

42nd Annual Report 2010 / 2011

Voith Paper Fabrics India Limited

Life Cycle Partner of the Paper Industry



NOTICE

Notice is hereby given that the Forty Second Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on Thursday, 8th December 2011 at 3.30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16-A, Mathura Road, Faridabad – 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 30th September 2011 and Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors & Auditors thereon.
2. To declare dividend.
3. To re-appoint Mr. Chandra Sekhar Panigrahi as a Director who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Mr. Martin Sieringhaus as a Director who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT M/s S. R. Batliboi & Co., Chartered Accountants (Registration No. 301003E) having their office at: Golf View Corporate Tower – B, Sector – 42, Sector Road, Gurgaon – 122002, Haryana; be and are hereby appointed as statutory auditors of the company to hold that office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company, in place of M/s S. R. Batliboi & Associates, Chartered Accountants, at a remuneration as may be mutually decided by the Board of Directors in negotiation with the said M/s S. R. Batliboi & Co."

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956 and / or other applicable provisions of law; if any, the Articles of Association of the company be altered / amended as follows:
 The words "VPT Auslandsbeteiligungen GmbH", wherever they appear in the Articles of Association, be replaced with the words "VP Auslandsbeteiligungen GmbH"."

Registered Office:

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

By order of the Board
For **Voith Paper Fabrics India Limited**

Place : New Delhi

Date : 3rd November, 2011

C.S. Gugliani

Company Secretary

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS OF THE MEETING.
- 2) Corporate members are requested to send a duly certified copy of the resolution passed by their board of directors authorizing their representatives to attend and vote at the Annual General Meeting.
- 3) Members / Proxies for members should bring the duly filled in Attendance Slip along with their copy of the Annual Report to the meeting with them. Members / Proxies for members holding shares in dematerialized form should bring their latest statement of account with the concerned Depository Participant, for attending the meeting.
- 4) The details of the shareholding of Directors who are proposed to be reappointed at the Forty Second Annual General Meeting of the Company are as follows: -

Name of the Director	Shares of the Company held in own name	Shares of the Company held by relatives	Shares of the Company held by / for any other person on a beneficial basis	Aggregate share holding in the Company
Mr. Chandra Sekhar Panigrahi	NIL	NIL	NIL	NIL
Mr. Martin Sieringhaus	NIL	NIL	NIL	NIL

- 5) The Register of members and Share Transfer Books of the company will remain closed from Saturday, 26/11/2011 to Thursday, 08/12/2011 (both days inclusive) in terms of the provision of Section 154 of the Companies Act, 1956.
- 6) The Dividend as recommended by the Board of Directors, if declared at the meeting, would be paid to those members whose name appears in the Register of members as on Thursday, 8th December 2011. In respect of shares held in dematerialized mode, the dividend would be paid to the beneficial owners of shares as at end of the business hours on Friday, 25th November 2011, as per details furnished by the Depositories for this purpose.
- 7) In accordance with Circular issued by SEBI that the NECS facility should mandatorily be used by Companies for distribution of dividend to its members, your Company has sent the required forms and details to all the members on various occasions. Those members, who have not yet sent the duly filled in NECS form to avail the benefits of this facility, are once again requested to send the same at the earliest.
- 8) Members holding shares in physical form are requested to promptly notify the change in their respective address and / or their NECS / bank details to the Registrar & Share Transfer Agent (RTA), MCS Limited, New Delhi.
- 9) **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 its RTA.**
- 10) 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.
- 11) In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same names and in identical order. Please note that consolidation of folios does not amount to transfer of shares and therefore, no stamp duty will be payable for the same. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the Company or its RTA, MCS Limited.
- 12) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the Financial Year 2002-03 that remained unpaid / unclaimed for a period of seven years has already been transferred to the Investor Education & Protection Fund (IEPF). Shareholders who have not so far encashed the dividend warrants for the year 2003 - 04 onwards, are requested to make their claims to the company immediately. **It may be noted that once the unclaimed / unpaid dividend is transferred to the IEPF; no claim shall lie in respect thereof.**
- 13) **Members are requested to kindly bring their own copy of the Annual Report to the Meeting, as the Annual Report will not be distributed at the meeting.**
- 14) Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.
- 15) **Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.**
- 16) **Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (passport/driving license/voter's card/PAN card) proof with them for the purpose of verification at the venue.**
- 17) Members wishing to seek further information or clarification on the Annual Accounts or operations of the Company at the meeting are requested to send their queries atleast 10 days before the date of meeting addressed to the Company Secretary at the registered office of the company.
- 18) **Members must always mention their Folio / DP-ID & Client ID Number in all correspondence with the company or its RTA.**

