

Registered Office:  
Voith Paper Fabrics India Limited  
113/114 A, Sector-24  
Faridabad (Haryana)  
Delhi NCR / 121 005 / India  
Phone +91 129 4292 200  
Fax +91 129 2232 072

5<sup>th</sup> September, 2020  
BSE Limited  
Listing Department  
Phiroze Jeejeebhoy Towers,  
Dalal Street, **Mumbai – 400001**

Stock Code: 522122; Company Code: 2407  
Sub.: Copy of Annual Report with Notice of 50<sup>th</sup> Annual General Meeting


Dear Sir/Madam,

In pursuance of Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the 50<sup>th</sup> Annual Report of the Company which is also being mailed to the shareholders of the Company, besides being made available on the website of the Company.

We hope that you would find the above in order and request you to take the same on records.

Thanking you.

For Voith Paper Fabrics India Limited

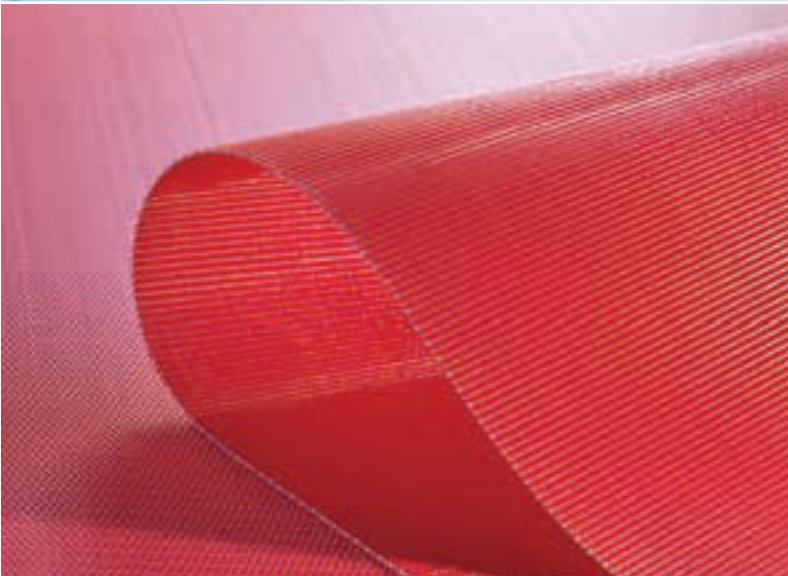
  
C.S. Gughani  
Company Secretary  
FCS No.: 4301



## 50<sup>th</sup> Annual Report 2019/20

### Voith Paper Fabrics India Limited

Papermaking. Next Level



## BOARD OF DIRECTORS

### Chairman

Benno Edmund Morlock

### Managing Director

R. Krishna Kumar

### Directors

Biren De (Ceased, with effect from 30/07/2020)

Ravinder Nath

Surinder Kumar Nagpal

Shahana Basu

Deepti Gupta (Appointed w.e.f. 30/07/2020)

## FINANCE CONTROLLER

Kalyan Dasgupta

## COMPANY SECRETARY

C.S. Gugliani

## REGISTRAR & TRANSFER AGENT

MCS Share Transfer Agent Limited  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase - I,  
New Delhi - 110020

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## 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)

P.C. Jain & Co., Company Secretaries (Secretarial)

Lodha & Co., Chartered Accountants (Internal)

## BANKERS

AXIS Bank Limited

ICICI Bank Limited

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

BNP Paribas



## Chairman's Communique

Dear Shareowners,

I believe that all of you are safe and healthy together with your respective families, as the past few months have been very challenging due to the coronavirus pandemic. This has caused great uncertainty all over the globe for each and every one of us. So far, we have already lost more than a month's operations to the pandemic in the current fiscal 2020/21 and are moving ahead with caution in order to mitigate its' impact in the coming months.

At Voith, 'safety' of our employees continues to be the top most priority and the local management of your company closely monitors the implementation of 'safety measures' to remain accident free. I am happy to report that your company has maintained a 'zero injury frequency rate' in its operations for more than 11 years in a row, which is quite commendable. We remain committed to provide our employees a safe and secure work environment and expect them to observe prudent behaviour at work, to achieve this goal.

