

33rd Annual Report 2002

VOITH

Engineered Reliability



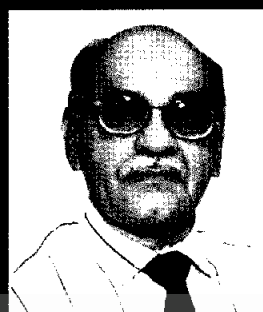
Porritts & Spencer (Asia) Ltd.

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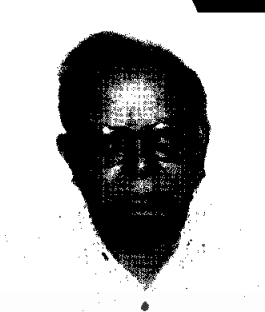
Board of Directors



Michael Cartmell



C.K. Thanawala



Biren De

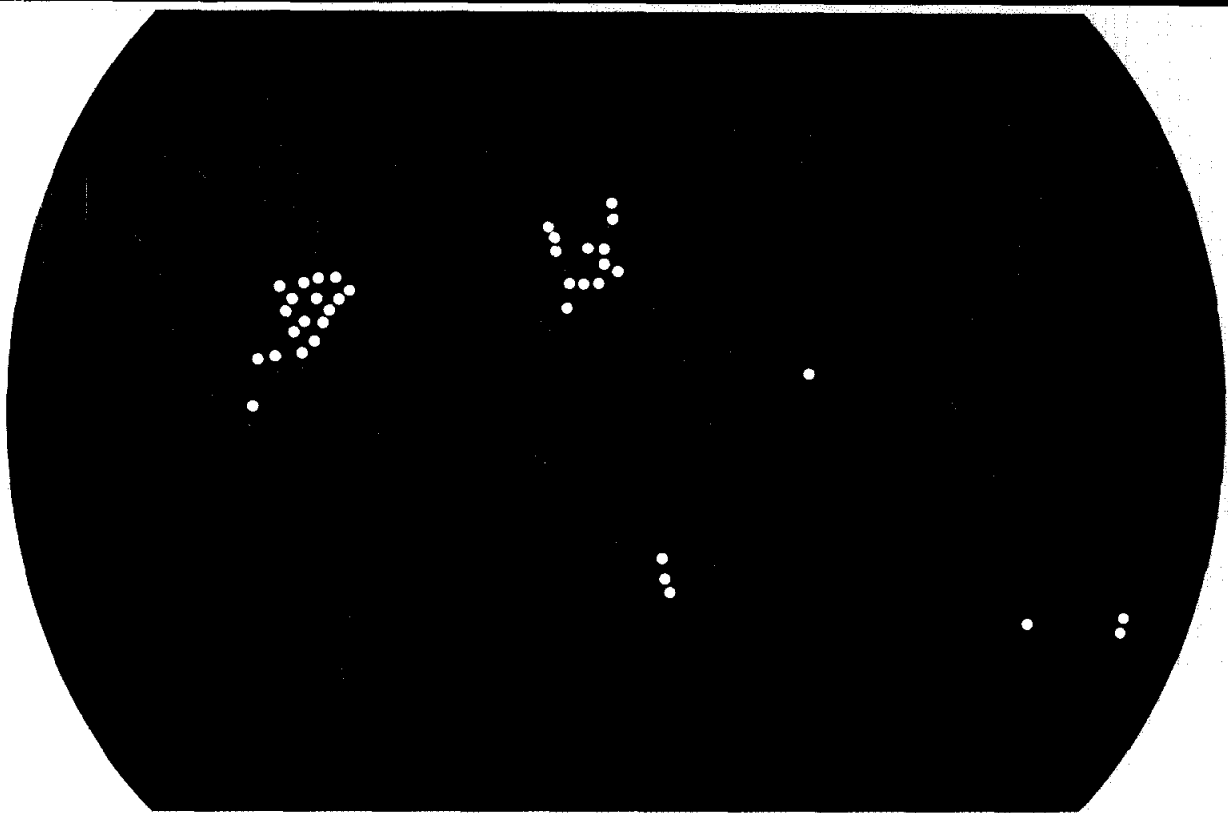


Manoj Kapoor



Ravinder Nath

The Global Spread



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BOARD OF DIRECTORS

Michael Cartmell, Chairman
Chandrakant Kahandas Thanawala, Director
Biren De, Director
Ravinder Nath, Director
Manoj Kapoor, Executive Director

