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Woith Paper Fabrics India Limited

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39th Annual Report 2008

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Notice of 39th Annual General Meeting

NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the members of Voith Paper Fabrics India Limited (formerly known as Porritts and Spencer (Asia) Limited) will be held on Thursday, 4th December 2008 at 3.30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector-16A, Mathura Road, Faridabad - 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

- 1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September 2008 and the Balance Sheet as at that date together with the reports of the Board of Directors & Auditors thereon.
- 2. To declare a dividend.
- 3. To appoint a director in place of Mr. Biren De, who retires by rotation, and being eligible, offers himself for reappointment.
- 4. To appoint a director in place of Mr. Ravinder Nath, who retires by rotation, and being eligible, offers himself for reappointment.
- 5. To appoint auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

Registered Office:

113/114A, Sector-24,

Faridabad - 121005 (Haryana)

By Order of the Board for VOITH PAPER FABRICS INDIA LIMITED

C.S. Gugliani

Company Secretary

Place : New Delhi

Date: 24th October, 2008

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 BEFORE THE MEETING.
- 2) Members/Proxies for members should bring the duly filled in attendance slip with them for attending the meeting. Members/Proxies for members holding shares in dematerialized form should bring their latest statement of account issued by their Depository Participant, for attending the meeting.
- Members are requested to dematerialize the shares held in physical form to avoid inconvenience as the Company's shares are under compulsory demat trading.
- 4) The details of the shareholding of Directors, who are proposed to be re-appointed at the 39th 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	1370	NIL	NIL	1370
Mr. Ravinder Nath	NIL	NIL	NIL	NIL

- 5) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 11th November 2008 to Thursday, 04th December 2008 (both days inclusive) in terms of the provisions 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, 4th December 2008. In respect of shares held in dematerialized form, the dividend will be payable to the beneficial owners of shares as at the end of the business hours on Monday, 10th November 2008, as per details furnished by the depositories for this purpose.
- 7) Pursuant to the provisions of Section 205A of the Companies Act, 1956 the dividend for the financial year 2000-2001, which remains unpaid/unclaimed for a period of seven years shall be transferred to the Investor Education & Protection Fund (IEPF), this year. Shareholders who have not so far encashed the dividend warrants for the financial year 2000-2001 and onwards are requested to make their claim to the Company immediately. It may also be noted that once the unclaimed/unpaid dividend is transferred to the IEPF; no claim shall lie in respect thereof.
- 8) For the convenience of the shareholders, format of request for updation of members' records, ECS Mandate Form and Nomination Form are enclosed as Annexure. Those members who wish to get their account updated are requested to fill-up the forms and send the same to the Company or its Registrar & Transfer Agent, MCS Limited for taking appropriate action in regard thereto. For shares held in dematerialized form, these details must be sent to the concerned Depository Participant and not to the Company.
- 9) In order to render better and efficient services, 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 is payable on it. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the Company or its Registrar and Transfer Agent, MCS Limited.
- 10) Members desiring any information as regards the Accounts are requested to write to the Company Secretary so that it reaches the Company at least 10 days before the date of the Annual General Meeting.
- 11) Members are requested to kindly bring duly filled and signed attendance slip and their own copy of the Annual Report to the Meeting.
- 12) Briefcase, Bag(s), Carry Bag(s), Helmets(s), Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.
- 13) Please note that no gift shall be distributed at the Annual General Meeting.

Registered Office:

113/114A, Sector-24, Faridabad - 121005 (Haryana) By Order of the Board for VOITH PAPER FABRICS INDIA LIMITED

Place: New Delhi

Date: 24th October, 2008

C.S. Gugliani Company Secretary

BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer (since 2nd October, 2008) Bertram Staudenmaier (till 1st October, 2008)

Directors

Chandrakant Kahandas Thanawala

Biren De

Ravinder Nath

Managing Director

Manoj Kumar Kapoor

COMPANY SECRETARY

C.S. Gugliani

AUDITORS

S. R. Batliboi & Co., Chartered Accountants.

New Delhi

BANKERS

Standard Chartered Bank, New Delhi ICICI Bank Limited, Faridabad AXIS Bank Limited, Faridabad HDFC Bank Limited, Faridabad

REGISTRAR & TRANSFER AGENT

MCS Limited Sri Venkatesh Bhavan, W-40, Okhla Industrial Area Phase - II, New Delhi-110020

REGISTERED OFFICE AND MILL

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

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Voith Paper Fabrics India Limited



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Dear Shareowners,

I am delighted at the opportunity to communicate with you all for the very first time since I assumed this office.

