

VOITH

40th Annual Report for the Financial Year 2008/2009
Voith Paper Fabrics India Limited - Partner of the Paper Industry

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NOTICE

Notice is hereby given that the Fortieth Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on Thursday, 3rd December 2009 at 3.30 p.m. at Maggie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16-A, Mathura Road, Faridabad - 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 30th September 2009 and Profit & Loss Account 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 auditors, M/s S. R. Batliboi & Co to hold office from the conclusion of this Annual General Meeting till 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:
"To appoint Mr. Chandra Sekhar Panigrahi as a Director 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 An Ordinary Resolution:
"To appoint Mr. Martin Sieringhaus as a Director whose term of office shall be subject to retirement by rotation."

Registered Office :

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

By Order of the Board
for **VOITH PAPER FABRICS INDIA LIMITED**

Place : New Delhi

Date : 26th October, 2009

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 ATLEAST 48 HOURS BEFORE THE TIME OF MEETING.
- 2) 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.
- 3) The details of the shareholding of Directors who are proposed to be appointed at the Fortieth 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
Mr. Chandra Sekhar Panigrahi	NIL	NIL	NIL	NIL
Mr. Martin Sieringhaus	NIL	NIL	NIL	NIL

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BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Directors

Biren De

Ravinder Nath

Chandra Sekhar Panigrahi (since 26th March, 2009)

Martin Sieringhaus (since 26th October, 2009)

Chandrakant Kahandas Thanawala (till 30th June, 2009)

Robert Patrick Burke (from 26th March, 2009 to 26th October, 2009)

Managing Director

Manoj Kumar Kapoor (till 26th March, 2009)

COMPANY SECRETARY

C. S. Gugliani

AUDITORS

S. R. Batliboi & Co., Chartered Accountants

BANKERS

Standard Chartered Bank, New Delhi

ICICI Bank Limited, Faridabad

AXIS Bank Limited, Faridabad

HDFC Bank Limited, Faridabad

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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Chairman's Message

Dear Shareowners,

It gives me immense pleasure to communicate with you all, as we plan to meet once again in December 2009.

The year gone by has been a year of few ups and lots of downs throughout the world. The economies across the globe stumbled to find a foothold under the pressure of recessionary trends. This, coupled with the reported decline in governance standards in numerous companies in different parts of world, indicates that a strong will is needed on the part of managements across the globe to abstain from succumbing to the temptation of showing to the world a brighter picture than it is in reality.

However, I am glad to note that your company has actually performed well in its 40th year and reported good numbers, reasonably exceeding the performance of last year's sales and profits. This has been largely made possible due to a strong paper industry in the Indian subcontinent and we fully understand the crucial role the Indian paper market will play in the long run. We are quite hopeful that your company would continue to do well also in coming years.

In view of this backdrop, Voith Group has recently begun the consolidation process of its different business ventures in India in a manner which would bring it closer to the goal of becoming "One Voith Paper" from customers' point of view. Further, Voith has also established Voith Paper India as a separate Regional Organisation, within the overall Voith Group and it would remain in direct focus of Voith in coming times.

I also look forward to your continued support and trust, as in the past, and look forward to meeting you at the 40th Annual General Meeting of the Company.

Kind regards,

Martin Gustav Scherrer

Chairman

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the Fortieth Annual Report together with the Audited Accounts of the Company for the year ended 30th September 2009.

OPERATIONS REVIEW

	Rs. in millions	
	2008-09	2007-08
Sales (Net of Excise Duty)	471.90	410.35
Profit before taxation	112.13	106.18
Provisions for taxation	39.47	38.27
Profit after taxation	72.66	67.91
Balance brought forward from the previous year	299.48	253.77
Amount available for Appropriation	370.61	321.68
Appropriations:		
– Dividend	17.57	13.18
– Corporate Dividend Tax	2.99	2.24
– Transferred to General Reserve	7.11	6.78
– Surplus carried to Balance Sheet	342.94	299.48
Total	370.61	321.68

PERFORMANCE

During the year under review, your company has achieved Sales of Rs. 471.90 millions, registering an increase of about 15% over the previous year, despite the waves of recession sweeping across the globe last year.

The profit after tax at Rs.72.66 millions exhibits a growth of about 7% over the previous year.

Barring unforeseen events and occurrences, your Directors expect continuous growth in turnover and profitability in future also.

DIVIDEND

Your Directors are pleased to recommend, for your approval, a dividend of Rs.4/- per Equity Share of Rs.10/- each for the year ended on 30th September 2009. This will absorb Rs.17.57 millions. In addition, Rs.2.99 million shall be payable as Corporate Dividend Tax (CDT) thereon (including Surcharge, Education Cess and Secondary & Higher Education Cess).

