--------------|---------------------|-------------|-----------|----------------------|---------------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed trade payables: | | | | | | | |
| Micro Enterprises and small enterprises | - | 2.62 | 0.85 | 0.18 | - | 0.03 | 3.68 |
| Others | 16.66 | 89.32 | 49.52 | 0.17 | - | 0.60 | 156.27 |
| Disputed trade payables: | | | | | | | |
| Micro Enterprises and small enterprises | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total | 16.66 | 91.94 | 50.37 | 0.35 | - | 0.63 | 159.95 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Ageing of trade payable as on 31 March 2021:

| | Outstanding for following periods from due date of payment | | | | | | |
|---|--|--------------|------------------|-------------|-------------|-------------------|---------------|
| | Unbilled | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed trade payables: | | | | | | | |
| Micro Enterprises and small enterprises | - | 2.99 | 3.16 | - | - | - | 6.15 |
| Others | 9.29 | 54.41 | 59.27 | 0.27 | 0.16 | 0.29 | 123.69 |
| Disputed trade payables: | | | | | | | |
| Micro Enterprises and small enterprises | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Total | 9.29 | 57.40 | 62.43 | 0.27 | 0.16 | 0.29 | 129.84 |

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

* Refer note 36 for related party balances. Related party balance on 31 March 2022 : Rs. 71.05 million ; 31 March 2021 : Rs. 61.53 million.

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

17. Other financial liabilities

Current

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Unpaid dividend | 2.14 | 2.25 |
| Capital creditors* | 4.65 | 5.13 |
| Mark-to-market on foreign exchange forward contract | 5.50 | 1.08 |
| Employee benefits payables** | 24.25 | 20.29 |
| Security deposit received | 0.67 | - |
| Total other financial liabilities | 37.21 | 28.75 |
| Non-current | | |
| Security deposit received (Refer Note 36) | 1.21 | 1.15 |
| | 1.21 | 1.15 |

* Refer note 36 for related party balances. Related party balance on 31 March 2022 : Nil ; 31 March 2021 : Rs. 0.79 million.

** Refer note 36 for related party balances. Related party balance on 31 March 2022 : Rs. 1.84 million ; 31 March 2021 : Rs. 0.74 million.

18. Other current liabilities

| | As at 31 March 2022 | As at 31 March 2021 |
|--|------------------------|------------------------|
| Advances from customers | 24.22 | 15.27 |
| Statutory liabilities | 7.54 | 6.09 |
| Others | 0.08 | - |
| Total other current liabilities | 31.84 | 21.36 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

19. Provisions (Current)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Provision for Employee benefits | | |
| Provision for gratuity (Refer note 32) | 3.33 | - |
| Provision for compensated absences (Refer note 32) | 3.34 | 2.75 |
| Provision for other retirement benefits (Refer note 32) | 0.05 | 0.02 |
| Provision for long service award (Refer note 32) | 1.12 | 0.61 |
| | 7.84 | 3.38 |
| Other provisions | | |
| Provision for warranties (Refer note 19(a)) | 6.94 | 6.54 |
| Provision for contingencies (Refer note 19(b)) | 7.14 | 7.14 |
| | 14.08 | 13.68 |
| Total provisions (Current) | 21.92 | 17.06 |

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

| | As at 31 March 2022 | As at 31 March 2021 |
|------------------------------------|------------------------|------------------------|
| At the commencement of the year | 6.54 | 7.96 |
| Provision made during the year | 7.67 | 6.54 |
| Provision utilised during the year | (7.27) | (5.21) |
| Provision reversed during the year | - | (2.75) |
| At the end of the year | 6.94 | 6.54 |

19(b). Provision for contingencies primarily made for probable liabilities/claims arising out of the past period. These provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. A summary of activity is given below:

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| At the commencement and end of the year | 7.14 | 7.14 |

20. Income tax liabilities (net)

| | As at 31 March 2022 | As at 31 March 2021 |
|---|------------------------|------------------------|
| Provision for taxation (net of advance tax Rs. Nil (31 March 2021 : Rs. 88.15)) | - | 1.79 |
| Total | - | 1.79 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

21. Revenue from operations

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Sale of products | | |
| - manufactured | 1,215.34 | 1,016.66 |
| - traded goods | 215.04 | 148.17 |
| Total sale of goods (A) | 1,430.38 | 1,164.83 |
| Sale of services | | |
| - Services | - | 0.06 |
| - Commission | 4.35 | 6.80 |
| Total sale of services (B) | 4.35 | 6.86 |
| Other operating revenues | | |
| - Scrap sales | 10.53 | 6.94 |
| - Export incentive - duty drawback | 0.87 | 0.65 |
| - Miscellaneous income | 6.31 | 5.97 |
| Other operating revenues (C) | 17.71 | 13.56 |
| Total revenue from operations (A+B+C) | 1,452.44 | 1,185.25 |

Disaggregation of revenue

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

(A) Revenues by geography*

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---------------|-------------------------------------|-------------------------------------|
| India | 1,225.75 | 1,060.12 |
| Outside India | 226.69 | 125.13 |
| Total | 1,452.44 | 1,185.25 |

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

(B) Revenues in products and services *

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|----------------|-------------------------------------|-------------------------------------|
| Products | 1,430.38 | 1,164.83 |
| Other services | 4.35 | 6.86 |
| Total | 1,434.73 | 1,171.69 |

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

(C) Particulars

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Contracted Price | 1,436.18 | 1,170.15 |
| Less: Trade discounts and volume rebates | (5.80) | (5.32) |
| Sale of products | 1,430.38 | 1,164.83 |

22. Other income

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Interest income: | | |
| - on bank deposits | 65.52 | 65.57 |
| - on income tax refund | 2.99 | - |
| Net gain on disposal of property, plant and equipment | 1.33 | 0.91 |
| Foreign exchange fluctuation gain (net) | - | 3.82 |
| Rental income | 8.34 | 7.74 |
| Provision for doubtful advances written back (net) | 0.05 | - |
| Total other income | 78.23 | 78.04 |

23. Cost of materials consumed

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Inventory of materials at the beginning of the year | 98.66 | 108.76 |
| Add: Purchases | 373.83 | 243.46 |
| Less: Inventory of materials at the end of the year | 150.51 | 98.66 |
| Total cost of materials consumed | 321.98 | 253.56 |

24. Purchase of stock-in-trade

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Fabrics | 136.45 | 114.89 |
| Qualiflex sleeves | 19.63 | 11.01 |
| Rolls | - | 3.95 |
| Total purchase of stock-in-trade | 156.08 | 129.85 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Inventories at the end of the year | | |
| Work-in-progress | 64.96 | 50.55 |
| Finished goods - Manufactured | 16.60 | 7.74 |
| Finished goods - Traded | 13.25 | 25.07 |
| | <u>94.81</u> | <u>83.36</u> |
| Inventories at the beginning of the year | | |
| Work-in-progress | 50.55 | 29.28 |
| Finished goods - Manufactured | 7.74 | 16.21 |
| Finished goods - Traded | 25.07 | 8.63 |
| | <u>83.36</u> | <u>54.12</u> |
| Total changes in inventories of finished goods, stock-in-trade and work-in-progress | <u>(11.45)</u> | <u>(29.24)</u> |

26. Employee benefits expense

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 150.53 | 135.14 |
| Contribution to provident and other funds (Refer note 32 A) | 6.10 | 5.73 |
| Contribution to super annuation fund (Refer note 32 A) | 4.67 | 4.25 |
| Expenses related to post-employment defined benefit plans (Refer note 32 B) | 3.51 | 3.69 |
| Expenses related to compensated absences | 3.98 | 2.26 |
| Other retirement benefit expenses | 0.01 | 0.02 |
| Long service award | 0.58 | 0.17 |
| Staff welfare expenses | 7.75 | 6.65 |
| Total employee benefits expenses | <u>177.13</u> | <u>157.91</u> |

27. Depreciation expense

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Depreciation on property, plant and equipment | 77.62 | 75.14 |
| Total depreciation on property, plant and equipment | <u>77.62</u> | <u>75.14</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

