

# 43<sup>rd</sup> Annual Report 2011/2012

**Voith Paper Fabrics India Limited**

Life Cycle Partner of the Paper Industry



## NOTICE

Notice is hereby given that the Forty Third Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on Wednesday, 12th December 2012 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 businesses:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 30th September 2012 and the Statement of Profit & Loss 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. Biren De as a Director who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Mr. Ravinder Nath as a Director who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S.R. Batliboi & Co., Chartered Accountants (Registration No. 301003E), as statutory auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Markus Johann Mader, who was appointed as the Additional Director of the company on 9th February, 2012 and who holds office until the conclusion of this Annual General Meeting, be and is hereby appointed as a Director of the Company whose term of office shall be subject to retirement by rotation."

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 294 and 294AA and all other applicable provisions, if any of the Companies Act, 1956, and subject to the approval of the Central Government, the company hereby approves the appointment of the following entities as Sole Selling Agent of the company for a period not exceeding five years, commencing from the date of appointment and for the products and the areas respectively set out against each entity, in the table appended below, on the terms and conditions recorded in the respective draft agreements.

Name of the Agent	Area	Period	Products	Commission
QC Corporation Limited	Whole of Bangladesh	Five years; from 1st Jan. 2013 to 31st Dec. 2017	Engineered Fabrics manufactured by the company	@7.5% FOB value of sales upto US\$ 200,000 and @5% FOB value of sales over and above US\$ 200,000 effected and payment received in full against invoices raised during a financial year; in respect of products manufactured by the Company. In case if the agent sells the product as sub-agent of Company in respect of products of other manufacturers, it shall be entitled to such commission as may be mutually agreed between both the parties.
Khawaja Khurram Iftikhar, Sole Proprietor SK Alliance International	Whole of Pakistan	Five years; from 1st Jan. 2013 to 31st Dec. 2017	Engineered Fabrics manufactured by the company	@7.5% FOB value of sales upto US\$ 200,000 and @5% FOB value of sales over and above US\$ 200,000 effected and payment received in full against invoices raised during a financial year; in respect of products manufactured by the Company. In case if the agent sells the product as sub-agent of Company in respect of products of other manufacturers, he shall be entitled to such commission as may be mutually agreed between both the parties.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to effect such alterations, changes, modifications in the terms and conditions of the said draft agreement as may be approved by the central government and mutually agreed by the Board and the said Sole Selling Agent.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all such actions and to carry out all such acts, deeds and things as may be required or deemed necessary in relation thereto."

**Registered Office:**

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

Place: New Delhi  
Date: 2<sup>nd</sup> November, 2012

By order of the Board  
For Voith Paper Fabrics India Limited

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 COMMENCEMENT 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 re/appointed at the Forty Third Annual General Meeting of the Company are as follows: -

Name of the Director	Shares of the Company held in own name	Shares of the Company held by relatives	Shares of the Company held by / for any other person on a beneficial basis	Aggregate share – holding in the Company
Mr. Biren De	1,370	NIL	NIL	1,370
Mr. Ravinder Nath	NIL	NIL	NIL	NIL
Mr. Markus Johann Mader	NIL	NIL	NIL	NIL

- 5) The Register of members and Share Transfer Books of the company will remain closed from Saturday, 01/12/2012 to Wednesday 12/12/2012 (both days inclusive) in terms of the provision of Section 154 of the Companies Act, 1956.
- 6) The Dividend as recommend by the Board of Directors, if declared at the meeting, would be paid to those members whose name appears in the Register of members as on Wednesday, 12<sup>th</sup> December 2012. 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, 30<sup>th</sup> November 2012, as per details furnished by the Depositories for this purpose.
- 7) In accordance with a Circular issued by SEBI, the NECS facility should mandatorily be used by Companies for distribution of dividend to its members. Accordingly, your Company has sent the required forms and details to all the members on various occasions. Those members, who have not yet sent the duly filled in NECS form to avail the benefits of this facility, are once again requested to send the same at the earliest.
- 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 RTA.**
- 10) Members are requested to note that the equity shares of the company are compulsorily traded in dematerialized mode. 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 2003-04 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 yet encashed the dividend warrants for the year 2004-05 onwards, are requested to make their claim 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 / Proxies coming to attend the Annual General Meeting are requested to carry their original photo identity (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 it's RTA.**

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

### ITEM NO. 6

Mr. Markus Johann Mader was appointed as an Additional Director of the Company with effect from 9<sup>th</sup> February, 2012. Mr. Mader is a Graduate Engineer with additional qualifications in Finance and Controlling. He has been associated with the Voith Group since 1999 and has held several positions within different Group Companies. Since July 2011, he has been working as Senior Vice President & CFO at Voith Paper Fabrics GmbH & Co. KG Germany.