COMPANY SECRETARY

C.S. Gugliani

AUDITORS

Lodha & Co., New Delhi

BANKERS

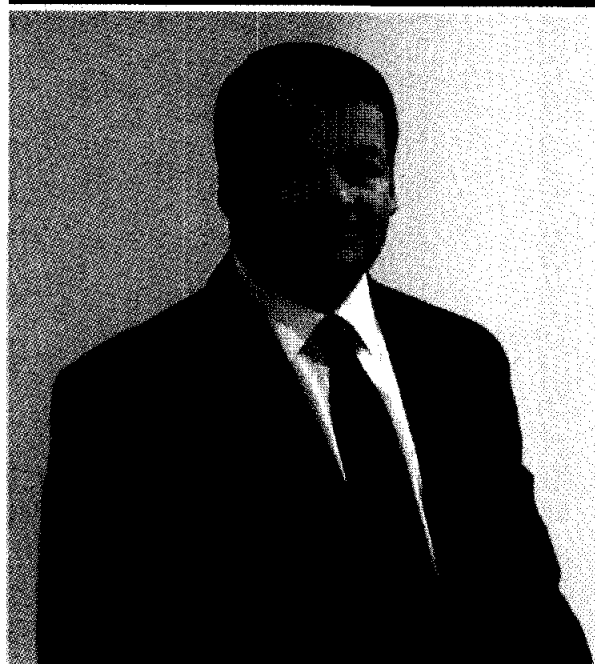
Standard Chartered Bank, New Delhi.

REGISTERED OFFICE AND MILL

113/114A, Sector 24,
Faridabad, Haryana-121 005 (INDIA)

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Michael Cartmell

Over the recent past, Porritts and Spencer (Asia) Ltd. (PSA) has been making incisive forays into global markets, with a view to internationalise its product portfolio.

Chairman's Message

Dear Shareholders,

It gives me great pleasure to share with you an overview of the progress achieved by your Company, during the financial year ended 30th September, 2002. This progress has been made possible due to several key initiatives undertaken by your Company.

Over the recent past, Porritts and Spencer (Asia) Ltd. (PSA) has been making incisive forays into global markets, with a view to internationalise its product portfolio. The Voith Group (your company's parent conglomerate) has supported these thrusts to foreign lands. The Group has enabled your Company to achieve considerable stability and strength, by providing for a broader base.

Given the considerable turmoil across the world recently, all aspects of life – social, political and economic – have been adversely impacted. Most industries, on a global scale, have experienced very little to negative growth, and the unforgettable events on 11th September, 2001, have resulted in even more de-growth. Naturally, this has led to severe competition and a price war... the Paper

Machine Clothing Industry was no exception. However, PSA's recent entry into the Fibre Cement Felt industry will provide better opportunities to substantially improve your Company's presence in the global market.

Despite all this, and having faced severe competition from within and outside our shores, PSA has maintained its lead in the Indian market. There has been pressure for price concessions, which your Company had to accommodate, in order to ensure customer loyalty. This has been done keeping in view the future growth and prospects of the Company.