28. Other expenses

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Consumption of stores and spares | 72.96 | 48.51 |
| Contract labour cost | 60.92 | 57.38 |
| Power and fuel | 83.76 | 59.73 |
| Freight and forwarding charges | 4.35 | 4.47 |
| Rates and taxes | 1.95 | 2.44 |
| Insurance | 4.36 | 3.55 |
| Repairs and maintenance | | |
| - Plant and machinery | 42.30 | 27.84 |
| - Buildings (owned) | 5.21 | 5.85 |
| - Others | 4.72 | 5.63 |
| Sales commission | 1.98 | 2.05 |
| Travelling and conveyance | 10.05 | 5.64 |
| Communication expenses | 12.02 | 9.66 |
| Legal and professional fees | 2.79 | 2.27 |
| Directors' sitting fees | 2.00 | 1.47 |
| Payments to auditor (see Note 29 below) | 3.30 | 3.17 |
| Warranties | 7.67 | 3.78 |
| Bad debts written off | 0.72 | 1.68 |
| Less : Provision utilized | (0.46) | (0.54) |
| Provision for doubtful debts (net) (including effect of expected loss allowance) | 1.82 | 0.32 |
| Provision for doubtful advances | - | 0.35 |
| Advances written off | - | 0.54 |
| Less : Provision utilized | - | (0.26) |
| Mark to market loss on foreign exchange forward contracts (net) | 4.41 | 2.49 |
| Technical know how fees | 60.75 | 50.50 |
| Net loss on foreign currency transactions | 1.38 | - |
| Advertising and sales promotion | 0.36 | 0.41 |
| Security charges | 3.64 | 3.52 |
| Expenditure on corporate social responsibility (Refer note 39) | 6.89 | 6.32 |
| Training and development charges | 0.67 | 0.59 |
| Miscellaneous expenses | 13.38 | 8.74 |
| | <u>413.90</u> | <u>318.10</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

29. Other expenses (continued)

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Payment to auditors (excluding applicable taxes) | | |
| As auditor: | | |
| Statutory audit | 1.55 | 1.55 |
| Tax audit | 0.15 | 0.15 |
| Limited review of quarterly results | 0.79 | 0.75 |
| In other capacity: | | |
| Group audit | 0.34 | 0.32 |
| Transfer pricing | 0.28 | 0.25 |
| Certification fee | 0.05 | 0.05 |
| Reimbursement of expenses | 0.14 | 0.10 |
| Total payment to auditors | 3.30 | 3.17 |

30. Income Tax

The major components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Current income tax: | | |
| Current income tax charge for the year | 101.30 | 89.94 |
| Adjustments in respect of current income tax of previous years | (1.60) | (3.88) |
| | 99.70 | 86.06 |
| Deferred tax: | | |
| Deferred tax on profits for the year | 2.57 | 1.21 |
| | 2.57 | 1.21 |
| Income tax expense reported in the Statement of Profit and Loss | 102.27 | 87.27 |
| OCI | | |
| Tax related to items that will not be classified to Profit & Loss | (0.12) | (0.59) |
| Income tax charged to OCI | (0.12) | (0.59) |

Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2022 and 31 March 2021:

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Accounting profit before income tax | 395.41 | 357.97 |
| At India's statutory income tax rate of 25.168% (31 March 2021 : 25.168%) | 99.52 | 90.09 |
| - Effect of non-deductible expenses and exempt income | 4.31 | 1.65 |
| - Income tax credit relating to earlier years | (1.60) | (3.88) |
| - Others | 0.04 | (0.59) |
| Income tax expense reported in the Statement of Profit and Loss | 102.27 | 87.27 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

31. Micro, small and medium enterprises

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| The principal amount remaining unpaid to any supplier as at the end of each accounting year* | 5.40 | 6.97 |
| The interest due on principal amount remaining unpaid to any supplier as at the end of each accounting year | 0.09 | 0.02 |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | 0.26 | 0.27 |
| The amount of interest accrued and remaining unpaid at the end of the year | 0.62 | 0.90 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| *Included in: | | |
| Trade payable: | | |
| - total outstanding dues of micro enterprises and small enterprises | 3.69 | 6.15 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | 0.03 | - |
| Capital creditors | 1.68 | 0.82 |

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

(A) Defined Contribution Plans (Refer note no. 26)

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Employer's contribution to provident fund | 3.67 | 3.29 |
| Employer's contribution to employees' pension scheme 1995 | 1.75 | 1.76 |
| Employer's contribution to superannuation fund | 4.67 | 4.25 |
| Employer's contribution to employee deposit linked insurance | 0.36 | 0.38 |
| Employer's contribution to employee state insurance | 0.24 | 0.22 |
| Employer's contribution to state welfare fund | 0.07 | 0.08 |

(B) Defined Benefit Plans

(i) Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 7.25% p.a. (31 March 2021 : 6.90% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2021 : 58 years).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. (31 March 2021 : 10%), taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return based on LIC statement on plan assets is 7.25% p.a. (31 March 2021 : 6.90% p.a.).

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Present value of obligation at the beginning of the year | 36.78 | 34.54 |
| Current service cost | 3.15 | 3.20 |
| Interest cost | 2.45 | 2.24 |
| Benefits paid | (0.08) | (0.80) |
| Actuarial gain | (0.51) | (2.40) |
| Present value of obligation at the end of the year | 41.79 | 36.78 |

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Present value of obligation at the end of the year | 41.79 | 36.78 |
| Fair value of plan assets at the end of the year | (34.90) | (30.30) |
| Net liabilities recognised in the Balance Sheet | 6.89 | 6.48 |

Fair value of plan assets:

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Plan assets at the beginning of the year | 30.30 | 26.35 |
| Expected return on plan assets | 2.09 | 1.75 |
| Contribution by employer | 2.64 | 3.07 |
| Actual benefits paid | (0.08) | (0.80) |
| Actuarial (loss)/ gain | (0.05) | (0.07) |
| Plan assets at the end of the year | 34.90 | 30.30 |

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Current service cost | 3.15 | 3.20 |
| Interest cost | 0.36 | 0.49 |
| Expense recognised in the Statement of Profit and Loss | 3.51 | 3.69 |

Amount recognised in the other comprehensive income:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Actuarial loss/ (gain) due to financial assumption change | (1.38) | (0.92) |
| Actuarial loss due to experience adjustment | 0.87 | (1.47) |
| Actuarial (gain)/ loss on plan assets | 0.05 | 0.07 |
| Actuarial loss due to demographic assumption changes in PBO | - | - |
| Amount recognised in the Other Comprehensive Income | (0.46) | (2.32) |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Sensitivity analysis:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2022 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Assumption | Discount rate | Future salary increase |
| Sensitivity level | 1 % increase | 1 % increase |
| Impact on defined benefit obligation | (3.55) | 4.00 |
| Sensitivity level | 1 % decrease | 1 % decrease |
| Impact on defined benefit obligation | 4.15 | (3.49) |

Sensitivity analysis:

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2021 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Assumption | Discount rate | Future salary increase |
| Sensitivity level | 1 % increase | 1 % increase |
| Impact on defined benefit obligation | (3.34) | 3.77 |
| Sensitivity level | 1 % decrease | 1 % decrease |
| Impact on defined benefit obligation | 3.93 | (3.28) |

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

| Maturity profile of defined benefit obligation (INR) | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Within the next 12 months (next annual reporting period) | 1,469,799 | 2,543,458 |
| Between 1 and 2 years | 9,821,933 | 1,610,296 |
| Between 2 and 5 years | 7,825,120 | 11,896,732 |
| Over 5 years | 9,405,749 | 6,822,227 |
| Total expected payments | 28,522,601 | 22,872,713 |

(ii) Retirement benefit award (Other long term employees benefit)

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has also been carried out in respect of retirement benefit award. The discount rate assumed is 7.25% p.a. (31 March 2021 : 6.90% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2021 : 58 years).

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Present value of obligation at the beginning of the year | 0.13 | 0.14 |
| Current service cost | 0.01 | 0.01 |
| Interest cost | 0.01 | 0.01 |
| Benefits paid | - | - |
| # Amount below rounding off norms | 0.00 | (0.03) |
| Present value of obligation at the end of the year | 0.15 | 0.13 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Reconciliation of the net liabilities recognised in the balance sheet

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Present value of obligation at the end of the year | 0.15 | 0.13 |
| Net liabilities recognised in the Balance Sheet | 0.15 | 0.13 |

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Current service cost | 0.01 | 0.01 |
| Interest cost | 0.01 | 0.01 |
| Expense recognised in the Statement of Profit and Loss | 0.02 | 0.02 |

Amount recognised in the other comprehensive income:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Actuarial loss/ (gain) due to demographic assumption change | - | - |
| Actuarial loss/ (gain) due to financial assumption change | - | - |
| Actuarial loss / (gain) due to experience adjustment | 0.00 | (0.02) |
| Amount recognised in the Other Comprehensive Income | 0.00 | (0.02) |

Sensitivity analysis:

| Particulars | For the year ended 31 March 2022 |
|-------------------|-------------------------------------|
| Assumption | Discount rate |
| Sensitivity level | 1 % increase |
| Impact # | (0.01) |
| Sensitivity level | 1 % decrease |
| Impact | 0.00 |

| Particulars | For the year ended 31 March 2021 |
|-------------------|-------------------------------------|
| Assumption | Discount rate |
| Sensitivity level | 1 % increase |
| Impact | 0.00 |
| Sensitivity level | 1 % decrease |
| Impact | 0.01 |

Amount is immaterial

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

(iii) Provident Fund:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

"Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of Rs. Nil (31 March 2021 : Rs. Nil) has been charge to Statement of Profit and Loss during the year.