DIRECTORS:

During the year under review, following changes took place in the composition of the Board of Directors of the company:

1. Mr. Chandra Sekhar Panigrahi and Mr. Robert Patrick Burke were co-opted as the additional directors of the company on 26th March 2009, by the Board of Directors. Further, Mr. Martin Sieringhaus has also been co-opted as an additional director of the company on 26th October 2009. Their term of office shall be until the conclusion of forthcoming Annual General Meeting. Mr. Robert Patrick Burke has, however resigned and ceases to be a director of the company with effect from 26th October 2009.
2. Mr. Manoj Kumar Kapoor, resigned from the position of the Managing Director and also ceased to be a Director of the company, with effect from 26th March 2009. The Board places on record the appreciation for the consistent growth achieved by the company during his tenure as the Executive / Managing Director of the company.

3. The independent director and Chairman of the Audit Committee, Mr. C.K. Thanawala passed away on 30th June 2009. The Board places on record it's appreciation for the invaluable contributions made by Mr. Thanawala during his long association of more than 35 years with the company.
4. Mr. Panigrahi and Mr. Sieringhaus have expressed their willingness to continue as a Director of the Company. Company has also received notices from a shareholder, together with the requisite fee in this regard, proposing the candidature of Mr. Panigrahi and Mr. Sieringhaus for appointment as a director of the company. The necessary details about them are mentioned here-in-below for the consideration of shareholders:

Name of the Director	Mr. Chandra Sekhar Panigrahi	Mr. Martin Sieringhaus
Age (years)	63	36
Date of Appointment	26th March 2009	26th October 2009
Expertise in Special Functional Areas	Overall Supervision	Finance
Qualification	Graduate Engineer (Mechanical)	Industrial Engineer and Accounting
Directorships held in outside Companies, as on 30/09/2009	None	None
Membership of Committees of other Companies, in which he is a Director, as on 30/09/2009	None	None
No. of Shares held in the Company (Including those held by Relatives)	Nil	Nil
Relationship with the other Directors	None	None

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 30.09.2009	CSA Associates Private Limited	1. Citron Holding Pvt. Ltd. 2. Kanoria Chemicals & Industries Ltd. 3. Rajinder.Narain & Co. Consultants Pvt. Ltd. 4. Kadimi Constructions Pvt. Ltd. 5. Somany Ceramics Limited 6. SIPA India Pvt. Ltd. 7. Bonanza Biotech Limited 8. Design Auto Systems Limited 9. Areva India Pvt. Ltd.
Membership of Committees of other Companies, in which he is a Director, as on 30.09.2009	NIL	Kanoria Chemicals & Industries Limited (Member - Remuneration Committee)

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, New Delhi, 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.

CORPORATE GOVERNANCE:

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by the 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 judgments and estimates that are reasonable and 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; and
- 4) The Directors have prepared the annual accounts on a 'going concern' basis.

APPRECIATION:

Your Directors wish to express their gratitude for the continuous and wholehearted support of the Company's Customers, Shareholders, Suppliers, Bankers and the State and Central Governments, other associates and all the employees, without which the Company would not have made a stable progress in this globally turbulent time.

For and on behalf of the Board

Biren De
Ravinder Nath
Chandra Sekhar Panigrahi
Directors

New Delhi
26th October, 2009

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 continues to remain conscious of conserving energy resources and is in the process of implementation of the measures to reduce the consumption of energy. The objective is being achieved by continued review and implementation of improved processes and techniques and by using energy efficient equipment. Resources are adequately deployed to meet these objectives.

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

FORM A**Part A – Power and Fuel Consumption**

Sr. No.	Particulars	2008-2009	2007-2008
1.	Electricity		
(a)	Purchase units (millions)	2.08	1.50
	Total amount (Rs. in millions)	9.21	6.23
	Rate/unit (Rs.)	4.45	4.15
(b)	Own Generation		
(i)	Through diesel generating units (millions)	0.51	0.76
	Unit per litre of diesel oil	2.80	3.04
	Cost/unit (Rs.)	12.50	12.70
(ii)	Through steam turbine/generator	NIL	NIL
2.	Coal	NIL	NIL
3.	Furnace Oil		
	Quantity (K. Lts.)	330.78	272.71
	Total amount (Rs. in millions)	11.83	9.28
	Average rate (Rs. Per litre)	35.77	34.01
4.	Others/Internal generation	NIL	NIL

Part B – Consumption per unit of production

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity	10.09	12.36
Furnace oil	1.29	1.83