I am glad to inform you that the performance of your company has not only remained stable but also registered reasonable growth in the year 2019/20, despite the closure of its operations for about last 10 days of the year, due to lockdown imposed in the region owing to the pandemic. I would like to express my appreciation and thank everyone associated with the company who contributed in delivering such a performance.

The global demand for paper continues to show a growing trend with the increasing focus on education, e-commerce and hygiene coupled with anticipated economic growth – which is a good sign for the future of your company as well.

To continue profitable growth, we intend to put in place systems to be valued as a differentiator amongst our customers - providing sustainable and efficient papermaking solutions from single source. Voith Group is committed to strengthen its role in the circular economy of sustainable technologies and to become carbon neutral in the near future.

I look forward to your continued patronage to successfully move ahead in future, by preparing ourselves to be vigilant about the needs of our customers and to be able to meet their expectations by bringing about the desired solutions.

Lastly, I wish to thank all stakeholders of the company for their continuing support that enabled your company to perform reasonably well and look forward to virtually meet you at the forthcoming Annual General Meeting of your company in accordance with the local legal provisions announced by the regulators for the purpose.

Warm regards,

**Benno Edmund Morlock**  
Chairman



## Managing Director's Communique

Dear Shareowners,

At the outset, I feel honoured and pleased to share with all of you that, as at 31st March, 2020, your company had earned itself a place in the list of 'Top 1000 Companies' listed on BSE, on the basis of market capitalization. I presume this must have also resulted in significant capital appreciation at your hands too.

Further, we can look back at the year gone by with satisfaction as during the year under review, your company has achieved total revenue of INR 1,176.08 Million and 'profit before tax and exceptional items' for the year INR 342.20 Million; as against total revenue of INR 1,120.29 Million and 'profit before tax and exceptional items' of INR 324.76 Million in the last year, registering a growth of about five percent over prior year's performance, despite the onset of pandemic towards end of the financial year.

The performance would have been even better if we had not lost about 10 days of operations towards the close of financial year under review, due to imposition of lockdown in the region on account of COVID-19. Further, during the current year 2020/21, your company lost more than a months' operations due to complete closure of all non-essential economic activities. Also, owing to the prevailing lockdown situation, our customers as well lost considerable amount of their production capacity.

However, your Company obtained the permission to resume operations partially towards the end of initial lockdown phase and was able to resume normal operations towards end of May 2020. Hence, in the current fiscal, this effect on operations can have an adverse impact in the short term but we are quite optimistic about our long term future. There could be also some delay in implementation of our planned projects due to ongoing travel restrictions. We are hopeful that in the near term we will be tiding over this pandemic induced adversity and will reach the pre-lockdown levels by the end of current fiscal.

I am pleased to share with you that our project for Forming Fabrics manufacturing has commenced as per schedule and our products are being highly appreciated by our customers. With this project implementation, we have become the only solution provider in India offering the complete range of paper machine clothing to Indian Paper Industry, thus going a big way towards "Atmanirbhar Bharat".

Our longstanding relationship with all our customers and contributions from our committed team of professionals instils in us a confidence that the company would be able to set up a strong platform for stable growth in future. I have no doubt that with your continued support in this tough time also, your company will successfully face all future challenges and emerge stronger in the coming years.

I look forward to your active participation at the Fiftieth Annual General Meeting which, under the prevailing situation, is being convened in virtual mode.

With best wishes for everyone, to stay safe and stay healthy!

Warm regards,

R. Krishna Kumar  
Managing Director

## BOARD'S REPORT

Dear Members,

Your directors are pleased to present before you, the Fiftieth Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2020.

## FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2020 is summarized below:

	(INR in millions)	
	For the year ended	
	31/03/2020	31/03/2019
Revenue from operations	1,176.08	1,120.29
Profit before taxation	333.67	324.76
Tax expense	88.25	93.81
Total comprehensive income for the year	242.87	231.00
Earnings Per Share (EPS) (In rupees)	55.90	52.58

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

However, the operations of the company remained suspended for about 10 days due to lockdown in the region towards the end of financial year, yet the overall loss of production was not significant. Also, certain orders which were planned for dispatch during the last week of March 2020 could not be arranged to be delivered to customers and to that extent company's sales, as well as the profits were somewhat adversely impacted, during the financial year under review.