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---------------------------|-------------------------------------|-------------------------------------|
| Discount rate | 7.25% | 6.90% |
| Guaranteed rate of return | 8.50% | 8.50% |

The Company has contributed Rs. 3.67 million to provident fund for the year.

The breakup of plan assets into various categories as at 31 March 2022 and 31 March 2021 is as follow:

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Central and state government bonds | 44% | 45% |
| Public sector undertakings and private sector bonds | 30% | 24% |
| Others | 26% | 31% |

(C) Other long term benefits

(i) Compensated absences

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Present value of obligation at the end of the year | 35.66 | 32.43 |

(ii) Long service award

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Present value of obligation at the end of the year | 2.63 | 2.05 |

(D) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

33. Fair value management

| | Note | Level of hierarchy | 31 March 2022 | | | 31 March 2021 | | |
|------------------------------------|------|--------------------|---------------|-------|----------------|---------------|-------|----------------|
| | | Refer Note 2 (q) | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| <i>Financial assets</i> | | | | | | | | |
| Trade receivables | (a) | | - | - | 219.23 | - | - | 183.62 |
| Cash and cash equivalents | (a) | | - | - | 111.66 | - | - | 56.12 |
| Other bank balances | (a) | | - | - | 1,696.98 | - | - | 1,556.53 |
| Other financial assets | (a) | 2 | - | - | 4.85 | - | - | 4.88 |
| Total financial assets | | | - | - | 2,032.72 | - | - | 1,801.15 |
| <i>Financial liabilities</i> | | | | | | | | |
| Trade payables | (a) | | - | - | 159.95 | - | - | 129.84 |
| Other financial liabilities | (a) | 2 | 5.50 | - | 32.92 | 1.08 | - | 28.82 |
| Total financial liabilities | | | 5.50 | - | 192.87 | 1.08 | - | 158.66 |

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

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

34. Financial risk management

(A) Financial risk management

Risk management framework

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

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

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

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

i. Credit risk

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

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

Trade receivable and other financial assets

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

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

Expected credit loss for trade receivable:

The Company based on internal assessment which is driven by the historical experience / current facts available in relation to defaults and delays in collection thereof, the credit risk for trade receivable is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance (net of expected credit loss allowance), excluding receivable from group companies is Rs. 195.63 million (31 March 2021 : Rs. 57.25 million).

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Balance at the beginning of the year | 0.54 | 0.85 |
| Add : Reversed / provided during the year (net of provision / reversal) | 0.60 | (0.31) |
| Balance at the end of the year | 1.14 | 0.54 |

Expected credit loss on financial assets other than trade receivable:

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

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

ii. Liquidity risk

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

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

The Company has sanctioned borrowing facilities, comprising non-fund based limits from various bankers on unsecured basis.

Exposure to the liquidity risk

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

| | | Contractual cash flows | | |
|--------------------------------------|-----------------|------------------------|-----------------|------------------|
| 31 March 2022 | Carrying amount | Total | Within one year | More than 1 year |
| Non-derivative financial liabilities | | | | |
| Trade payables | 159.95 | 159.95 | 159.95 | - |
| Other financial liabilities | 38.42 | 38.42 | 37.21 | 1.21 |

| | | Contractual cash flows | | |
|--------------------------------------|-----------------|------------------------|-----------------|------------------|
| 31 March 2021 | Carrying amount | Total | Within one year | More than 1 year |
| Non-derivative financial liabilities | | | | |
| Trade payables | 129.84 | 129.84 | 129.84 | - |
| Other financial liabilities | 29.90 | 29.90 | 28.75 | 1.15 |

iii. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes.

Currency risk

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

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

Gross exposure to currency risk

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

(amount in Million Rs.)

| | As at 31 March 2022 | | | | | | |
|--|---------------------|----------|--------|--------|--------|---------|------|
| | USD | EUR | GBP | SEK | CHF | CNY | MYR |
| Cash and cash equivalents | 0.94 | - | - | - | - | - | - |
| Trade receivables | 19.55 | 4.17 | - | - | - | - | - |
| Against open sales orders | 32.27 | 79.88 | - | - | - | - | 5.07 |
| Trade payables | (40.27) | (18.99) | - | (0.34) | - | (2.38) | - |
| Capital creditors | - | (0.55) | - | - | - | - | - |
| Against open purchase orders | (78.15) | (156.49) | (0.43) | (0.30) | (0.06) | (30.57) | - |
| Net statement of financial position exposure | (65.66) | (91.98) | (0.43) | (0.64) | (0.06) | (32.95) | 5.07 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

(amount in Million Rs.)

| | As at 31 March 2021 | | | | | |
|---|---------------------|----------------|---------------|---------------|---------------|---------------|
| | USD | EUR | GBP | SEK | CNY | NOK |
| Cash and cash equivalents | 3.28 | 3.05 | - | - | - | - |
| Trade receivables | 6.35 | 6.67 | - | - | - | - |
| Against open sales orders | 5.47 | - | - | - | - | - |
| Trade payables | (37.65) | (3.55) | - | (0.21) | - | - |
| Capital creditors | - | (1.22) | (0.07) | - | - | - |
| Against open purchase orders | (70.17) | (81.66) | (8.58) | (2.38) | (1.76) | (0.17) |
| Net statement of financial position exposure | (92.72) | (76.71) | (8.65) | (2.59) | (1.76) | (0.17) |

Sensitivity analysis

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

| | Profit or Loss (before tax) | |
|----------------------|-----------------------------|-----------|
| | Strengthening | Weakening |
| 31 March 2022 | | |
| USD (1% movement) | (0.66) | 0.66 |
| EUR (1% movement) | (0.92) | 0.92 |
| GBP (1% movement) | - | 0.00 |
| SEK (1% movement) | (0.01) | 0.01 |
| MYR (1% movement) # | 0.05 | (0.05) |
| CHF (1% movement) # | - | 0.00 |
| CNY (1% movement) | (0.33) | 0.33 |

31 March 2021

| | | |
|---------------------|--------|------|
| USD (1% movement) | (0.92) | 0.92 |
| EUR (1% movement) | (0.77) | 0.77 |
| GBP (1% movement) | (0.09) | 0.09 |
| SEK (1% movement) | (0.02) | 0.02 |
| NOK (1% movement) # | - | 0.00 |
| CNY (1% movement) | (0.02) | 0.02 |

Amount below rounding off norms

iv. Interest rate risk

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

Exposure to interest rate risk

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Fixed-rate instruments | | |
| Financial assets - Bank deposits | 1,770.87 | 1,572.28 |
| | <u>1,770.87</u> | <u>1,572.28</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Fair value sensitivity analysis for fixed-rate instruments

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

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

v. Price risk

Commodity price risks fluctuation in commodity price in market affects directly or indirectly the price of raw material and components used by the Company. The Company sells its products mainly to paper industries, whereby there is a regular negotiation /adjustment of prices on the basis of changes in commodity prices.

35. Capital management

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Dividends

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

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|-------------------------------------|-------------------------------------|
| Equity shares | | |
| Final dividend paid during the year ended 31 March 2022 of Rs. 5 per fully paid equity share (31 March 2021 of Rs. 5 per fully paid up equity share) | 21.96 | 21.96 |
| | <u>21.96</u> | <u>21.96</u> |

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Equity shares | | |
| In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs.6/- per fully paid equity share (31 March 2021 : Rs.5). This proposed dividend is subject to the approval of shareholders in the ensuing general meeting. | 26.36 | 21.96 |

36. Related Party Disclosures

(A) Related Party Names

(a) Related parties where control exists

a) Ultimate Holding Company

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

b) Holding Company

VP Auslandsbeteiligungen GmbH, Germany

(b) Fellow subsidiaries

Voith US Inc., U.S. | VPFY

Voith US Inc., U.S. | VPFS

J.M. Voith SE & Co. KG, Germany | DSG

Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia | VPFI-SU

Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia | VPFI

J M Voith SE & Co. KG, Germany | VPEZ

Voith Paper Technology (India) Private Limited, India | VPMP

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America
 J M Voith SE & Co. KG, Germany | VPH
 Voith Austria GmbH, Austria | VPRW
 Voith Austria GmbH, Austria | VPFF
 Voith Paper Fabrics Högsjö AB, Sweden | VPHS
 Voith Paper Fabrics Waycross, LLC, USA | VPFX
 PT. Voith Paper Rolls Indonesia, Indonesia | VPRK
 Voith Paper (China) Co., Ltd., China | VPFC
 Voith Austria GmbH, Austria | VPRL
 Voith Paper Fabrics BV, Netherland | VPHN
 Voith Digital Solutions India Private Ltd., India | DSI
 Voith Paper Ltd, Manchester, U.K. | VPMA
 Voith Paper Fabrics S.A., Spain | VPFG
 Voith Canada Inc., Canada | VPFO
 Voith Paper (China) Co., Ltd. | VPC
 Voith Turbo Private Limited, India | VTIP
 Voith Paper Argentina S.A., Argentina | VPBU
 Voith Paper Máquinas e Equipamentos Ltda., Brazil | VPP
 Voith US Inc., U.S. | VPFL