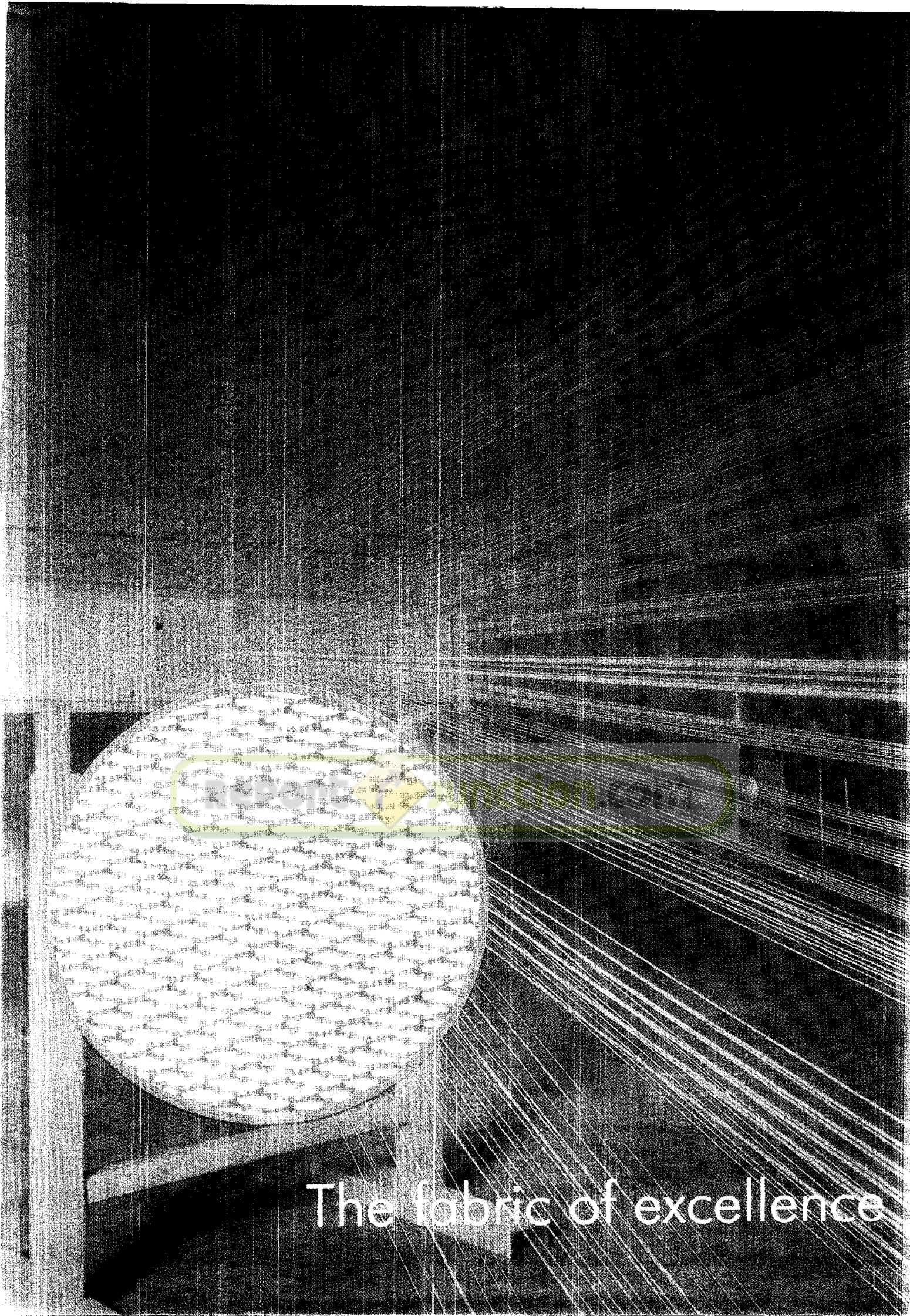
Your Company has continuously made efforts to strive towards upgradation and enhancement of its product portfolio. This involves the addition of new products and phasing out of old products, which have become less viable on account of reduced demand from end users. Your Company makes all possible efforts to keep track, and review the operations, of various paper mills in India, who are the end users of our product. Furthermore, PSA strives to enhance its coverage in the global market, and places strong emphasis on the

improvement of quality and customer relations.

There are many challenges ahead. The world is constantly changing, with superior technology not only transforming our way of life, but also determining the pace and direction of this transformation. The Company's leadership continues to make all efforts to understand its customers and the Indian market better. Finally, I would like to assure our shareholders and stakeholders that your Company is committed in its march towards working together in a strong and successful partnership. With your continued support and encouragement, PSA will undoubtedly scale greater heights of success and prosperity in the years to come.

With warm regards,

Michael Cartmell
Chairman



The fabric of excellence



Manoj Kapoor

PSA believes that success is possible only through the dedicated efforts of its valuable Human Resources. As such, they are the key creators of true value for the Company.

Message from the Executive Director

Dear Friends,

Of late, the Indian paper industry has faced the pressure of an open economy. As our industry co-exists with the paper industry, your Company is influenced by the dynamic undulations experienced by the paper industry. This has encouraged new and innovative development activities in the area of technological upgradation. These state-of-the-art steps are imperative, in order to improve the cost:profit ratio, without making any compromises on product quality.

In the face of all these challenges, you will be happy to know that Porritts & Spencer (Asia) Ltd. (PSA) has recorded steady growth, with its Turnover having increased by 8.43% as against the previous year, while the Profit before Tax has recorded a growth of 12.79% over the last financial year. This creditable performance, despite adverse market conditions, complements an improved market share in the paper machine clothing industry. The Company's fibre cement felts' sales have also experienced appreciable growth. As a result of the unmatched quality and service provided, your Company was able to sustain and grow substantially in the market.