Registered Office:

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

By order of the Board
For Voith Paper Fabrics India Limited

Place : New Delhi
Date : 3rd November, 2011

C.S. Gugliani
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

M/s S. R. Batliboi & Associates, Chartered Accountants, who were to retire at the conclusion of 42nd Annual General Meeting, have expressed their unwillingness for reappointment as statutory auditors of the company at this Annual General Meeting.

The company has received a letter from M/s S. R. Batliboi & Co., Chartered Accountants having their office at: Golf View Corporate Tower – B, Sector – 42, Sector Road, Gurgaon – 122002. Haryana; conveying their willingness to act as the statutory auditors of the company in place of the retiring auditors M/s S. R. Batliboi & Associates, from the conclusion of the 42nd Annual General Meeting until the conclusion of next Annual General Meeting of the company. The said M/s S. R. Batliboi & Co., has also given its consent and confirmed its eligibility in terms of the provisions of section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends the special resolution for the approval of shareholders.

None of the Director is in any way interested or concerned in the terms & conditions of appointment of the statutory auditors.

ITEM NO. 6

During the year under review, the holding company - "VPT Auslandsbeteiligungen GmbH" has changed its name to "VP Auslandsbeteiligungen GmbH" and consequently the Articles of Association are proposed to be altered / amended to reflect the new name of the holding company.

The Board of Directors recommends the special resolution for the approval of shareholders.

None of the Directors is in any way concerned or interested in the said change to the Articles of Association of the Company.

Registered Office:

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Delhi NCR. India.

By order of the Board
For **Voith Paper Fabrics India Limited**

Place : New Delhi

Date : 3rd November, 2011

C.S. Gugliani
Company Secretary

BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Directors

Biren De**Ravinder Nath****Chandra Sekhar Panigrahi****Martin Sieringhaus****Surinder Kumar Nagpal****VICE PRESIDENT**

R. Krishna Kumar

COMPANY SECRETARY

C.S. Gugliani

REGISTRAR & TRANSFER AGENT

MCS Limited

F-65, 1st Floor, Okhla Industrial Area Phase - I,
New Delhi - 110020**REGISTERED OFFICE AND MILL**113/114A, Sector 24,
Faridabad -121 005, (Haryana)
Delhi NCR. India**CONTENTS**

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AUDITORS

S. R. Batliboi & Associates, Chartered Accountants

BANKERS

AXIS Bank Limited

HDFC Bank Limited

ICICI Bank Limited

Punjab National Bank

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Ltd.

Chairman's Message

Dear Shareowners,

I am delighted to be communicating with you once again and hope that you would be pleased with the performance of your company as reported in the accompanying annual report.

At Voith, 'safety' of its employees is the top most priority and the local management of your company closely monitors the implementation of 'safety measures' to remain accident free. I am happy to report that your company continues to be a 'zero accident' operating unit.

As a responsible corporate citizen, we believe it is our duty to provide a clean work atmosphere to our workforce. For this we continue to maintain a large green belt area within your company premises situated in Faridabad. The greenery inside the plant has been acknowledged and appreciated on various occasions by local authorities as well as the dignitaries visiting the plant.