(c) **Key Management Personnel**

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

(d) **Others:**

VPFIL Employees' Provident Fund Trust

(B) **Related Party Transactions**

| S. No. | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--------|--|-------------------------------------|-------------------------------------|
| 1 | Transactions with Holding Company | | |
| | Payment of Dividend (Gross) | 16.26 | 16.26 |
| | | <u>16.26</u> | <u>16.26</u> |
| 2 | Transactions with Fellow Subsidiaries | | |
| i) | Sale of goods | | |
| | Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia VPFI-SU | 25.67 | 13.99 |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | 3.94 | 3.12 |
| | J M Voith SE & Co. KG, Germany VPEZ | 115.87 | 47.36 |
| | Voith Paper Technology (India) Private Limited, India VPMP | - | 0.41 |
| | Voith Canada Inc., Canada VPFO | 4.15 | 3.37 |
| | Voith Paper Fabrics BV, Netherland VPHN | - | 1.61 |
| | Voith US Inc., U.S. VPFS | 7.20 | 3.21 |
| | Voith Paper Argentina S.A., Argentina VPBU | 7.67 | - |
| | Voith Paper Máquinas e Equipamentos Ltda., Brazil VPP | 1.68 | - |
| | | <u>166.18</u> | <u>73.07</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

| S. No. | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--------|--|-------------------------------------|-------------------------------------|
| ii) | Sale of services | | |
| | Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia VPFI-SU | 1.14 | 1.79 |
| | Voith Austria GmbH, Austria VPRW | 1.17 | 0.71 |
| | PT. Voith Paper Rolls Indonesia, Indonesia VPRK | 2.04 | 4.29 |
| | | <u>4.35</u> | <u>6.79</u> |
| iii) | Sale of raw material | | |
| | Voith US Inc., U.S. VPFL | 0.36 | - |
| | | <u>0.36</u> | <u>-</u> |
| iv) | Sale of capital goods | | |
| | Voith Paper Technology (India) Private Limited, India VPMP | - | 0.61 |
| | | <u>-</u> | <u>0.61</u> |
| v) | Lease rent income | | |
| | Voith Paper Technology (India) Private Limited, India VPMP | 8.34 | 7.74 |
| | | <u>8.34</u> | <u>7.74</u> |
| vi) | Other income | | |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | - | 0.25 |
| | Voith Paper (China) Co., Ltd., China VPFC | - | 0.12 |
| | | <u>-</u> | <u>0.37</u> |
| vii) | Purchase of materials & stores | | |
| | Voith Austria GmbH, Austria VPFF | 0.03 | 3.51 |
| | Voith US Inc., U.S. VPFY | 20.37 | 17.31 |
| | Voith Paper (China) Co., Ltd., China VPFC | 18.61 | 11.81 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | (0.06) | 0.07 |
| | Voith Paper Ltd, Manchester, U.K. VPMA | (0.06) | - |
| | Voith Paper Fabrics Waycross, LLC, USA VPFX | 0.01 | - |
| | Voith Paper Fabrics S.A., Spain VPFG | - | 0.05 |
| | | <u>38.90</u> | <u>32.75</u> |
| viii) | Purchase of traded goods | | |
| | Voith Paper (China) Co., Ltd., China VPFC | 57.34 | 55.25 |
| | Voith Austria GmbH, Austria VPFF | 6.83 | 12.14 |
| | Voith Paper Fabrics BV, Netherland VPHN | 0.03 | 1.75 |
| | J M Voith SE & Co. KG, Germany VPH | 19.51 | 9.78 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | 26.60 | 26.67 |
| | Voith Paper Fabrics S.A., Spain VPFG | 6.11 | 2.24 |
| | Voith Paper (China) Co., Ltd. VPC | - | 3.20 |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | 28.89 | 12.24 |
| | | <u>145.31</u> | <u>123.27</u> |
| ix) | Purchase of capital goods & services | | |
| | Voith Austria GmbH, Austria VPFF | - | 0.08 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | - | 0.17 |
| | Voith Paper Fabrics Waycross, LLC, USA VPFX | - | 3.11 |
| | J M Voith SE & Co. KG, Germany VPH | - | 0.32 |
| | Voith Paper Technology (India) Private Limited, India VPMP | - | 0.62 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

| S. No. | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--------|--|-------------------------------------|-------------------------------------|
| | Voith Austria GmbH, Austria VPRW | 1.52 | - |
| | Voith Paper Ltd, Manchester, U.K. VPMA | - | 2.97 |
| | | <u>1.52</u> | <u>7.27</u> |
| x) | Technical know-how fees/Royalty | | |
| | J M Voith SE & Co. KG, Germany VPEZ | 60.75 | 50.50 |
| | | <u>60.75</u> | <u>50.50</u> |
| xi) | Communication expenses | | |
| | J.M. Voith SE & Co. KG, Germany DSG | 11.03 | 8.66 |
| | Voith Digital Solutions India Private Ltd., India DSI | 0.30 | 0.28 |
| | | <u>11.33</u> | <u>8.94</u> |
| xii) | Reimbursement of expenses from related parties | | |
| | Voith Paper Technology (India) Private Limited, India VPMP | 4.07 | 2.87 |
| | Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia VPFI-SU | 1.32 | 1.29 |
| | J M Voith SE & Co. KG, Germany VPEZ | - | 1.06 |
| | Voith Paper (China) Co., Ltd., China VPFC | 0.95 | 0.90 |
| | Voith Canada Inc., Canada VPFO | 0.02 | 0.27 |
| | Voith US Inc., U.S. VPFS | - | 0.35 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | 0.43 | - |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | 0.40 | 0.04 |
| | Voith Paper Fabrics BV, Netherland VPHN | 0.04 | 0.05 |
| | | <u>7.23</u> | <u>6.83</u> |
| xiii) | Reimbursement of expenses to related parties | | |
| | Voith Paper Technology (India) Private Limited, India VPMP | 4.66 | 3.83 |
| | Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia VPFI-SU | 0.10 | 0.04 |
| | Voith Austria GmbH, Austria VPFF | 0.09 | - |
| | J M Voith SE & Co. KG, Germany VPEZ | 1.87 | - |
| | J M Voith SE & Co. KG, Germany VPH | 0.23 | - |
| | Voith Turbo Private Limited, India VTIP | 0.05 | - |
| | | <u>7.00</u> | <u>3.87</u> |
| 3 | Transactions with Key Management Personnel | | |
| i) | Remuneration paid | | |
| | R. Krishna Kumar | 19.99 | 15.95 |
| | Kalyan Dasgupta | 6.33 | 5.02 |
| | C.S. Gugliani | 2.78 | 2.26 |
| | | <u>29.10</u> | <u>23.23</u> |
| ii) | Reimbursement of expenses to related parties | | |
| | R. Krishna Kumar | 0.70 | 0.12 |
| | C.S. Gugliani | 0.06 | 0.04 |
| | | <u>0.76</u> | <u>0.16</u> |
| 4 | Transactions with Others | | |
| i) | Contribution by the Company | | |
| | VPFIL Employees' Provident Fund Trust | 3.67 | 3.29 |
| | | <u>3.67</u> | <u>3.29</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

(C) Related Parties' Year End Balances

| S. No. | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--------|--|-------------------------------------|-------------------------------------|
| 1 | Amount Outstanding - Fellow Subsidiaries | | |
| i) | Trade Receivable | | |
| | Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia VPFI-SU | 0.45 | 2.00 |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | 1.09 | - |
| | J M Voith SE & Co. KG, Germany VPEZ | 1.47 | 3.55 |
| | Voith US Inc., U.S. VPFS | 4.68 | 0.35 |
| | Voith US Inc., U.S. VPFL | 0.36 | - |
| | Voith Paper Technology (India) Private Limited, India VPMP | 2.11 | 4.19 |
| | Voith Paper Fabrics BV, Netherland VPHN | - | 0.92 |
| | Voith Canada Inc., Canada VPFO | 2.80 | 1.25 |
| | Voith Austria GmbH, Austria VPRW | 0.44 | 0.02 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | 0.44 | - |
| | Voith Paper Máquinas e Equipamentos Ltda., Brazil VPP | 1.71 | - |
| | Voith Paper Argentina S.A., Argentina VPBU | 7.76 | - |
| | PT. Voith Paper Rolls Indonesia, Indonesia VPRK | 0.92 | 3.10 |
| | | <u>24.23</u> | <u>15.38</u> |
| ii) | Trade Payable (including capital creditors) | | |
| | Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia VPFI | 4.26 | 0.93 |
| | Voith Paper (China) Co., Ltd., China VPFC | 7.67 | - |
| | Voith Paper (China) Co., Ltd. VPC | - | 7.54 |
| | J.M. Voith SE & Co. KG, Germany DSG | 0.84 | 0.76 |
| | Voith Paper Technology (India) Private Limited, India VPMP | 0.47 | 1.28 |
| | J M Voith SE & Co. KG, Germany VPH | 4.77 | - |
| | Voith Austria GmbH, Austria VPFF | 3.86 | 2.43 |
| | J M Voith SE & Co. KG, Germany VPEZ | 28.94 | 25.15 |
| | Voith Paper Fabrics Högsjö AB, Sweden VPHS | 13.33 | 13.59 |
| | Voith US Inc., U.S. VPFY | 6.76 | 10.40 |
| | Voith Digital Solutions India Private Ltd., India DSI | 0.09 | 0.13 |
| | Voith Paper Fabrics S.A., Spain VPFG | - | 0.04 |
| | Voith Paper Ltd, Manchester, U.K. VPMA | - | 0.07 |
| | Voith Turbo Private Limited, India VTIP | 0.05 | - |
| | Voith Paper Fabrics Waycross, LLC, USA VPFX | 0.01 | - |
| | | <u>71.05</u> | <u>62.32</u> |
| iii) | Other liabilities (Security Deposit) | | |
| | Voith Paper Technology (India) Private Limited, India | 1.50 | 1.50 |
| | Less: unwinding of discount on security deposit | (0.29) | (0.35) |
| | | <u>1.21</u> | <u>1.15</u> |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

