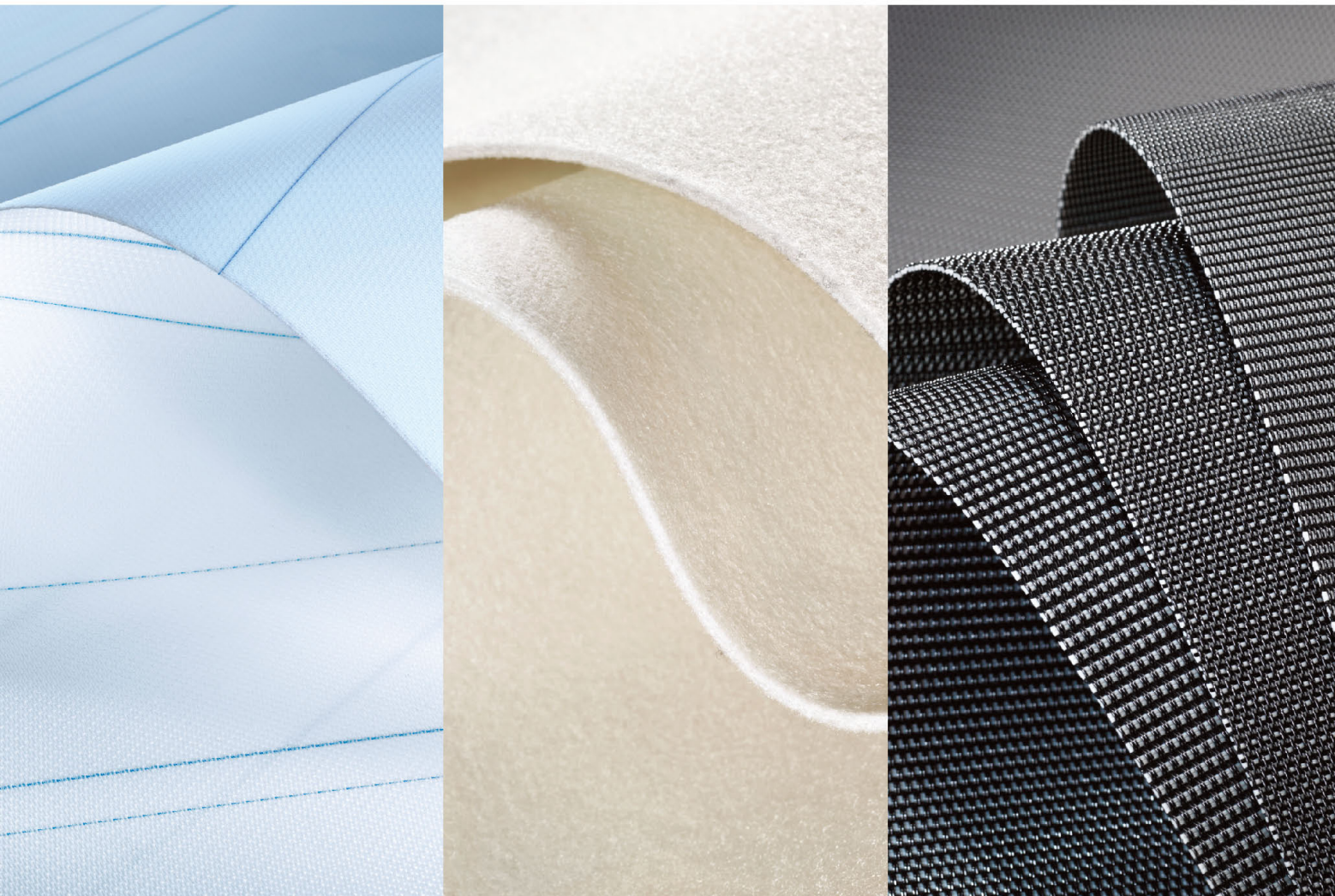


44th Annual Report 2012/13
Voith Paper Fabrics India Limited



Life Cycle Partner of the Paper Industry

NOTICE

Notice is hereby given that the Forty Fourth Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on Tuesday, 10th December, 2013 at 3.30 p.m. at Magpie 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, 2013 and the Statement of Profit & Loss 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. Surinder Kumar Nagpal as a Director who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Mr. Chandra Sekhar Panigrahi as a Director who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S.R. Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E), as statutory auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