You will be pleased to know that your Company has now become a full-fledged Voith Company upon the change in its name last year and customers are now able to directly identify your Company as part of the Voith Group.

With annual turnover of Euro 5 billions and a global team of 40,000 employees operating from over 270 locations worldwide, the Voith Group is one of the largest family-owned business houses in Europe. It has set many new standards in the paper, energy and services industries.

The Voith Group remains highly conscious of emerging trends in the economic environment that impact the industries we are active in. We have always been proactive in our approach and have continued to strategically invest in initiatives like product research & development and contemporary manufacturing technology that enable us to best serve customers.

We have been witness to growing economic uncertainty in the past few weeks and some of the events have shaken up the financial world. In step with the world, the Indian government too has taken steps to combat potentially difficult situations. Your Company is well poised and fully competent not only to face possible challenges but also to address any opportunities that may emerge. We continue to reinvigorate our work culture, enriching it with sharing ideas and encouraging team work.

I would like to sincerely thank you for your trust and confidence in our journey so far and grateful for your continued patronage. I am looking forward to welcome you all at the 39th Annual General Meeting of the Company.

Kind Regards,

Martin Gustav Scherrer

Chairman

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Dear Shareholders.

This year, your Company has completed 40 years of its existence. As we look back, the journey has been quite eventful and we have gained enriching experiences through these decades. I am also pleased to inform you that over the years your Company has been able to consistently maintain its position as the market leader in the industry segments we compete in. Your Directors and the management team are committed to do their very best to ensure continued market leadership going forward too.

The most significant event of the year gone by has been your Company's new identity that came into effect from 29th November 2007 when our name was changed to Voith Paper Fabrics India Limited. This symbolizes our association with the Voith Group, which has over 140 years of success and rich heritage and it is world renowned for providing solutions with engineered reliability.

Quality and delivery expectations have continued to rise among customers and in order to meet and exceed these expectations, we have already installed three upgraded looms and also commenced the process of modernization of your Company's manufacturing facility at Faridabad. We are also inspired by and now held to the high global standards of customer commitment of the Voith Group.

Our people have put in relentless efforts in pursuit of goals and objectives with highest levels of energy and enthusiasm and their spirit, dedication and commitment have inspired our industry leading performance. We have renewed our focus on comprehensive talent management and development and we continue to systematically invest in the very foundation of our success - our people.

Your Company follows the highest standards of professionalism and is committed to deliver value to all its stakeholders. Your Company is focused on the present with an eye on the future.

With four decades of experience and your continued patronage, we are well poised to scale new heights of excellence in all areas.

Warm regards,

Manoj Kumar Kapoor

Managing Director



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DIRECTORS' REPORT

TO THE MEMBERS.

Your Directors are pleased to present the Thirty-Ninth Annual Report together with the Annual Accounts of the Company for the year ended on 30th September, 2008.

OPERATIONS REVIEW

		Rs. in millions
	2007-08	2006-07
Sales (net of excise duty)	410.35	451.19
Profit before taxation	106.18	141.41
Provisions for taxation	38.27	40.95
Profit after taxation	67.91	100.46
Balance b/f from previous year	253.77	178.77
Amount available for appropriation	321.68	279.23
Appropriations		
Dividend	13.18	13.18
Corporate Dividend Tax	2.24	2.24
Transferred to General Reserve	6.78	10.04
Surplus carried to Balance Sheet	299.48	253.77
Total Report Junction Col	321.68	279.23

During the year under review, the operations and performance of the Company were affected due to certain industrial constraints and also relocation of some equipment.

DIVIDEND:

Your Directors are pleased to recommend, for your approval, a dividend of Rs. 3/- per Equity Share of Rs. 10/- each for the year ended on 30th September 2008. This will absorb Rs. 13.18 millions. In addition, Rs. 2.24 millions shall be paid as Corporate Dividend Tax thereon (including Surcharge, Education Cess and Secondary & Higher Education Cess).

DIRECTORS:

In terms of the provisions contained in the Articles of Association of your Company, VF Auslandsbeteiligungen GmbH, Germany, has withdrawn the nomination of Mr. Bertram Staudenmaier from the Office of Director and Chairman of the Company and has nominated Mr. Martin Gustav Scherrer as the Director and Chairman of the Board of Directors of your Company with effect from 02nd October 2008.