| S. No. | Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--------|--|-------------------------------------|-------------------------------------|
| 2 | Amount Outstanding - Key Management Personnel* | | |
| i) | Remuneration payable | | |
| | R. Krishna Kumar | 1.04 | 0.32 |
| | Kalyan Dasgupta | 0.30 | 0.19 |
| | C.S. Gugliani | 0.10 | 0.09 |
| | | <u>1.44</u> | <u>0.60</u> |
| ii) | Reimbursement of expenses | | |
| | R. Krishna Kumar | 0.40 | 0.13 |
| | C.S. Gugliani | - | 0.01 |
| | | <u>0.40</u> | <u>0.14</u> |
| | * The remuneration of key management personnel as disclosed above does not include provision made for gratuity and compensated absences as they are determined on actuarial basis for the Company as a whole and individual amounts are not available. | | |
| 3 | Amount Outstanding - Others | | |
| i) | Contribution payable | | |
| | VPFIL Employees' Provident Fund Trust | 0.91 | 0.79 |
| | | <u>0.91</u> | <u>0.79</u> |

37. Contingent liabilities to the extent not provided for:

A Guarantees

Outstanding guarantees furnished by Banks on behalf of the Company is Rs. 6.63 million (31 March 2021: Rs. 3.10 million).

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

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|------------|-------------------------------------|-------------------------------------|
| Income Tax | - | 2.64 |
| | <u>-</u> | <u>2.64</u> |

- (a) Rs. Nil (31 March 2021 : Rs. 2.64 million) is the amount of demand raised by the assessing officer for assessment year 2009-10 on account of disallowances in respect of shifting expenses & repair building etc.

The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order. The Commissioner (Appeals) had allowed all other grounds in favour of the company except shifting expenses pursuant to which the Company and the department had filed cross appeals in Income Tax Appellate Tribunal. During the earlier years, the Company has received favourable order from Income tax Appellate Tribunal.

- (b) Rs. 45.49 million (31 March 2021 : Rs. 49.24 million) is the amount of demand raised by the assessing officer for assessment years 2012-13, 2013-14, 2014-15 & 2016-17 on account of disallowances in respect of technical know-how fees.

The Company had filed appeals with the Commissioner (Appeals) against the orders of respective years. The Commissioner (Appeals) had decided the matter in favour of the Company for all assessment years pursuant to which department has filed the appeals in Income Tax Appellate Tribunal. In earlier years, the Company had received the favourable orders from ITAT for assessment years 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15 and favourable order from Hon'ble High Court in respect of A.Y. 2010-11 and 2011-12.

In respect of years where the aforesaid matter is still pending with ITAT, the management is confident of a favorable outcome and has accordingly assessed that the risk of any liability in respect of this matter to be remote.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

C Other contingent liabilities

Labour case:

15 ex-contractual employees had filed a case against the Company under Industrial Tribunal cum Labour Court II, Haryana. The dispute pertains to reinstatement of these employees with continuity of service, full back wages and all consequential benefits since the date of termination. The labour court had decided the case in favour of the ex-contractual employees. The Company had filed a writ petition in High Court (Punjab & Haryana) based on a legal opinion sought in the matter. 8 ex- contractual employees out of the above filed an appeal for the execution of the labour court award order decided earlier. The Company brought the High Court (Punjab & Haryana) stay order in notice of the Civil Court, Faridabad but the application against implementation of Labour Court Award has been dismissed for stay on the ground that the stay order by the High Court pertains to criminal prosecution and not the civil execution of the Award. 8 ex- contractual employees have been directed by the Civil Court, Faridabad to file fresh applications as per the prescribed format after objections raised by Company's legal counsel which have been complied with by the ex- contractual employees. The Company's legal counsel has again filed objections against the revised applications submitted by 8 ex- contractual employees and now the same is pending for arguments. The Civil Judge, Jr. Division has appointed Commissioner to calculate back wages of 8 ex- contractual employees and Commissioner has submitted its report to the Civil Judge to which both the parties have filed their objections. Now it is pending for Order. Further, the Company's civil writ petition before the High Court was dismissed in August, 2020. The company has filed LPA against the dismissal before the Double bench of the High Court on 8 September 2020 and 25 October 2020. Based on the opinion from legal consultants, the Company is of the view that the likelihood of potential favorable judgement in the Company's favour is probable. Further, the financial implications can't be quantified in this case and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Further, the Company has also certain other labour cases for which the liability is not ascertainable and the Company is of the view that the likelihood of potential favorable judgement in the Company's favour is probable.

Provident Fund

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

38. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 85.83 million (31 March 2021 : Rs. 50.37 million)

39. Corporate Social Responsibility (CSR) Expense

| Particulars | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|--|---|-------------------------------------|
| 1. Amount required to be spent by the company during the year | 6.89 | 6.32 |
| 2. Amount of expenditure incurred on: | | |
| a) Construction / acquisition of any asset | - | - |
| b) On purposes other than (a) above* | 6.89 | 6.32 |
| 3. Shortfall at the end of the year | - | - |
| 4. Total of previous year shortfall | - | - |
| 5. Reasons of shortfall | - | - |
| 6. Nature of CSR activities | Healthcare, Education and Skill Development | |
| 7. Detail of related party transactions in relation to CSR expenditure as per relevant accounting standard | - | - |

*The Company has contributed INR 6.89 million to various parties for the CSR expenditure. Out of the said amount, INR 2.11 million have remain unutilised by the aforesaid parties as on 31 March 2022.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

40. Hedging and derivative instruments:

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

a) Forward contract outstanding

| Purpose | Currency hedged | As at 31 March 2022 | |
|------------------------------|-----------------|------------------------|---------------------|
| | | (in original currency) | (in Million Rupees) |
| Trade payable | USD | 88,501 | 6.71 |
| Trade receivable | USD | 15,750 | 1.19 |
| Against open purchase orders | USD | 570,912 | 43.27 |
| Against open purchase orders | EUR | 1,298,646 | 109.26 |
| Against open purchase orders | CNY | 417,418 | 4.99 |
| Against open sale orders | USD | 31,231 | 2.37 |
| Purpose | Currency hedged | As at 31 March 2021 | |
| | | (in original currency) | (in Million Rupees) |
| Trade payable | USD | 30,751 | 2.25 |
| Trade receivable | EUR | 26,150 | 2.24 |
| Trade receivable | USD | 23,656 | 1.73 |
| Against open purchase orders | USD | 106,396 | 7.79 |
| Against open purchase orders | EUR | 277,146 | 23.78 |
| Against open sales order | USD | 40,470 | 0.43 |

b) Foreign currency exposure not hedged by forward contracts

| Purpose | Currency | As at 31 March 2022 | |
|----------------------------|----------|------------------------|---------------------|
| | | (in original currency) | (in Million Rupees) |
| Trade payable | EUR | 225,704 | 18.99 |
| Trade payable | USD | 442,869 | 33.56 |
| Trade payable | SEK | 42,011 | 0.34 |
| Trade payable | CNY | 199,363 | 2.38 |
| Creditor for capital goods | EUR | 6,549 | 0.55 |
| Creditor for capital goods | GBP | 19 | - |
| Open purchase orders | EUR | 561,413 | 47.23 |
| Open purchase orders | USD | 460,272 | 34.88 |
| Open purchase orders | GBP | 4,300 | 0.43 |
| Open purchase orders | CHF | 777 | 0.06 |
| Open purchase orders | SEK | 36,542 | 0.30 |
| Open purchase orders | CNY | 2,139,648 | 25.57 |
| Trade receivable | EUR | 49,572 | 4.17 |
| Trade receivable | USD | 242,137 | 18.35 |
| Open sales orders | USD | 394,613 | 29.91 |
| Open sales orders | EUR | 949,454 | 79.88 |
| Open sales orders | MYR | 281,203 | 5.07 |
| Cash & cash equivalents | USD | 12,400 | 0.94 |