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

Place: New Delhi

Date: 30th October, 2013

By order of the Board

For Voith Paper Fabrics India Limited

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/HERSELF 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 OF THE COMMENCEMENT OF THE MEETING.
- 2) Corporate members are requested to send a duly certified copy of the resolution passed by its Board of Directors authorizing their representatives to attend and vote at the Annual General Meeting.
- 3) Members/Proxies for members should bring the duly filled in Attendance Slip at 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.
- 4) The details of the shareholding of Directors who are proposed to be re-appointed at the Forty Fourth 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. Surinder Kumar Nagpal	NIL	NIL	NIL	NIL
Mr. Chandra Sekhar Panigrahi	NIL	NIL	NIL	NIL

- 5) The Register of members and Share Transfer Books of the company will remain closed from Saturday, 23/11/2013 to Tuesday, 10/12/2013 (both days inclusive).
- 6) The Dividend as recommend 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 Tuesday, 10/12/2013. In respect of shares held in dematerialized mode, the dividend would be paid to the beneficial owners of shares as at end of the business hours on Friday, 22/11/2013, as per details furnished by the Depositories for this purpose.
- 7) In accordance with a Circular issued by SEBI, the NECS facility should mandatorily be used by Companies for distribution of dividend to its members. Accordingly, your Company has sent the required forms and details to all the members on various occasions. Those members, who have not yet sent the duly filled in NECS form to avail the benefits of this facility, are once again requested to send the same at the earliest.

- 8) Members holding shares in physical form are requested to promptly notify the change in their respective address and/or their NECS/ bank details to the Registrar & Share Transfer Agent (RTA), MCS Limited, New Delhi.
- 9) **Members holding shares in electronic/dematerialized mode** are requested to promptly notify the change, if any, in their respective address and/or their NECS/bank details, to their respective Depository Participant (DP) **and not to the Company or RTA.**
- 10) Members are requested to note that the equity shares of the Company are compulsorily traded in dematerialized mode. Members are therefore advised to immediately dematerialize their shareholding to avoid any inconvenience in future.
- 11) In order to render better and efficient service, 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 will be payable for the same. In case you wish to consolidate your folios, kindly forward your request along with the relevant share certificates to the Company or its RTA, MCS Limited.
- 12) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the Financial Year 2004-05 that remained unpaid / unclaimed for a period of seven years has already been transferred to the Investor Education & Protection Fund (IEPF). Shareholders who have not yet encashed the dividend warrants for the year 2005-06 onwards, are requested to make their claim to the Company immediately. **It may be noted that once the unclaimed / unpaid dividend is transferred to the IEPF; no claim shall lie in respect thereof. However, express provisions have been made in the Companies Act, 2013 for reclaiming such transferred amount from the IEPF, when such provisions shall become effective in future.**
- 13) **Members are requested to kindly bring their own copy of the Annual Report to the Meeting, as the Annual Report will not be distributed at the meeting.**
- 14) Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall.
- 15) **Members may kindly note that no 'Gifts' will be distributed at the Annual General Meeting.**
- 16) **Members/Proxies coming to attend the Annual General Meeting are requested to carry their original photo identity (passport/driving license/voter's card/PAN card) proof with them at the venue. The same may be asked to be produced for the purpose of identity verification.**
- 17) Members wishing to seek further information or clarification on the Annual Accounts or operations of the Company at the meeting are requested to send their queries, atleast 10 days before the date of meeting, addressed to the Company Secretary at the registered office of the Company.
- 18) **Members must always mention their Folio/DP-ID & Client ID Number in all correspondence with the Company or its RTA.**

BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Directors

Biren De

Ravinder Nath

Chandra Sekhar Panigrahi

Surinder Kumar Nagpal

Markus Johann Mader

PRESIDENT

R. Krishna Kumar

FINANCE CONTROLLER

Kalyan Dasgupta

COMPANY SECRETARY

C.S. Gugliani

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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AUDITORS

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

BANKERS

AXIS Bank Limited

HDFC Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

Chairman's Communique

Dear Shareowners,

It is my privilege to once again share my thoughts on the performance of your company during the year and its prospects for coming years. The specific details about various parameters concerning operations of your company are spelt out in the accompanying annual report.