I am glad to inform you that your company continues on its path of consistent growth in the current year also and I would like to explicitly thank everyone associated with the company who has helped in delivering such a good performance.

The overall global economic scenario continues to remain uncertain in most parts of the world since the onset of economic downturn in 2008/09. However, it appeared to have improved marginally in 2009/10 and 2010/11. It was heartening to know that China and India were the main growth drivers of financial recovery during that period, which enabled the world to slowly rise out of the worst global crisis experienced since the Great Depression.

Indian and Chinese economies passed the financial stress test with flying colours and also provided overall impetus to the world for quicker recovery. However, in the recent past the global economic situation has again started showing signs of slowdown. Increasing fiscal deficits; rising debts and unemployment continue to threaten the pace of economic recovery in many parts of the world. India and China registered enviable rates of growth during last couple of years propelled mainly on the basis of increased domestic demand, rather than exports to the developed world. This is of significant importance in view of the economic situation looming at large globally.

With the objective of tapping immense market potential of Indian subcontinent, your board of directors undertook the exercise of altering the object clause of the Memorandum of Association of your company through postal ballot, to successfully seize such an opportunity as and when it arises.

I am confident that we shall continue to grow as we move forward with valuable patronage from all concerned.

I look forward to meet you at the 42nd Annual General Meeting of your company.

With best wishes for a promising future, together!

Martin Gustav Scherrer

Chairman

REPORT OF THE BOARD OF DIRECTORS

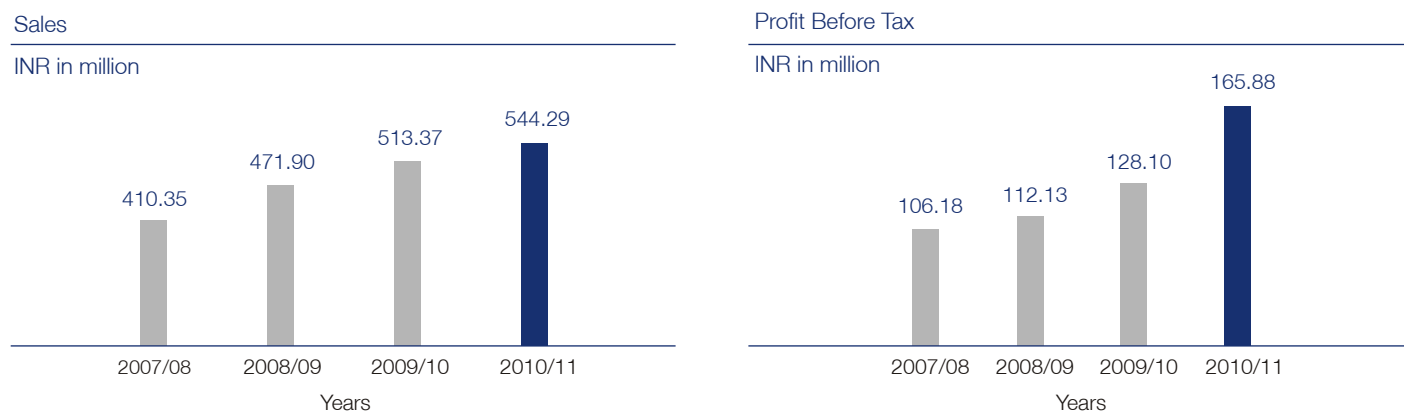
Dear Members,

The Directors of your Company are pleased to present the Forty Second Annual Report together with the Audited Accounts of the Company for the year ended 30th September 2011.