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

| Purpose | Currency | As at 31 March 2021 | |
|----------------------------|----------|------------------------|---------------------|
| | | (in original currency) | (in Million Rupees) |
| Trade payable | EUR | 41,339 | 3.55 |
| Trade payable | USD | 483,665 | 35.40 |
| Trade payable | SEK | 25,170 | 0.21 |
| Trade payable | GBP | 19 | - |
| Creditor for capital goods | EUR | 14,212 | 1.22 |
| Creditor for capital goods | GBP | 647 | 0.07 |
| Open purchase orders | EUR | 674,442 | 57.88 |
| Open purchase orders | USD | 852,422 | 62.39 |
| Open purchase orders | GBP | 85,200 | 8.58 |
| Open purchase orders | NOK | 19,780 | 0.17 |
| Open purchase orders | SEK | 284,482 | 2.38 |
| Open purchase orders | CNY | 157,456 | 1.76 |
| Trade receivable | EUR | 51,548 | 4.42 |
| Trade receivable | USD | 63,150 | 4.62 |
| Open sale orders | USD | 34,268 | 2.51 |
| Cash & cash equivalents | EUR | 35,577 | 3.05 |
| Cash & cash equivalents | USD | 44,751 | 3.28 |

- ii) Mark to market loss amounting to Rs. 4.41 million (31 March 2021: Rs. 2.49 million) in respect of forward contracts have been charged to the Statement of Profit and Loss. The mark to market losses on forward contract outstanding as at 31 March 2022 is Rs. 5.50 million (31 March 2021: Rs. 1.08 million)

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

42. Earning per share

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---|-------------------------------------|-------------------------------------|
| Profit for basic and diluted earnings per share of Rs. 10 each | 293.14 | 270.70 |
| Weighted average number of equity shares used in computing earnings per share : | | |
| For basic earnings per share | 4.39 | 4.39 |
| For diluted earnings per share | 4.39 | 4.39 |
| Earnings per share (Face value of Rs. 10 each) | | |
| Basic | 66.77 | 61.66 |
| Diluted | 66.77 | 61.66 |

43. The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

44. Operating segment

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director and the Company has only one reportable business segment i.e. manufacturing and trading of paper machine clothing for pulp, paper and board industry.

Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Information about geographical areas :

The following table shows the distribution of the Company's operating revenue by geographical location of customers, regardless of where the goods were produced/services were rendered from:

(A) Revenues by geography*

| | For the year ended 31 March 2022 | For the year ended 31 March 2021 |
|---------------|-------------------------------------|-------------------------------------|
| India | 1,225.75 | 1,060.12 |
| Outside India | 226.69 | 125.13 |
| Total | 1,452.44 | 1,185.25 |

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

(B) The carrying amounts of all non-current segment assets of the Company is located within India.

(C) There is no customer which constitute 10% or more of total revenue of the Company.

45 Additional Regulatory Information

Ratios

| Ratio | Numerator | Denominator | Current Year | Previous Year | % variance | Reason for variance |
|---------------------------------|---|--|--------------|---------------|------------|---------------------|
| Current Ratio | Total current assets | Total current liabilities | 9.17 | 10.08 | 9.03% | |
| Debt-equity ratio* | Total debt | Total equity | N.A. | N.A. | N.A. | |
| Debt service coverage ratio* | Earnings available for debt service = Loss for the year + non-cash operating expenses + interest + other non-cash adjustments | Debt service = Interest + Lease Payments + Principal repayments | N.A. | N.A. | N.A. | |
| Return on equity ratio | Profit for the year | Average total equity** | 0.11 | 0.11 | 0.00% | |
| Inventory turnover ratio | Cost of material consumed | Average inventory** | 1.47 | 1.41 | -4.26% | |
| Trade receivable turnover ratio | Revenue from operations | Average trade receivables** | 7.21 | 6.63 | -8.75% | |
| Trade payables turnover ratio | Cost of material consumed + Other expenses | Average trade payables** | 5.08 | 4.62 | -9.96% | |
| Net capital turnover ratio | Revenue from operations | Working capital = Total current assets - Total current liabilities | 0.71 | 0.66 | -7.58% | |
| Net profit ratio | Profit for the year | Revenue from operations | 0.20 | 0.23 | 13.04% | |
| Return on capital employed | Profit before tax and finance cost | Capital employed = Net worth + Deferred tax liabilities | 13.77% | 13.78% | 0.07% | |
| Return on investment | Income generated from invested funds | Average investments** | N.A. | N.A. | N.A. | |

*The Company does not have any debts

**Average = (Opening + Closing) / 2

Notes to the Financial Statements for the year ended 31 March 2022

(All amounts are in Rs. Million, unless otherwise stated)

46 Other statutory information :

- (i) The Company do not have any transactions with companies struck off.
- (ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (iv) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (v) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vi) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall :
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The title deeds/legal ownership of immovable properties including the leased properties as disclosed in the standalone financial statements are held in the name of the Company.

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Ankush Goel

Partner

Membership No. 505121

R. Nath

Director

DIN : 00062186

R. Krishna Kumar

Managing Director

DIN : 05344619

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

S.K. Nagpal

Director

DIN : 01171148

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

Deepti Gupta

Director

DIN : 08481203

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Dated : 24 May 2022

Place : New Delhi

Dated : 24 May 2022

NOTICE

Notice is hereby given that the Fifty-second Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on **Wednesday, 17th August, 2022** at 3:30 p.m. IST, through Video Conferencing (VC) and/or Other Audio Visual Means (OAVM) at the deemed venue, at the Registered Office of the Company at 113/114-A, Sector-24, Faridabad - 121005, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2022, together with the reports of the Board of Directors & Auditor's thereon.
2. To declare a dividend.
3. To consider the re-appointment of Mr. R. Krishna Kumar (DIN: 05344619) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Approval of Material Related Party Transactions:**

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") read with the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary) and in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), as amended from time to time, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) to ratify/approve all existing contracts/ arrangements/ agreements/ transactions and to enter into new/ further contracts/ arrangements/ agreements/ transactions – whether by way of an individual transaction or transactions taken together or series of transactions or otherwise (including any modifications, alterations, amendments or renewal thereto), with related parties, during the financial year 2022-23, as per details set out in the Explanatory Statement annexed to this notice and notwithstanding that such transactions may exceed the limits as prescribed under the Listing Regulations or such other threshold limits as may be specified by the Act and / or the Listing Regulations from time to time, up to such extent and on such terms and conditions as specified in the table forming part of the Explanatory Statement annexed to this notice and on such terms and conditions as may be agreed between the Company and the concerned related party, provided however, that the said contracts/ arrangements/ agreements/ transactions with the related parties shall be carried out at an arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all such agreements, documents, instruments and writings as deemed necessary, with power to alter and vary the terms and conditions of such contracts/ arrangements/ agreements/ transactions, settle all queries, difficulties, doubts that may arise in this regard, as they may in their sole and absolute discretion deem fit or expedient, file requisite forms with regulatory authorities and to do or cause to be done all such acts, deeds, matters and things as may be necessary and appropriate and to delegate all or any of its powers herein conferred to any person(s), to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

5. **Appointment of Ms. Pallavi Dinodia Gupta (DIN: 06566637) as an Independent Director:**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval be and is hereby accorded for the appointment of Ms. Pallavi Dinodia Gupta (DIN: 06566637), as an Independent Director of the Company, for a term of 1 (One) year effective from 29th May, 2022 and whose term of office shall not be subject to retirement by rotation."