During the year under review, the business conditions all across the globe, including for the Indian economy remained tough. The growth rate of GDP in India dipped to 5%, for the fiscal year ended March 2013, the lowest level in a decade. The economic conditions continue to be disturbing, as for the quarter April - June of the year 2013 also, GDP growth has further slipped to 4.4%. However, your company steadily marched on the growth trajectory during the year under review also, albeit at a slow pace. With everyone's support and determination, your company has managed to marginally increase its sales and profit before taxation even in the prevailing difficult business conditions.

The sudden spurt in weakness of Indian rupee vis-à-vis the US Dollar and Euro witnessed in the recent months, has also impacted the company adversely, and significantly increased its foreign exchange liabilities, as major proportion of raw material being used for production is imported. However, the silver lining amongst this uncertain economic scenario is that, the Indian paper industry still appears in the top 12 Global players, with an annual output of more than 13.5 million tonnes and India is poised to emerge as one of the fastest growing market for paper globally. The paper industry in India is also in expansion mode to meet the projected demand of 20 million tonnes by the year 2020.

The Indian Government is consistently concentrating its efforts to provide education to every child, which has also promoted the increased use of paper. Further, with a lot of emphasis being placed on ban of plastic in day-to-day use, it is expected that usage of packaging grade paper will also grow in the years to come. This is a good sign for the Paper Industry and consequentially for your company as well.

I wish to thank all stakeholders of the company for their continued support that enabled your company to perform reasonably well even in these turbulent times and look forward to meet you at the forthcoming annual general meeting of the company.

With the very best wishes, for our continued collaboration in coming years.

Martin Gustav Scherrer

Chairman

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

The Directors of your Company are pleased to present their Forty Fourth Report together with the Audited Accounts of the Company for the year ended 30th September, 2013.

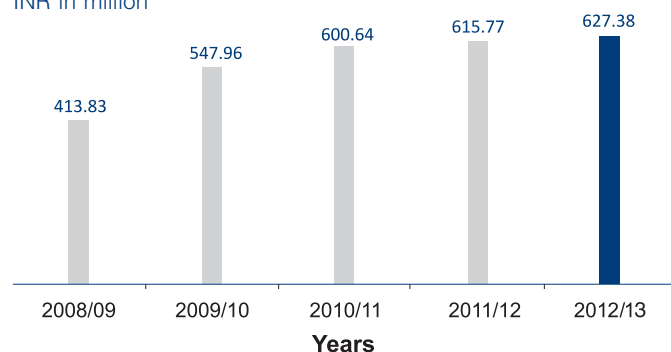
FINANCIAL HIGHLIGHTS

	Rs. (In million)	
	2012/13	2011/12
Sales (Net of Excise Duty)	591.90	577.43
Profit before taxation	193.32	185.97
Provisions for taxation	64.71	55.78
Profit after taxation	128.61	130.19
Balance brought forward from the previous year	595.04	493.19
Amount available for Appropriation	723.65	623.38
Appropriations:		
- Dividend	13.18	13.18
- Corporate Dividend Tax	2.24	2.14
- Transferred to General Reserve	12.86	13.02
- Surplus carried to Balance Sheet	695.37	595.04
Total	723.65	623.38