His term of office shall expire at the forthcoming Annual General Meeting.

Company has received notice from a shareholder, together with the requisite fee, proposing the candidature of Mr. Mader for appointment as a Director of the company. It is proposed that he may be appointed as a Director whose term of office shall be subject to retirement by rotation.

None of the Directors is in any way concerned or interested in the terms & conditions of appointment except the incumbent, i.e. Mr. Markus Johann Mader.

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

### ITEM NO. 7

At the meeting of the Board of Directors held on 2<sup>nd</sup> November, 2012; the directors have appointed the two selling agents for a period not exceeding five (5) years, commencing from 1<sup>st</sup> January 2013 – for the products and areas respectively set out against each, in the table appended in the resolution, on the terms & conditions recorded in the draft agreement. The salient terms & conditions of such agreements, to be entered into with each of them separately, are as follows:

- 1) The Agent shall use its best efforts to solicit and mediate sales of the Products in the assigned Territory
- 2) The Agent shall safeguard the interests of the company with the care of an ordinary salesman and observe the rules of fair competition.
- 3) The Agent shall canvass the Territory regularly to call on customers and interested parties located there and to advise them. In addition, it shall use all appropriate means to promote the Products for which it has assumed the agency.
- 4) The Agent shall also notify the company of business opportunities becoming known to it outside the Territory, without this giving rise to a claim to a commission, unless some remuneration is specially agreed on a case by case basis.
- 5) The Agent shall, during the term of this Agreement, not compete with the company in any way. In particular it shall not develop, manufacture, sell, market or distribute competing products and shall not participate either directly or indirectly in competing companies, promote them or safeguard their interests as agent, distributor, trustee or otherwise, even if such companies are located outside the Territory.
- 6) The Agent shall not without the prior written consent of the company, accept the agency and/or the distribution of other products or services of other companies or third parties competing with the company or any of the companies belonging to Voith Group.

- 7) The selling agent shall make representation on behalf of the company strictly in conformity with the instructions and pricing guidelines issued from time to time by the company.
- 8) The Agent shall be paid commission based on the FOB value of sales effected by the Agent during a financial year and upon receipt of remittance/payment in full, against the invoices raised by the company.
- 9) The commission shall be paid to the Agent/s in the currency in which the order will be settled.
- 10) Either Party shall have the right to terminate the Agreement at any time with six (6) months prior written notice to the other Party.

Section 294AA(3) of the Companies Act, 1956 provides that no company having a paid-up capital of Rs.50 lakhs or more shall appoint a sole selling agent except with the consent of members of the company accorded by way of a special resolution and approval of the central government. Accordingly, the resolution appearing at item no. 7 of the accompanying Notice is proposed to be passed by the shareholders as a 'special resolution'. Necessary application shall also be made to the central government for obtaining its approval as per the applicable provisions of the Companies Act, 1956 or any statutory modification thereof.

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

None of the Directors of the company is interested in the proposed resolution for appointment of the said selling agents, in any manner, whatsoever.

Copies of the draft agreement with the selling agents may be inspected at the registered office of the company during 10:00 a.m. and 1:00 p.m., on any working day.

**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: 2<sup>nd</sup> November, 2012

C.S. Gugliani  
Company Secretary

## BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Directors

Biren De

Ravinder Nath

Chandra Sekhar Panigrahi

Surinder Kumar Nagpal

Markus Johann Mader

## 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

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## AUDITORS

S. R. Batliboi & Co., 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 Limited



## Chairman's Communique

Dear Shareowners,

It gives me immense pleasure addressing you once again at the end of another year. I do believe that you would be pleased with the performance of your company as reported in the accompanying annual report, as it has made steady progress yet again. I hope that your trust in the company and its potential, which has grown over the years, will also remain in times to come. I would like to explicitly thank everyone associated with the company who has helped in delivering such performance.

