

53<sup>rd</sup> Annual Report 2022/23  
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

Deepti Gupta

Pallavi Dinodia Gupta

## 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

## CONTENTS

Chairman's Communique	2
Managing Director's Communique	3
Report of the Board of Directors	4
Report on Corporate Governance	16
Management Discussion & Analysis Report	28
Auditor's Report	31
Balance Sheet	40
Statement of Profit & Loss	41
Cash Flow Statement	42
Notes	45



## Chairman's Communique

Dear Shareowners,

It gives me immense pleasure to connect with you all to present the 53rd Annual Report of your Company for the year 2022/23. I feel happy to inform all that your Company has delivered a good performance once again.

It is a matter of deep satisfaction that the financial results of your Company are due to the concerted efforts of leadership, ably supported by a dedicated and talented pool of employees and all other stakeholders who continue to provide adequate support to us in our endeavours. Voith is one of the leading solution providers to the paper industry and continues to be the only manufacturer in a position to locally supply the entire range of paper machine clothing in the Indian region. By keeping a keen focus to bring about continuous improvements in our processes, Voith has remained a preferred partner of our customers.

Also, as a responsible corporate citizen, your Company fulfills its Corporate Social Responsibility obligations by engaging itself in areas such as promoting education, eradicating hunger and malnutrition, and providing healthcare. We are happy to perform our duties and contributing towards the betterment of society.

In January 2022, while global population had just begun to come out of the shadows of Covid-19 pandemic, and when we were hoping for favorable business conditions to emerge once again, the conflict between Russia and Ukraine occurred. That led to soaring energy prices adversely impacting European market initially, and subsequently impacting the most parts of the world with an unprecedented material and personnel cost inflation. With the continuing uncertain economic development in basically all regions, and a very soft paper and board demand, we can anticipate some tougher business conditions ahead. However, 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.

The growth rate of Paper industry in India is exhibiting one of the fastest growths being witnessed in comparison to other parts of the world and it is most likely to grow at a steady pace. With the backing of Voith Group, your Company is strategically placed to provide innovative solutions to the customers so as to meet their specific requirements, enabling them to produce paper in an eco-friendly and sustainable manner.

Undoubtably, India is a market to be watched and a place where we have huge opportunities to make our world better with paper. With your continued support, we expect to create new milestones in coming years.

Warm regards,

**Benno Edmund Morlock**  
Chairman



## Managing Director's Communique

Dear Shareowners,

I am truly humbled by this opportunity to share the performance of your Company for another successful financial year. It is indeed a matter of personal satisfaction that your Company continues to remain proactively focused on delivery of quality products that the brand 'VOITH' promises.

I am pleased to inform that for the current financial year ended 31st March, 2023, your Company has achieved total revenue of INR 1,643.69 million, a growth of 13.16% over previous year, and profit before tax of INR 428.02 million, registering growth of 8.24% over previous year. I would like to thank everyone associated with the Company for delivering such performance.

Looking into prevailing market scenario of paper industry in India, we can be confident that growth is likely to continue, as the emphasis on education and literacy coupled with demand for better quality paper is consistently rising. Also, with considerable increase in organized retail, the demand for packaging paper is also expected to increase. With more than 20 million tons of annual paper production, India is already ranked fifth in the global paper and board market. Owing to country's population growth, in conjunction with growing demand, we can reasonably assume that paper consumption will steadily increase.

At 'VOITH' we encourage everyone to actively share their thoughts and ideas within and across team members and remain agile to take our processes, systems and tools to the next level. This helps us to get better on a continuous basis and stay competitive. We are striving to adapt and evolve to become a future-ready Company, with determination to keep formulating robust strategies and means to combat the challenges of dynamic business environment and secure our future.

As we look ahead, we have set a clear vision and path for your organization and are firmly moving in that direction. The brand 'VOITH' is known for the quality and reliability of its products. Over the years we have continuously improved the standards of our products to acquire wider customer base.

Quality, Efficiency & Reliability, along with after-sale services to the customers are the key pillars on which your Company remains focused and committed. Our team members have regular interactions with customers, to understand and meet their expectations, which also provides an opportunity to evolve ourselves. This has helped us remain the 'preferred business partner' of our customers and it also gives us the confidence that we would continue to grow in future too.

I would once again like to thank all the stakeholders who have showed faith in us, as well as the employees at all levels who work tirelessly for the Company.

I look forward to your active participation at the Fifty-Third Annual General Meeting which is being convened in virtual mode and seek your continued support in our journey ahead.

Warm regards,

**R. Krishna Kumar**  
Managing Director

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present before you, the Fifty-third Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2023.

## FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2023 is summarized below:

	(INR in millions)	
	For the year ended 31/03/2023	31/03/2022
Revenue from operations	1,643.69	1,452.44
Profit before taxation	428.02	395.41
Tax expense	110.44	102.27
Total comprehensive income for the year	316.82	293.48
Earnings Per Share (EPS) (In rupees)	72.34	66.77

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

### 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 @ 70%, i.e., of Rs.7/- per equity share of Rs.10/- each fully paid-up, for the year ended 31<sup>st</sup> March, 2023, aggregating to Rs.30.75 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

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

Mr. Nath is an Advocate of Supreme Court of India and Partner at one of India's oldest and reputed legal firms - Rajinder Narain & Co. LLP. He is a Commerce Graduate and has done his LLB – International & Company Laws from King's College, London and PIL from Harvard. He possesses rich and specialized experience in cross border acquisitions & transactions.

During his association with the Company since 1998, he has contributed to the Company's growth with his vast experience and knowledge. Hence, the Nomination and Remuneration Committee, as well as the Board of Directors, are of the view that his continued presence on Board would be beneficial for the Company.

During the year under review, the Board of Directors approved the appointment of Ms. Pallavi Dinodia Gupta, as an 'Independent Woman Director', w.e.f. 29<sup>th</sup> May, 2022, subject to approval by shareholders of the Company and the Board of Directors satisfied themselves about the integrity, expertise and proficiency of Ms. Pallavi Dinodia Gupta. Subsequently, her appointment as an 'Independent Woman Director' effective from 29<sup>th</sup> May, 2022 has also been approved by shareholders of the Company at the AGM held on 17<sup>th</sup> August, 2022 in accordance with the provisions of the Companies Act, 2013, for an initial period of one year.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have recommended the appointment of Ms. Pallavi Dinodia Gupta as an Independent Woman Director with effect from 29<sup>th</sup> May, 2023 for a period of 5 years, subject to approval of shareholders at the ensuing Annual General Meeting (AGM). She is an established expert in taxation and finance. In addition to Chartered Accountancy expertise, she is trained as a lawyer and has also 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. Ravinder Nath	Ms. Pallavi Dinodia Gupta
DIN	00062186	06566637
Age in years	78 years	42 years
Date of initial Appointment in the Company	24 <sup>th</sup> October, 1998	29 <sup>th</sup> May, 2022
Expertise in Special Functional Areas	Legal	Taxation, Finance & Legal
Qualification	B.Com (H), LLB, International Law, London	B. Com (H); LLB; and Chartered Accountancy
Directorships held in other Companies in India, as on 31/03/2023	1. Somany Ceramics Limited (Listed entity) 2. Kadimi Construction Private Limited 3. Knowcross Solutions Private Limited 4. LEGO India Private Limited 5. Jay Dee Ess Leasing Company Private Limited	Listed Companies: 1. Jagson Pal Pharmaceuticals Limited 2. Indiamart Intermesh Limited

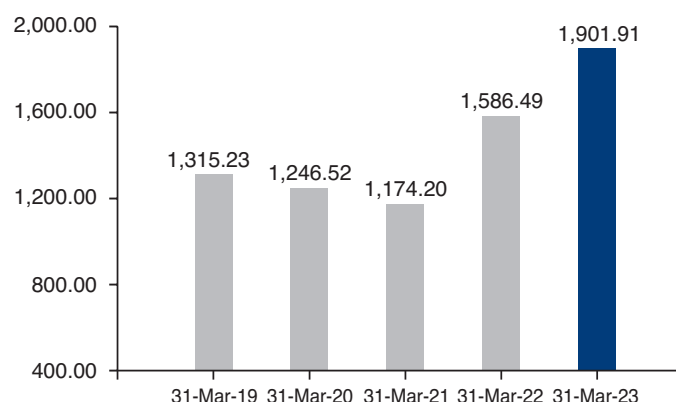
Name of the Director	Mr. Ravinder Nath	Ms. Pallavi Dinodia Gupta
Membership of Committees of other Companies, in which he/she is a Director, as on 31/03/2023	<b>CSR Committee:</b> Somany Ceramics Limited	<b>Audit Committee:</b> Jagson Pal Pharmaceuticals Limited Indiamart Intermesh Limited <b>Nomination and Remuneration Committee:</b> Indiamart Intermesh Limited <b>SRC Committee:</b> Jagson Pal Pharmaceuticals Limited (Chairperson) <b>Risk Management Committee:</b> Indiamart Intermesh Limited (Chairperson) <b>CSR Committee:</b> Jagson Pal Pharmaceuticals Limited Indiamart Intermesh Limited
Listed entities from which resigned in past three years	Nil	Nil
Number of shares held in the Company (Including those held by relatives)	Nil	Nil
Skills and capabilities for the role of Independent Director	Not applicable	Details given in above paragraphs