PERFORMANCE OVERVIEW

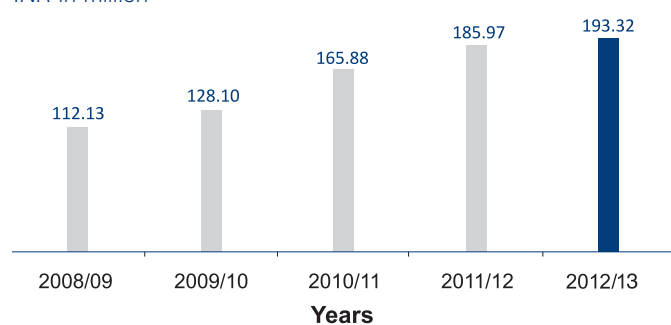
Orders Received

INR in million



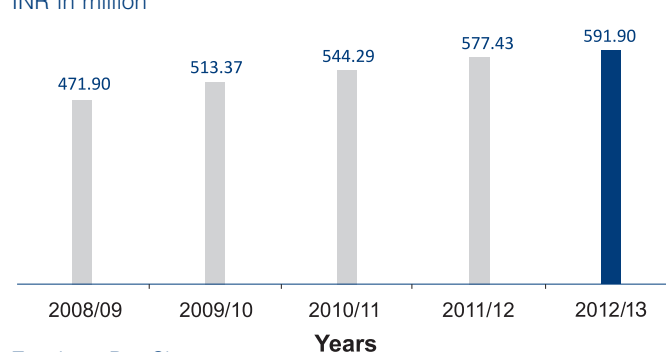
Profit Before Tax

INR in million



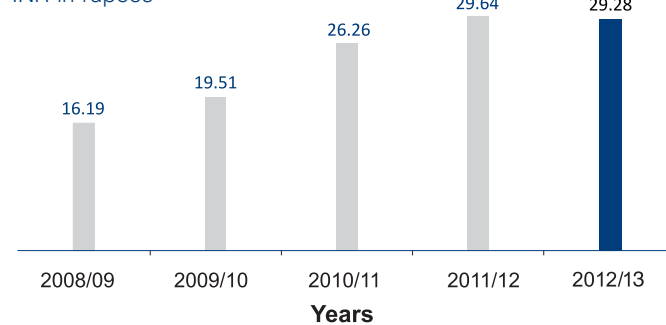
Sales

INR in million



Earnings Per Share

INR in rupees



As can be seen from the above graphs, we feel pleased to mention that your company has steadily grown even during the ongoing challenging economic phase. During the current year ended 30th September, 2013, it was able to achieve net aggregate sales of Rs. 591.90 million, registering an increase of about 2.5% over the previous year and profit before tax at Rs. 193.32 million exhibits a growth of about 3.95% for the same period.

Barring unforeseen circumstances, the directors of your company expect continued growth in turnover and profitability in coming years as well.

DIVIDEND

In view of the prevailing economic conditions, Directors are of the opinion that a consistency in the dividend rate should be maintained and the balance funds should be retained, to internally meet any exigency in future. Accordingly, the Directors are recommending for your approval, a dividend of Rs. 3/- per equity share of Rs.10/- each fully paid-up. This will absorb Rs. 13.18 million. In addition, Rs. 2.24 million shall be payable as corporate dividend tax (including surcharge, education cess and secondary & higher education cess) thereon.

DIRECTORS

The Directors, Mr. Chandra Sekhar Panigrahi and Mr. Surinder Kumar Nagpal shall be retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

The necessary details about the Directors seeking reappointment are mentioned below for the consideration of shareholders:

Name of the Director	Mr. Chandra Sekhar Panigrahi	Mr. Surinder Kumar Nagpal
Age in years	67	77
Date of Appointment	26th March, 2009	27th January, 2010
Expertise in Special Functional Areas	Engineering & General Management	Finance
Qualification	Graduate Engineer (Mechanical)	B. Com (H); FCA
Directorships held in other companies in India, as on 30/09/2013	None	Jain Insurance Brokers Private Limited
Membership of Committees of other companies, in which he is a Director, as on 30/09/2013	None	None
No. of Shares held in the Company (Including those held by relatives)	Nil	Nil

None of the Directors 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

- A) Statutory Auditors**– M/s S. R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. 301003E) who are to retire at the conclusion of ensuing Annual General Meeting have expressed their willingness to be reappointed as the Statutory Auditors of the Company from the conclusion of the 44th Annual General Meeting until the conclusion of next Annual General Meeting of the Company and also confirmed that their appointment, if made, will be in compliance with the requirements of Section 224(1B) of the Companies Act, 1956.

Accordingly, the Audit Committee and the Board of Directors recommend for appointing the said M/s S. R. Batliboi & Co. LLP, as the Statutory Auditors of the Company for the year 2013/14, by the shareholders of the Company.

