

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:

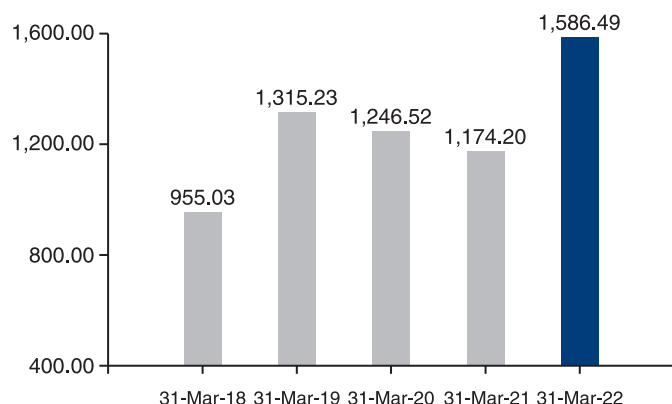
Name of the Director	Mr. R. Krishna Kumar	Ms. Pallavi Dinodia Gupta
DIN	05344619	06566637
Age in years	47 years	41 years
Date of initial Appointment in the Company	23 rd July, 2014	29 th May, 2022
Expertise in Special Functional Areas	Engineering and Administration	Taxation, Finance & Legal
Qualification	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

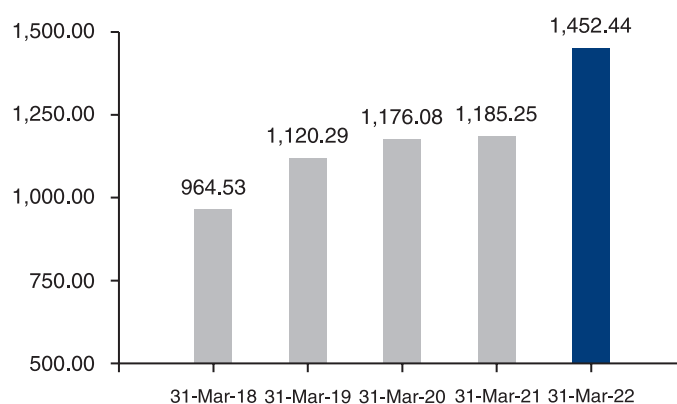
Order Received

■ INR in million



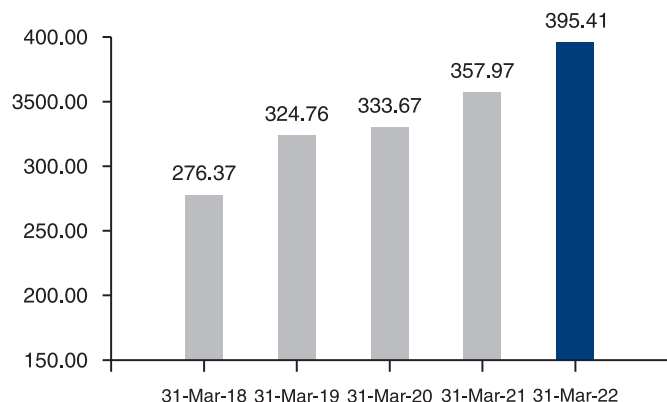
Sales/Revenue

■ INR in million



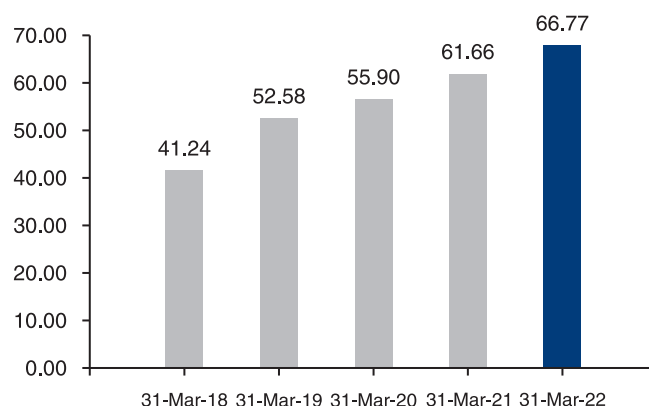
Profit Before Tax

■ 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			