To further enhance PSA's profitability, your Company is aggressively marketing its product portfolio across international borders.

PSA believes that success is possible only through the dedicated efforts of its valuable Human Resources. As such, they are the key creators of true value for the Company. To boost the growth of the Team, continuous efforts are being made to make the system of performance evaluation more transparent. Your Company also provides expanded opportunities for training programmes, experience sharing and career development.

PSA has always cared for the environment, and is committed to leave behind a greener, healthier planet for our children. Keeping the same in view, the Company is making dedicated efforts to maintain the balance of nature in the areas surrounding its manufacturing facility by ensuring development of greenery around mill area, as also preservation of wildlife. Besides strictly adhering to the discharge norms for pollution controls, as prescribed by various governmental regulatory authorities, PSA has also implemented new benchmarking projects to control

noise pollution and has conducted a voluntary energy audit.

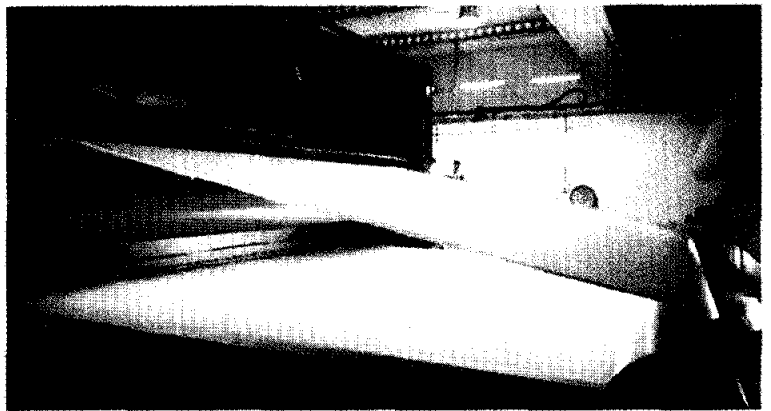
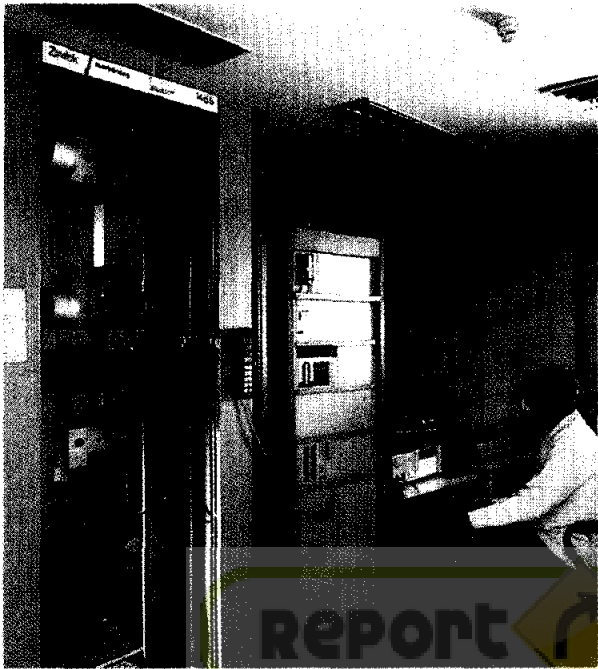
PSA has always maintained transparency, as regards its activities and accounts, adding enriched value and convenience for its shareholders. The Committees of the Board for Corporate Governance have met regularly during the year, closely supervising and guiding the key policies and activities being pursued by your Company. PSA has complied with all Corporate Governance norms since January 2002, an activity that was a governmental requirement only from March 2002. In this endeavour, the Company has formed the following committees namely Audit Committee, Remuneration Committee and Investors' Grievances Committee.

I look forward to the continued & invaluable support of all our stockholders, employees, associates, bankers and management team. It is their joint efforts and care that have contributed to the Company's better results in the year ended 30th September, 2002.