Registered Office:

113/114-A, Sector - 24,
Faridabad - 121005 (Haryana) Delhi NCR, India.
CIN: L74899HR1968PLC004895
Telephone: +91 129 4292200; Fax: +91 129 2232072
Website: www.voithpaperfabricsindia.com, E-mail: investorcare.vffa@voith.com
Place: New Delhi
Date: 29th May, 2022

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

NOTES

- Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020, 02/2021, 21/2021 and Circular No. 02/2022 issued by the Ministry of Corporate Affairs (MCA) and Circular Number SEBI/HO/CFD/CMD2/CIR/P/2022/62 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), this year also, Companies are allowed to hold their Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. HENCE, IN COMPLIANCE WITH THESE CIRCULARS, THE 52ND AGM OF THE COMPANY IS BEING HELD THROUGH VC/OAVM AND CONSEQUENTLY THE MAP TO REACH THE AGM VENUE IS NOT BEING SENT ALONG WITH THE NOTICE.
- NORMALLY, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED / ELIGIBLE TO APPOINT A PROXY, TO ATTEND AND VOTE ON HIS/HER BEHALF AT THE AGM, AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THE AGM IS BEING HELD PURSUANT TO MCA CIRCULARS THROUGH VC/OAVM, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE ATTENDANCE SLIP AND PROXY FORM ARE NOT ANNEXED TO THIS NOTICE.
- As per Section 103 of the Companies Act, 2013, participation of members through VC/OAVM will be considered for ascertaining the quorum at the AGM.
- Corporate members are requested to send a duly certified copy of the Board Resolution / Authorization Letter to the Company or upload the same on VC Portal / e-voting portal, authorizing their Representatives to attend and vote at the AGM being convened through VC/OAVM.
- The necessary disclosures required to be made under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Directors who are proposed to be re/appointed at the forthcoming AGM of the Company, are appearing in the 'Board's Report'; and details of their shareholding 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 shareholding in the Company |
|---------------------------|--|---|--|---------------------------------------|
| Mr. R. Krishna Kumar | NIL | NIL | NIL | NIL |
| Ms. Pallavi Dinodia Gupta | NIL | NIL | NIL | NIL |

- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 6th August, 2022 to Wednesday, 17th August, 2022 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
- The Dividend as recommended by the Board of Directors, if declared at the meeting, would be paid electronically through various online transfer modes to those members who have updated their bank account details with the Company or its RTA and whose name would appear in the Register of Members as at Wednesday, 17th August, 2022. In respect of shares held in dematerialized mode, dividend would be paid to the beneficial owners of shares as at the end of business hours on Friday, 5th August, 2022 as per details furnished by the depositories for this purpose.

For members whose bank details are not updated and/or to whom the electronic payment of dividend could not be made successfully, necessary dividend warrants / demand drafts / cheques would be sent by post in accordance with the prevailing guidelines of postal authorities.

Hence, members are advised to keep their bank account details updated with either their depository participant (where the shares are held in demat mode) or with the RTA (where shares are held in physical mode) of the Company - MCS Share Transfer Agent Limited, New Delhi, to receive the dividend directly in their designated bank account.

- Members may also take note that the payment of dividend shall be subject to deduction of tax at source at relevant rates as provided in the applicable provisions of the Income Tax Act, 1961, as amended, in accordance with the conditions specified therein. However, no tax shall be deducted at source on dividend payable to a resident individual, if the total dividend to be received by them during the financial year 2022-23 does not exceed Rs. 5,000/- and also where a member has provided the Form 15G / Form 15H (applicable to individuals aged 60 years or above), subject to conditions specified in the Income Tax Act, 1961, in this regard.
- 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 RTA of the Company.
- 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.
- To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

12. Members are requested to note that the equity shares of the company are compulsorily traded in dematerialized form. Members are therefore advised to immediately dematerialize their shareholding to avoid any inconvenience in future. Members may also kindly note that the SEBI vide amendment in the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated that the transfer of securities would be carried out in dematerialized form only with effect from 1st April, 2019.
13. Members may please note that SEBI vide its Circular No. SEBI/ HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at www.voithpaperfabricsindia.com. It may be noted that any service request can be processed only after the folio is KYC compliant. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.
14. In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same name and in identical order. Please note that consolidation of folios does not amount to transfer of shares and therefore, no stamp duty will be payable for the same. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the company or its RTA, MCS Share Transfer Agent Limited, New Delhi.
15. Pursuant to the applicable provisions of the Companies Act 2013, unpaid/unclaimed dividends up to the financial year 2012-13, stand transferred to the Investor Education and Protection Fund (IEPF) as at the end of year under review. Besides the dividend so transferred, Company has also transferred relevant shares to the demat account of IEPF Authority, in accordance with the applicable provisions of Companies Act, 2013 and Rules made thereunder. It may be noted that once the unclaimed / unpaid dividend and/or shares are so transferred; the same can only be reclaimed from the IEPF Authority in accordance with the applicable provisions of the Companies Act 2013 and relevant Rules made thereunder, by following the prescribed procedure in this regard. The IEPF Rules and the application Form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs, are available on the website of the Ministry of Corporate Affairs at www.iepf.gov.in
16. The Securities and Exchange Board of India (SEBI) has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details, etc.) and nomination details by holders of securities. Effective from 1st January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st April 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at www.voithpaperfabricsindia.com. Members holding shares in electronic mode are, therefore, requested to submit / update these details with the Depository Participants with whom they are maintaining their demat accounts.
17. Electronic copy of the Annual Report for the year ended 31st March, 2022 along with the Notice of the 52nd Annual General Meeting of the Company is being sent to all the members whose email IDs are registered with RTA/Depository Participants. Please be informed that as per the circular / notification issued by MCA / SEBI in this regard, this year also the companies are not required to send physical copy of the Annual Report for the financial year 2021-22 to the shareholders, unless specifically asked by a shareholder.
18. Members may further note that the Notice of 52nd Annual General Meeting and the Annual Report for the year ended 31st March, 2022 will also be available on the Company's website www.voithpaperfabricsindia.com. These documents can also be accessed from the websites of the BSE Limited, www.bseindia.com and from the website of CDSL (agency for providing Remote e-voting facility and e-voting facility during the AGM), at www.evotingindia.com for their download.
19. 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 15 days before the date of the meeting**, addressed to the Company Secretary at the registered office of the company.
20. Members must always mention their Folio or DP-ID & Client ID Number in all correspondence with the Company or the RTA.
21. **CDSL e-Voting System – For Remote E-voting and E-voting during AGM**
 - a. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021 as well as Circular No. 02/2022 dated May 05, 2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
 - b. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 (as amended), and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended); and aforesaid Circulars issued by Regulatory Authorities, the company is providing facility of remote E-voting to its Members in respect of business to be transacted at the AGM. For this purpose, the Company has

engaged the services of Central Depository Services (India) Limited, for facilitating voting through electronic means, as the authorized E-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- c. The Members can join the AGM in the VC/OAVM mode **30 minutes before and 15 minutes after** the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. **The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis.** This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- e. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- f. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.voithpaperfabricsindia.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
- g. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 02/2021 dated January 13, 2021.
- h. In continuation of the Ministry's **General Circular No. 20/2020**, dated 05th May, 2020, **General Circular No. 02/2021**, dated 13th January, 2021, General Circular No. 21/2021, dated 14th December, 2021 and after due examination, it has been decided to allow companies whose AGMs are due in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2022 dated May 05, 2022.
- i. The Board of Directors has appointed M/s. P.C. Jain & Co., Company Secretaries, Faridabad, as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
- j. The remote E-voting Facility will be available during the following voting period after which the portal will be blocked and shall not be available for E-voting. Once the vote on the resolution is cast by any member, he/she shall not be allowed to change it subsequently.

| | |
|---------------------------------|---|
| Commencement of Remote E-voting | Sunday, 14 th August, 2022, 9:00 a.m. |
| End of Remote E-voting | Tuesday, 16 th August, 2022, 5:00 p.m. |

- k. **The cut-off date (record date) for the purpose of E-voting is, Wednesday, 10th August, 2022.** 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.
- l. The results of remote E-voting and E-voting at the Annual General Meeting along with scrutinizers' report shall be communicated within two working days of passing of the resolutions at the 52nd AGM of the Company, to the Stock Exchange (BSE Limited) and shall also be placed on the website of the company viz. www.voithpaperfabricsindia.com

THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- i. **The voting period begins on 14/08/2022 at 09:00 a.m. and ends on 16/08/2022 at 05:00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **10th August, 2022**, may cast their vote electronically. The remote E-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders who have already voted prior to the meeting date, would not be entitled to vote at the meeting.
- iii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders / retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv. In terms of **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below:

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

v. Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form and physical shareholders.

- The shareholders should log on to the E-voting website www.evotingindia.com
- Click on Shareholders / Members module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID
 - For NSDL: 8 character DP ID followed by 8 digits Client ID
 - Shareholders holding shares in physical form should enter Folio Number registered with the Company.
- Next enter the image verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user follow the steps given below:

| | For Shareholders holding shares in Demat Form other than individual 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"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both 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 (3). |

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on EVSN of "Voith Paper Fabrics India Limited".
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

12. Click on "RESOLUTION FILE LINK" if you wish to view the entire resolution details.
13. After selecting the resolution you have to decide to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.
14. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take print of the votes cast by clicking on "Click here to print" option on the voting page.
16. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

vi. **Facility for Non-individual Shareholders and Custodians – Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, at the email address viz.; corporatelegal@cspcjain.com & investorcare.vffa@voith.com respectively, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AND E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **15 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number, at investorcare.vffa@voith.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **15 days prior to meeting date**, mentioning their name, demat account number/folio number, email id, mobile number at investorcare.vffa@voith.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL / MOBILE NUMBERS ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. **For Physical shareholders** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to Company (investorcare.vffa@voith.com) / RTA email id (helpdeskdelhi@mcsregistrars.com OR admin@mcsregistrars.com)
2. **For Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP).
3. **For Individual Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Sr. Manager, (CDSL)** Central Depository Services (India) Limited, 'A' Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43

Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 10th August, 2022, may follow the same instructions as mentioned above for e-voting.