Industries worldwide are occupied with the question of how growth can be ensured while conserving the valuable natural resources. For decades, Voith has been persistently offering pragmatic solutions to the problems faced by paper manufacturing mills by following the maxim "Resources are limited, Ideas are not".

Globally, 400 Million tonnes of paper is needed annually at present; and by 2025 this number is predicted to increase to 500 Million tonnes. Thus, global demand for paper continues to be strong with the increasing literacy rate & population coupled with anticipated economic growth. This is a good sign for the future of your company as well.

India's current per capita consumption of paper is considerably low vis-à-vis the developed economies in the world. However, with keen focus of the Government of India to provide education to every child, it is expected that there would be an increase in literacy rate and growth in the per capita consumption of paper. Also, for the purpose of conservation of environment, government is gradually imposing ban on the use of plastic bags as a means to carry goods from local markets, which is expected to increase the consumption of paper.

Thus, with increasing population and the diversified usage of paper, growth in the global as well as Indian paper industry is unlikely to slow-down in coming years. However, Indian economy has grown at a lower than expected rate in the year 2012. The element of economic & political uncertainty is still prevailing in many parts of world and this threat remains a disturbing factor for future of Indian economy as well. The political situation in India also appears to be somewhat unstable and this is a matter of concern for all those who are doing business in the region.

The paper industry in India also faces challenges in terms of liquidity, cost pressures, deeper penetration of electronic media and environmental regulations prevailing in the region. However, we believe that we have a proven and consistent track record to perform satisfactorily even in challenging environment. Hence, 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 43<sup>rd</sup> 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 Third Annual Report together with the Audited Accounts of the Company for the year ended 30<sup>th</sup> September 2012.

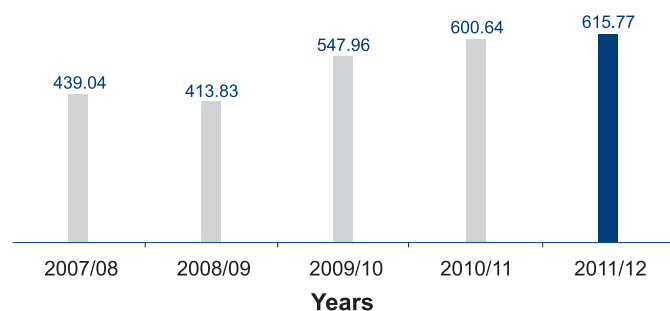
### FINANCIAL HIGHLIGHTS

	2011/12	2010/11
Sales (Net of Excise Duty)	577.43	544.29
Profit before taxation	185.97	165.88
Provisions for taxation	55.78	50.55
Profit after taxation	130.19	115.33
Balance brought forward from the previous year	493.19	404.71
Amount available for Appropriation	623.38	520.04
Appropriations:		
- Dividend	13.18	13.18
- Corporate Dividend Tax	2.14	2.14
- Transferred to General Reserve	13.02	11.53
- Surplus carried to Balance Sheet	595.04	493.19
<b>Total</b>	<b>623.38</b>	<b>520.04</b>