Your Directors place on record their appreciation for the contributions made by Mr. Bertram Staudenmaier during his tenure.

Mr. Biren De and Mr. Ravinder Nath, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

The details of Directors of the Company seeking re-appointment are as follows:

Name of Director	MR. BIREN DE	MR. RAVINDER NATH	
Age(Years)	75	63	
Date of Appointment	10.09.1986	24.10.1998	
Expertise in Special Functional areas	Engineering	Legal	
Qualification	B.Sc (Hons.) Mechanical Engineering, ARCST	B.Com (Hons.), L.L.B, International Law (London)	
Directorships held in outside Companies, as on 30.09.2008	CSA Associates Private Limited	 Altana Pharma Private Limited Citron Holding Private Limited Kadimi Constructions Private Limited Kanoria Chemicals & Industries Limited Rajinder Narain & Co. Consultants Private Ltd. Somany Ceramics Limited Zydus Nycomed Healthcare Private Limited 	
Membership of Committees of other Companies, in which he is a Director, as on 30.09.2008	NIL Kanoria Chemicals & Industries L (Member - Remuneration Commit		
No. of Shares held in the Company (including those held by relatives)	1370	NIL	

None of the Directors of the Company 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 & Co., Chartered Accountants, the present auditors, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Company has received a certificate from them stating that the re-appointment, if made, will be in conformity with the limits specified under Section 224(1B) of the Companies Act, 1956.

CHANGE IN NAME OF THE COMPANY:

The name of your Company has changed from "Porritts & Spencer (Asia) Limited" to "Voith Paper Fabrics India Limited" with effect from 29th November 2007 pursuant to a fresh certificate of incorporation issued by the Registrar of Companies in this regard.

CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, 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 under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I, forming part of this report.





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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:

As required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the concerned employee(s) are set out in Annexure II of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by 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 judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company at the end of the financial year and of the profit 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 preventing and detecting frauds and other irregularities; and
- 4. The Directors have prepared the annual accounts on a 'going concern' basis.

APPRECIATION:

Your Directors gratefully acknowledge the continued support of the Company's customers, shareholders, suppliers, bankers, and the state and central governments. Your Directors also take this opportunity to express their appreciation to all employees, who continue to display professionalism and commitment.

For and on behalf of the Board

C. K. Thanawala

Biren De

R. Nath

Manoj Kumar Kapoor

Directors

Managing Director

Place: New Delhi

Date: 24th October, 2008

ANNEXURE I

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY

Your Company is proactive in taking adequate steps for making optimum use of available energy resources. The objective of conservation of energy is achieved primarily by reviewing and implementing improved procedures in process cycle and by using energy efficient equipment. Resources are adequately deployed to meet these objectives.

The management of your Company had availed the services of an independent agency to carry out an exercise of Energy Audit at the Mill. The recommendations of the Energy Auditor are periodically reviewed and are under implementation in phases. These are likely to result in further conservation of energy in coming years.

The required data regarding total energy consumption per unit of production is given hereunder in Form A.

FORM A

Parl	Part A – Power and Fuel Consumption		2007-2008	2006-2007	
1.	Elec	tricity	,		
	(a)	Purchase units (millions)		1.50	1.38
	Total amount (Rs. in millions) Rate/unit (Rs.)		al amount (Rs. in millions)	6.23	6.14
			e/unit (Rs.)	4.15	4.44
	(b) Own Generation				
		(i)	Through diesel generating units (millions)	0.76	0.69
			Unit per litre of diesel oil	3.04	2.99
			Cost/unit (Rs.)	12.70	10.27
		(ii)	Through steam turbine/generator	NIL	NIL
2.	Coa	i		NIL	NIL
3.	Furr	nace (Dil		
	Quantity (K. Lts.)		<. Lts.)	272.71	245.38
	Total amount (Rs. in millions)		unt (Rs. in millions)	9.28	7.12
	Average rate (Rs. Per litre)		ate (Rs. Per litre)	34.01	29.30
4.	Oth	ers/In	ternal generation	NIL	NIL
Part	B – C	onsu	mption per unit of production		
Prod	Product			Feits	Felts
Unit	Unit			Kgs.	Kgs.
Elec	Electricity			12.36	9.04
Furr	Furnace oil			1.83	1.07