The result declared, along with the Scrutinizer's Report shall be placed on Company's website, www.voithpaperfabricsindia.com within two days of passing of the resolutions at the 52nd AGM of the Company and shall also be communicated to BSE Limited - where shares of the company are listed.

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

ITEM NO. 4:

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and approval of the members by way of resolution, in case certain transactions with related parties exceeds such sum as is specified in the said Rules. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis.

However, pursuant to Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), approval of the members through a resolution is required for all material related party transactions, even if they are in the ordinary course of business and on arm's length basis.

With effect from April 1, 2022, Regulation 23 of SEBI Listing Regulations mandates prior approval of the Shareholders through ordinary resolution for all material Related Party Transactions. For this purpose, a Related Party Transaction will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceed Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In the financial year 2022-23, the Related Party Transactions as mentioned below, in the aggregate, are expected to cross the applicable materiality thresholds as mentioned above. Accordingly, as per the SEBI Listing Regulations, prior approval of the shareholders is being sought for all such arrangements/ transactions to be undertaken by the Company.

The Company has in place a balanced and structured policy and process for approval of Related Party Transactions. The Policy provides the details required to be provided to the Audit Committee for the purpose of review of such transactions and grant their approval for the proposed transactions. A justification for each and every related party transaction is provided to the audit committee which enables them to arrive at the right decisions. Additionally, an update on the actual related party transactions entered during every quarter is provided to the Audit Committee.

At the end of financial year under review, the Audit Committee of the Company comprised of only Independent Directors as Members which helps in providing an objective judgement to all transactions proposed for approval.

Information required under Regulation 23 of SEBI Listing Regulations read with SEBI Circular dated 22nd November, 2021 is provided herewith:

| Sr. No. | Particulars | Details | Details |
|---------|---|-----------------------|------------------------------|
| 1. | Name of the Related Party | JM Voith SE & Co. KG, | Voith Paper (China) Co. Ltd. |
| 2. | Nature of Relationship with the Company | Fellow Subsidiary | Fellow Subsidiary |

| Sr. No. | Particulars | Details | Details |
|---------|---|---|--|
| 3. | Type of transaction | Purchase / Sale of goods (finished and/or semi-finished); and Rendering / Receiving of services. | Purchase / Sale of goods (finished and/or semi-finished), spares / materials; and Rendering / Receiving of services. |
| 4. | Material terms and particulars of the proposed transaction | The Audit Committee and Board is periodically provided with all relevant information required under the law, including material terms & conditions etc., as prescribed under the Companies, Act, 2013 and rules framed thereunder, and in terms of SEBI Listing Regulations and the Company's Related Party Transaction Policy, concerning all contracts / arrangements / transactions with related parties. | |
| | | The Audit Committee, after reviewing the information placed before it, approves the transactions and forwards it to the Board with its recommendations. The proposed transactions, as mentioned above, shall also be reviewed/ monitored on a periodical basis by the Audit Committee of the Company and shall remain within the proposed limits being placed before the shareholders for approval. Further, specific terms and other particulars concerning the proposed transactions cannot be disclosed owing to business exigencies. | |
| 5. | Tenure of the proposed transactions | During the financial year 2022-23 | |
| 6. | Percentage of Transaction w.r.t. turnover for the immediately preceding financial year that is represented by the value of proposed transaction | Up to 25% of the turnover of the Company for the previous financial year ended 31 st March, 2022. Besides the above, Royalty / Technical Know-how Fee is also paid to the Related Party, within separate limit specified under Regulation 23(1A) of SEBI Regulations 2015, as amended. | Up to 15% of the turnover of the Company for the previous financial year ended 31 st March, 2022. |
| 7. | If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: | | |
| | (i) Details of financial indebtedness incurred | Not Applicable | |
| | (ii) Applicable terms including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security | Not Applicable | |
| | (iii) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transaction | Not Applicable | |

| Sr. No. | Particulars | Details | Details |
|---------|--|--|---|
| 8. | Justification as to why the RPT is in the interest of the Company | <p>The company has been buying & selling goods (tailor-made finished / semi-finished); and also availing/rendering services from/to the Group company in normal course of business, with assured quality & delivery at competitive prices and at arm's length basis.</p> <p>It is expected that the transactions may increase beyond the specified limits in coming years. Accordingly, the company seeks approval of members for continuance of the said transactions with JM Voith SE & Co. KG. for the above mentioned limit, which would ensure smooth running of operations of the company with enhanced efficiency and productivity.</p> | <p>The company has been buying & selling goods (tailor-made finished / semi-finished), materials and spares; and also availing/rendering services from/to the Group company in normal course of business, with assured quality & delivery at competitive prices and at arm's length basis.</p> <p>It is expected that the transactions may increase beyond the specified limits in coming years. Accordingly, the company seeks approval of members for continuance of the said transactions with Voith Paper (China) Co. Ltd. for the above mentioned limit, which would ensure smooth running of operations of the company with enhanced efficiency and productivity.</p> |
| 9. | Copy of the valuation or other external party report, if any such report has been relied upon | Not Applicable. | |
| 10. | Any other information relevant or important for the members to take a decision on the proposed transaction | Transactions with all related parties are carried out at 'Arm's Length Basis' in 'Normal' course of business. | |

The Audit Committee and Board is periodically provided with all relevant information required under the law, including material terms & conditions etc. as prescribed under the Companies, Act, 2013 and rules framed thereunder; and in terms of SEBI Listing Regulations; and the Company's Related Party Transaction Policy, concerning the contracts / arrangements / transactions with related parties. The Audit Committee, after reviewing all necessary information, grants its approval and forwards the same to the Board with its recommendations. These are routine business transactions, which were hitherto carried out in accordance with the prescribed procedure of applicable laws / regulations. It is anticipated that in coming years, value of transactions with the aforesaid related parties may exceed the limits prescribed under the SEBI Regulations, hence prior approval of members of the company is sought accordingly for continuance of such transactions.

The proposed transactions shall also be reviewed/ monitored on a periodical basis by the Audit Committee of the Company and shall remain within the proposed limits being placed before the shareholders for approval.

None of the Directors or Key Managerial Personnel (KMP) of the Company and/or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

The members may please note that in terms of provisions of the SEBI Listing Regulations, all related parties (whether such related party is a party to the aforesaid transaction or not) shall not vote to approve the resolution set out at Item No. 4. Accordingly, the holding company (VP Auslandsbeteiligungen GmbH), is not to vote on the resolution set out at Item No. 4 of the Notice.

The Board recommends the resolution set out at Item No. 4 for approval by remaining Shareholders, as an Ordinary Resolution.

ITEM NO. 5:

Ms. Pallavi Dinodia Gupta is a Delhi University Graduate in Commerce and Law, besides being a qualified Chartered Accountant and is an established expert in taxation. In addition to Chartered accountancy expertise, she is trained as a lawyer also and has worked with numerous global and domestic businesses in Europe, Asia and India over the past two decades. She has been awarded with the "World's Leading Tax Controversy Practitioners" for the sixth year running in 2020 and was "Highly Regarded" in Indian Tax Jurisdiction for Tax and Transfer Pricing for the year 2020/21 by International Tax Review (ITR). She regularly shares her views and perspectives at webinars and conferences organized by Chambers of Commerce like FICCI, PHDCCI and professional institutes such as Institute of Chartered Accountants of India (ICAI). She is also an author of book widely used by practitioners, tax authorities and judges in India and overseas known as "Transfer Pricing Demystified – Domestic and International Transactions".

She fulfills the conditions to be appointed as an Independent Director of the Company and has also consented to hold such position. Accordingly, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has approved to appoint her as an "Independent Woman Director" of the Company - not liable to retire by rotation - for an initial term of 1 (One) year, commencing from 29th May, 2022, subject to approval of shareholders.

She possesses rich experience in the field of Taxation, Law and Administration. The Board is of the opinion that her presence on Board would also be beneficial in the interests of the company, as she possesses the right mix of knowledge and experience to fill the gap created by the exit of Ms. Shahana Basu from the Board. Accordingly, the Board recommends the special resolution proposed at Item No. 5 of the Notice for approval by shareholders to be passed as a special resolution.

Ms Pallavi Dinodia Gupta does not hold by herself, or for any other person on a beneficial basis, any shares in the Company, as on the date of this Notice. She has not resigned as Director of any listed entity during the past three years.

Save and except Ms. Pallavi Dinodia Gupta, none of the Directors / Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 5.

Copy of draft letter of appointment of Independent Director setting out the terms and conditions of appointment is available at the website of the Company.

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: 29th May, 2022

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

Voith Paper Fabrics India Limited

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

Faridabad 121005 (Haryana)

Delhi NCR, India

CIN: L74899HR1968PLC004895

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

www.voithpaperfabricsindia.com

email: voithfabrics.faridabad@voith.com

VOITH