### PERFORMANCE OVERVIEW

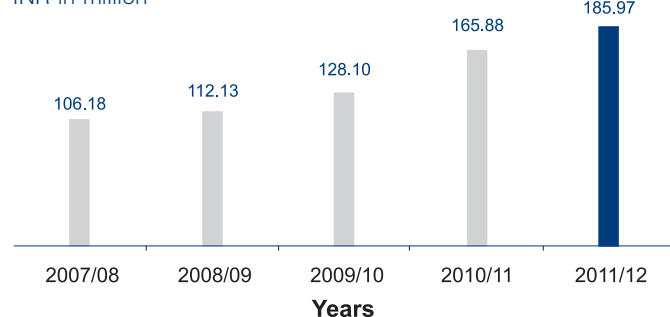
#### Orders Received

INR in million



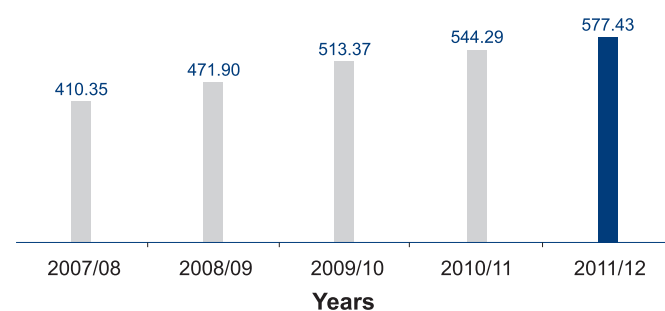
#### Profit Before Tax

INR in million



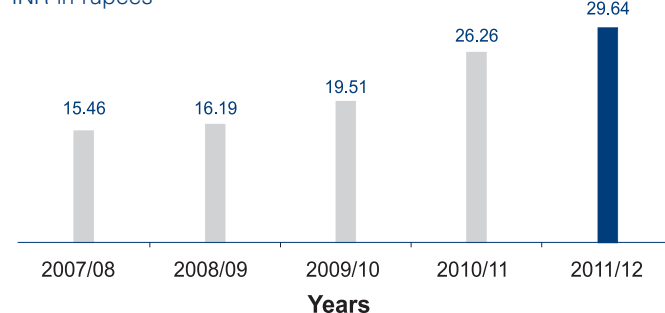
#### Sales

INR in million



#### Earnings Per Share

INR in rupees



It is evident from the above graphs that your Company has continued to grow consistently over last few years, exhibiting an increasing trend in achieving sales & orders, as well as in generating profit before tax and earning per share.

Barring unforeseen circumstances, the directors of your company expect continued growth in these areas in future also.

## DIVIDEND

The Directors of your company are of the opinion that a consistency in the dividend payout should be maintained and accordingly, they are recommending a dividend of Rs.3/- per equity share of Rs.10/- each for the year ended on 30<sup>th</sup> September 2012, for your approval. 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

During the year under review, Mr. Martin Sieringhaus resigned from the directorship of the company owing to his other commitments. His resignation was accepted by the board of directors at its meeting held on 9<sup>th</sup> February, 2012. The board wishes to place on record, its appreciation for the contribution made by Mr. Sieringhaus during his association with the company as a director.

Also, at the same board meeting held on 9<sup>th</sup> February, 2012; Mr. Markus Johann Mader was appointed as an additional director by the board of directors and he holds the said office until the conclusion of the forthcoming annual general meeting. However, company has received notice from a shareholder under the provisions of Companies Act, 1956, together with the requisite fee; proposing his candidature for appointment as a director of the company.

Further, Mr. Biren De and Mr. Ravinder Nath shall be retiring by rotation at the forthcoming annual general meeting and being eligible, offer themselves for reappointment.

The necessary details about the directors seeking re/appointment are mentioned below for the consideration of shareholders:

Name of the Director	Mr. Biren De	Mr. Ravinder Nath	Mr. Markus Johann Mader
Age in years	79	67	36
Date of Appointment	10 <sup>th</sup> September 1986	24 <sup>th</sup> October 1998	9 <sup>th</sup> February 2012
Expertise in Special Functional Areas	Engineering	Legal	Engineering and Finance
Qualification	B. Sc. (Hons.) Mechanical Engineer, ARCST	B. Com (Hons.) LLB, International Law, London	Graduate Engineer and Finance & Controlling
Directorships held in other companies in India, as on 30/09/2012	None	1. Citron Holding Private Limited 2. Air Partner Jet Charter and Sales Private Limited 3. Kanoria Chemicals & Industries Limited 4. Rajinder Narain & Co. Consultants Private Limited 5. RNC IT Solutions Private Limited 6. Kadimi Constructions Private Limited 7. Somany Ceramics Limited 8. Hero MotoCorp Limited 9. Agora Developers Private Limited 10. Geeztek Solutions Private Limited 11. Knowcross Solutions Private Limited	None
Membership of Committees of other Companies, in which he is a Director, as on 30/09/2012	None	1. Kanoria Chemicals & Industries Limited 2. Hero MotoCorp Limited	None
No. of Shares held in the Company (Including those held by Relatives)	1370	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:

- A) **Statutory Auditors** – M/s. S. R. Batliboi & Co., Chartered Accountants, (Registration No. 301003E) who are to retire at the conclusion of ensuing annual general meeting have expressed their willingness to be reappointed as the statutory auditors of the company from the conclusion of the 43<sup>rd</sup> annual general meeting until the conclusion of next annual general meeting of the company and also confirmed that their appointment, if made, will be in compliance with the requirements of Section 224 (1B) of the Companies Act, 1956.