- B) Cost Auditors**– During the year under review, M/s Balaji & Associates, Cost Accountants, (Firm Registration No. 0112) were appointed as the Cost Auditors of the Company, in accordance with the requirements of The Companies (Cost Accounting Records) Rules, 2011. The Company shall be submitting its Cost Audit Report for the year ended on 30th September, 2013 within the time stipulated in the aforesaid Rules.

The members may kindly take note, that for the year 2011/12:

- The due date for filing the Cost Audit Compliance Report was 31/03/2013; and
- The actual date of filing the Cost Audit Compliance Report was 04/03/2013.

Further, the Company has also received a letter from the said M/s Balaji & Associates, Cost Accountants confirming their eligibility under section 224 (1B) of the Companies Act, 1956; as well as its independence and arm's length relationship with the Company for appointment as the Cost Auditors of the Company for the year 2013/14.

Accordingly, based on the recommendation of the Audit Committee of the Board, they have been appointed as the Cost Auditors of the Company by the Board of Directors at its meeting held on 30th October, 2013; to carry out the cost audit of the Company for the year 2013/14.

- C) Internal Auditors**– During the year under review, M/s Lodha & Co., Chartered Accountants, New Delhi carried out the internal audit exercise, broadly covering all the departments (including - Legal & Statutory Compliance, Finance, Purchase & Inventory Management, Sales & Debtors and Taxation) of the Company for the year 2012/13 and submitted their report.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with the BSE Limited (BSE), 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.

Further, the company has been regular in sending the corporate governance compliance report to the BSE on quarterly basis and also uploads the same on its website.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with 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 year under review. Accordingly, there are no unclaimed or unpaid deposits lying with the Company during the financial year under review.

PARTICULARS OF EMPLOYEES

Details of the employee whose particulars are required to be disclosed under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are attached in Annexure - II; and form an integral part 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 profit of the Company for that 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 place on record their appreciation for the continued patronage and support of its business partners, investors' fraternity, statutory authorities, bankers; and all the employees for their dedication & commitment. The Board of Directors expect to receive the similar support and contribution from everyone in future also.

For and on behalf of the Board of Directors

Biren De

Ravinder Nath

Chandra Sekhar Panigrahi

Surinder Kumar Nagpal
(Directors)

Place : New Delhi
Date : 30th October, 2013

ANNEXURE - I

Information required in pursuance of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. CONSERVATION OF ENERGY

Your Company carries out its operations in an environmental friendly manner and is on the look-out for different ways & means to reduce the consumption of energy in its operations. Fuel & electricity consumption in different stages of production processes were monitored regularly and suitable corrective actions were taken wherever possible. Some of the energy conservation measures taken during the year and consequent advantages are given below:

1. Sodium vapor lamps replaced by LED high bay lights in certain areas; which have better life expectancy and require less maintenance.
2. Conventional Tube Lights and CFLs were replaced by LED lights in certain areas, which have low power consumption, besides better life expectancy.

In addition to above mentioned energy saving steps, company is going to purchase power through IEX for energy cost saving.

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

FORM A

PART A- Power and Fuel Consumption

Sr. No.	Particulars	2012-13	2011-12
1.	Electricity		
	(a) Purchased units (millions)	2.60	1.79
	Total amount (Rs. in millions)	17.08	10.90
	Rate/unit (Rs.)	6.57	6.09
	(b) Own Generation		
	(i) Through diesel generating units (millions)	0.30	0.91
	Unit per litre of diesel oil	3.27	3.33
	Cost/unit (Rs.)	14.76	11.68
	(ii) Through steam turbine / generator	NIL	NIL
2.	Coal	NIL	NIL
3.	Purchased Fuel Consumed		
	(i) Furnace Oil		
	Quantity (K. Lts.)	0.66	0.15
	Total amount (Rs. in millions)	0.04	0.01
	Average rate (Rs. per litre)	54.74	54.74
	(ii) Pipe Natural Gas		
	Quantity (1000 cubic meters)	271.00	275.48
	Total amount (Rs. in millions)	10.42	9.44
	Average rate (Rs. per cubic meter)	38.44	34.27

PART B - CONSUMPTION PER UNIT OF PRODUCTION

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	10.15	9.13
Furnace oil (liters)	NIL	NIL
Pipe Natural Gas (cubic meter)	0.95	0.93