FINANCIAL HIGHLIGHTS

	Rs. (In millions)	
	2010/11	2009/10
Sales (Net of Excise Duty)	544.29	513.37
Profit before taxation	165.88	128.10
Provisions for taxation	50.55	42.39
Profit after taxation	115.39	85.71
Balance brought forward from the previous year	404.71	342.94
Amount available for Appropriation	520.04	428.65
Appropriations:		
- Dividend	13.18	13.18
- Corporate Dividend Tax	2.14	2.19
- Transferred to General Reserve	11.53	8.57
- Surplus carried to Balance Sheet	493.19	404.71
Total	520.04	428.65

PERFORMANCE OVERVIEW



As is evident from the above graphs, your company continues to grow and it has achieved Net Sales of Rs. 544.29 millions during the year under review, registering an increase of about 6% over the previous year. The profit before tax at Rs. 165.88 millions exhibits a growth of about 29.50% over the previous year. For a more detailed review of operating performance, members are requested to refer to the 'Management Discussion and Analysis Report' section of this report.

The Directors of your Company expect consistent growth in turnover and profitability in future also, barring unforeseen events and occurrences.

DIVIDEND

The Directors are recommending for your approval, a dividend of Rs.3/- per equity share of Rs.10/- each for the year ended on 30th September 2011. This will absorb Rs.13.18 millions. In addition, Rs.2.14 millions shall be payable as corporate dividend tax (including surcharge, education cess and secondary & higher education cess) thereon.

DIRECTORS

Directors, Mr. Chandra Sekhar Panigrahi and Mr. Martin Sieringhaus, shall be retiring by rotation at the 42nd Annual General Meeting and being eligible, offer themselves for reappointment.

The necessary details about the directors seeking reappointment are mentioned below for the consideration of shareholders:

Name of the Director	Mr. Chandra Sekhar Panigrahi	Mr. Martin Sieringhaus
Age (years)	65	38
Date of Appointment	26th March 2009	26th October 2009
Expertise in Special Functional Areas	Engineering & General Management	Finance
Qualification	Graduate Engineer (Mechanical)	Industrial Engineer and Accounting.
Directorships held in outside Companies, as on 30/09/2011	Voith Paper Technology (India) Pvt. Ltd. Flow Link Systems Private Limited	None
Membership of Committees of other Companies, in which he is a Director, as on 30/09/2011	None	None
No. of Shares held in the Company (Including those held by Relatives)	Nil	Nil

None of the Directors have any inter-se relationship.

AUDITORS REPORT

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

AUDITORS

M/s S.R. Batliboi & Associates, Chartered Accountants, Gurgaon, who are to retire at the conclusion of ensuing Annual General Meeting have expressed their unwillingness for re-appointment as the statutory auditors of the company. The directors wish to place on record their appreciation of the professional services rendered by them during their association with the company.

Further, company has received a letter from M/s S. R. Batliboi & Co., Chartered Accountants, (Registration No. 301003E) having their office at: Golf View Corporate Tower - B, Sector - 42, Sector Road, Gurgaon - 122002, Haryana; indicating their willingness to be appointed as the statutory auditors of the company from the conclusion of forthcoming 42nd Annual General Meeting until the conclusion of next Annual General Meeting of the company and confirming that their appointment, if made, will be in compliance with the requirements of Section 224 (1B) of the Companies Act, 1956.

Accordingly, the Audit Committee and the Board of Directors recommend for appointing the aforesaid M/s S. R. Batliboi & Co., as the statutory auditors by the shareholders of the company.

CORPORATE GOVERNANCE

The Company endeavours to maintain high standards of Corporate Governance in letter as well as spirit. As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE), the reports on Management Discussion and Analysis, Corporate Governance as well as the Certificate regarding compliance of conditions of corporate governance, are annexed and form an integral part of this report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee in the company whose particulars are required to be disclosed under the provisions of Section 217(2A) for the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

APPRECIATION

Your Directors wish to place on record their appreciation to all the stakeholders, including all the employees, attached with the company for their dedicated support, which has enabled the company to continue to grow during the year under review.

For and on behalf of the Board of Directors

Biren De

Chandra Sekhar Panigrahi

Surinder Kumar Nagpal

(Directors)

Place : New Delhi

Date : 3rd November, 2011