With warm regards,

Manoj Kapoor
Executive Director

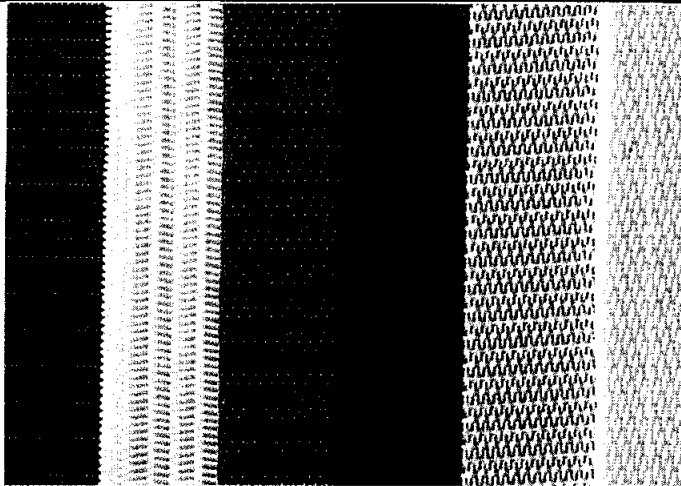
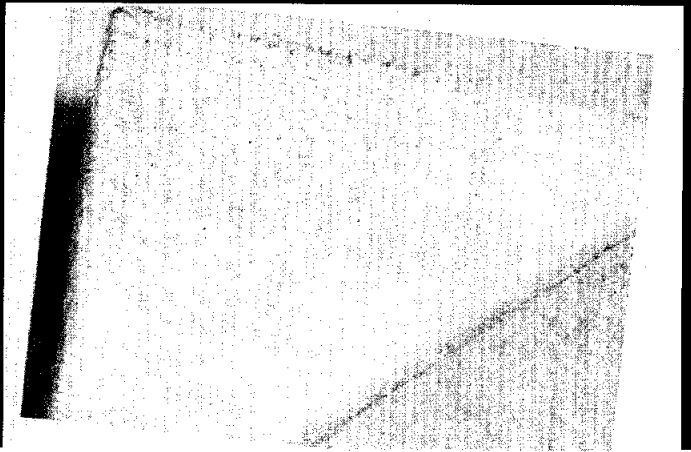
Competitive edge



Products

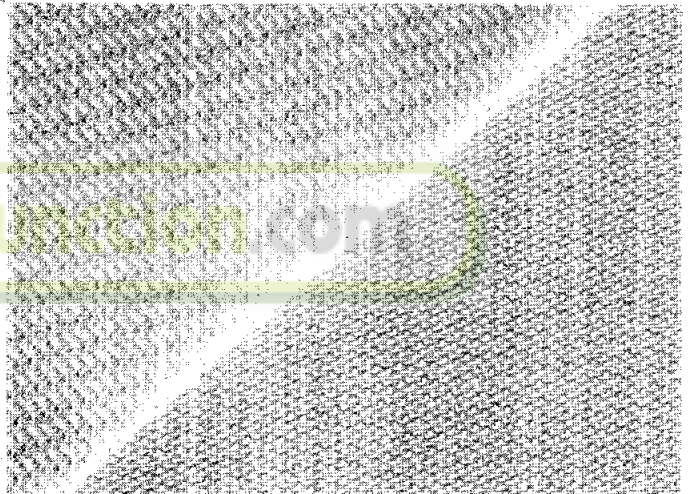
Press Fabrics

Single base fabric with Single and Double layer construction.
Multi base fabric with laminated construction.



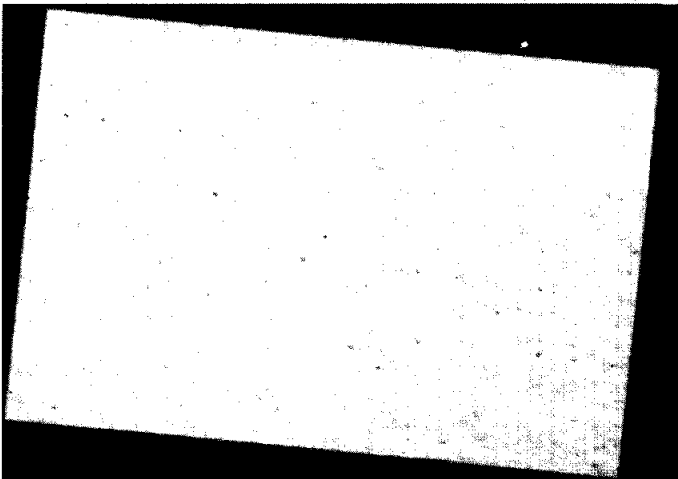
Dryer Fabrics

Woven mesh dryers. Monolink dryers.
Needled dryers with woven and monolink base.