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

## PERFORMANCE OVERVIEW

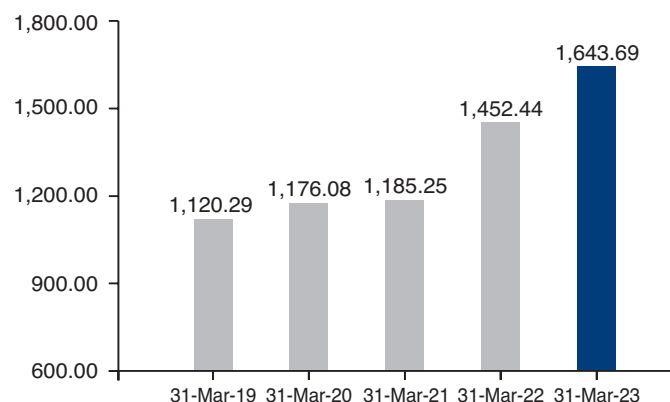
### Order Received

■ INR in million



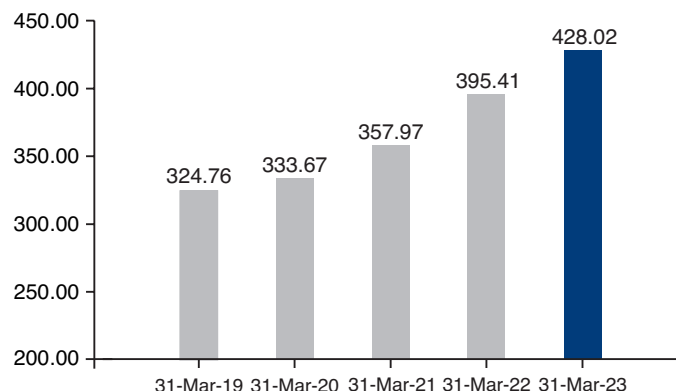
### Sales/Revenue

■ INR in million



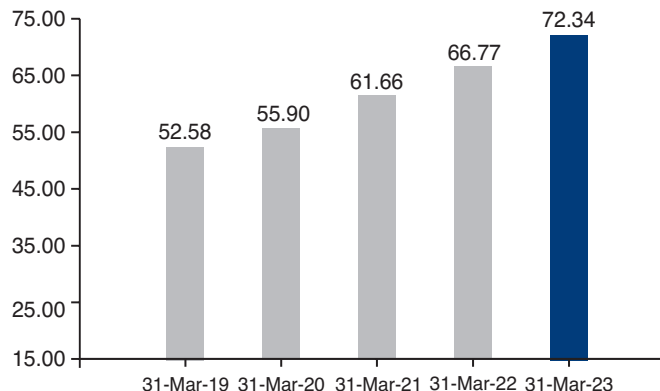
### Profit Before Tax

■ 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 loans 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 2022/23.

## CAPACITY ENHANCEMENT

The Company is in the process of its capacity enhancement, which is likely to mainly 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 on site, owing to restrictions related to Covid-19.

## 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](http://www.voithpaperfabricsindia.com)

During the year under review, all transactions with related parties were carried out in the ordinary course of business at arms' length basis and details of such transactions (including related party transactions considered as 'material') 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 and submitted their report.
- B. Internal Auditors – During the year under review, M/s Lodha & Co., Chartered Accountants, carried out the Internal Audit 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 with respect to 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 the 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 Company is not falling under the Top-1000 listed entities, based on market capitalization as at 31/03/2023, 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 and 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 31<sup>st</sup> March, 2023: 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 eradicating hunger - 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. Surinder Kumar 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 link of 'CSR Annual Action Plan for FY 2022/23' under 'Corporate Social Responsibility Policy' under 'Company Policies' on 'Investor Corner' page on the Company's website at [www.voithpaperfabricsindia.com](http://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. (a) Average net profit of the Company as per sub-section (5) of section 135: Rs. 367.67 million  
 (b) Two percent of average net profit of the Company as per sub-section (5) of section 135: Rs. 7.35 million  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil  
 (d) Amount required to be set-off for the financial year, if any: Nil  
 (e) Total CSR obligations for the financial year [(b)+(c)-(d)]: Rs. 7.35 million
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 7.35 million  
 (b) Amount spent in Administrative Overheads: Nil  
 (c) Amount spent on Impact Assessment, if applicable: Not Applicable  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 7.35 million  
 (e) CSR amount spent or unspent for the financial year: Rs. 7.35 million

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

* The Earth Saviours Foundation	3.30 million
Dil Se Mehek	0.33 million
World Vision India	1.47 million
Prayas Social Welfare Society	0.40 million
The Akshaya Patra Foundation	1.85 million

- (f) Excess amount for set off, if any: NIL

Sr. No.	Particular	Amount (INR in million)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	7.35
(ii)	Total amount spent for the Financial Year	7.35
(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

- (g) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable

(Amount INR in million)

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of transfer		
1	-	-	Nil	Nil	Nil	-	-	-

- (h) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired: Not Applicable