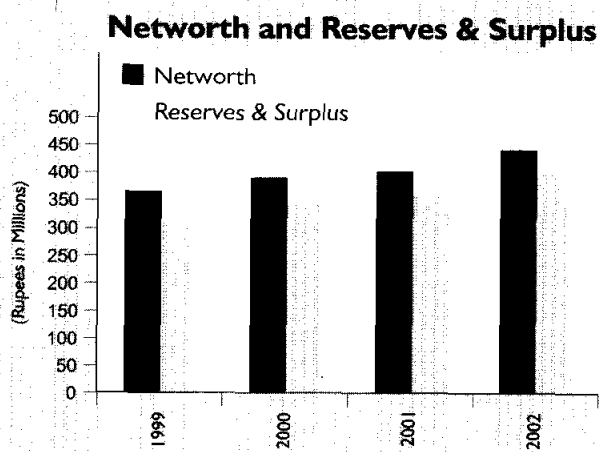
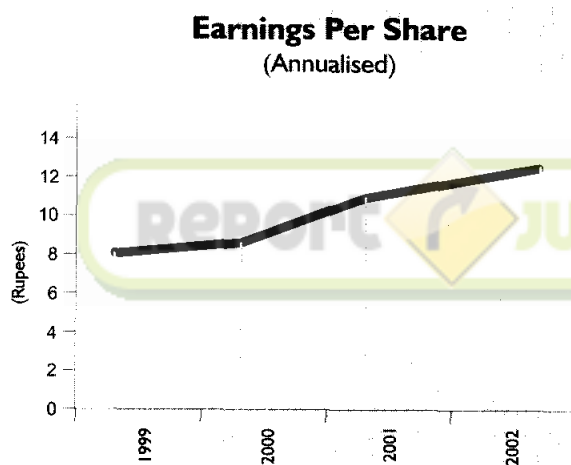
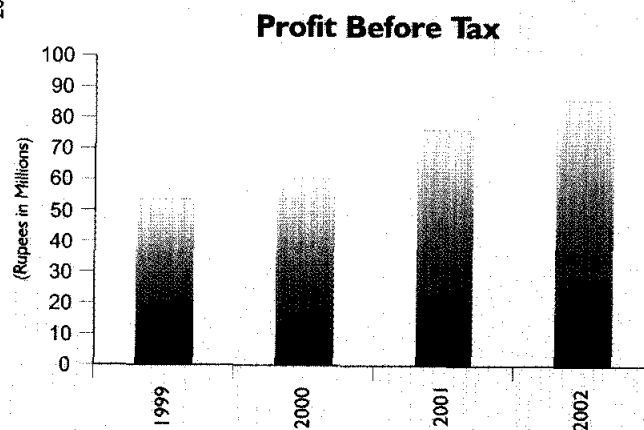
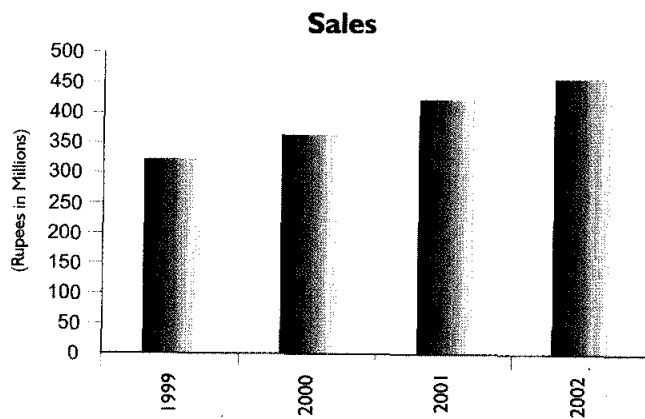
Forming Fabrics

Single layer fabrics in 4 and 5 shaft design.
Double layer fabrics in 7, 8, 14 and 16
shaft designs (also in low warp cover)
2 1/2 layer designs with extra surface weft.



Fibre Cement Sheet Machine Felt

Fine base construction. Small, medium and
large knuckled construction.





Porritts & Spencer (Asia) Ltd. has always cared for keeping the environment clean and green. In a view to leave behind a healthy planet for our children, the Company's manufacturing activities are scientifically planned, ensuring proper recycling of all waste materials. Other key efforts in this area include Water Harvesting and performing an Energy Audit.

Ecological Balance



Greenary around the mill



*Our concern for pollution control –
Effluent Treatment Plant*