The operations could resume partially in the current year 2020/21, only in the last week of April 2020 and were normalized in May 2020. Also, our customers i.e., the paper mills across the country could not resume normal production even during May and June 2020 due to shortage of labour, inadequate transportation, low raw material availability, etc. This may impact the year 2020/21 by about 15% of the planned sales.

### DIVIDEND

The Company endeavours 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 @ 50%, i.e., of Rs.5/- per equity share of Rs.10/- each fully paid-up, for the year ended 31<sup>st</sup> March, 2020, aggregating to Rs.21.96 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

During the year under review there was no change in the composition of Board of Directors of the Company. However, Board of Directors have approved to change the designation/position of two directors, effective from 1<sup>st</sup> April, 2020 subject to approval of shareholders, as follows:

1. The designation/position of Ms. Shahana Basu was changed from that of a Non-executive Woman Director to an Independent Woman Director; and
2. The designation/position of Mr. Ravinder Nath was changed from that of an Independent Director to a Non-executive Director.

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

Also, Mr. Biren De resigned from the directorship of the company from 30<sup>th</sup> July, 2020. The Board placed on record its appreciation for the contributions made by him during his long association with the company.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have inducted, subject to approval of shareholders at the ensuing Annual General Meeting (AGM), Dr. Deepti Gupta as an Independent Woman Director with effect from 30<sup>th</sup> July, 2020, to bring more diversity on the Board. She is a 'First Class First' Post Graduate in Textile & Clothing, with a Doctorate in Textile Technology from IIT Delhi and is currently a Professor in the department of Textile & Fibre Engineering at IIT Delhi.

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 appointed and/or reappointed/ redesignated, are as under:

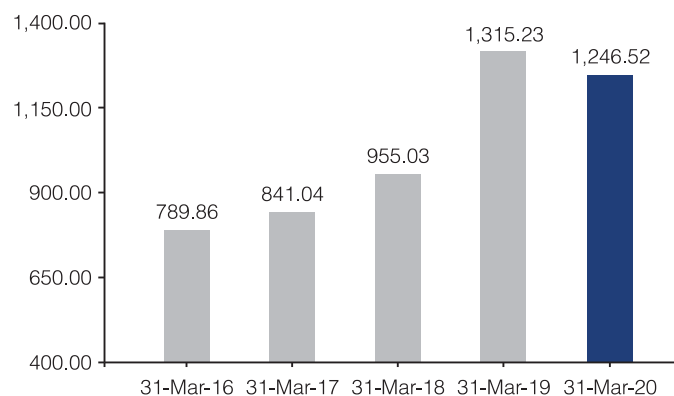
Name of the Director	Mr. R. Krishna Kumar	Ms. Shahana Basu	Mr. Ravinder Nath	Dr. Deepti Gupta
DIN	05344619	07137715	00062186	08481203
Age in years	45 years	51 years	75 years	54 years
Date of initial Appointment in the Company	23 <sup>rd</sup> July, 2014	6 <sup>th</sup> February, 2016	24 <sup>th</sup> October, 1998	30 <sup>th</sup> July, 2020
Expertise in Special Functional Areas	Engineering and Administration	Legal	Legal	Textile Chemical Processing & Product Development.
Qualification	B.E.	Law Graduate and Post Graduate in Sociology & Political Science.	B.Com (Hons.) LLB, International Law, London	PhD in Textile Technology
Directorships held in other companies in India, as on 31/03/2020	1. Voith Paper Technology (India) Private Limited; 2. Voith Digital Solutions India Private Limited	1. DCM Nouvelle Limited	1. Kanoria Chemicals & Industries Limited 2. Somany Ceramics Limited 3. Kadimi Construction Private Limited 4. Knowcross Solutions Pvt. Ltd. 5. Geeztek Solutions Pvt. Ltd. 6. LEGO India Private Limited 7. Jay Dee Ess Leasing Company Private Limited	1. Globallogic India Private Limited 2. Globallogic Technologies Private Limited
Membership of committees of other companies, in which s/he is a Director, as on 31/03/2020	CSR Committee – Voith Paper Technology (India) Private Limited	None	NRC – Kanoria Chemicals Limited CSR Committee – Somany Ceramics Limited	CSR Committee - Globallogic India Private Limited and Globallogic Technologies Private Limited
No. of shares held in the Company (Including those held by relatives)	Nil	Nil	Nil	Nil

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

## PERFORMANCE OVERVIEW

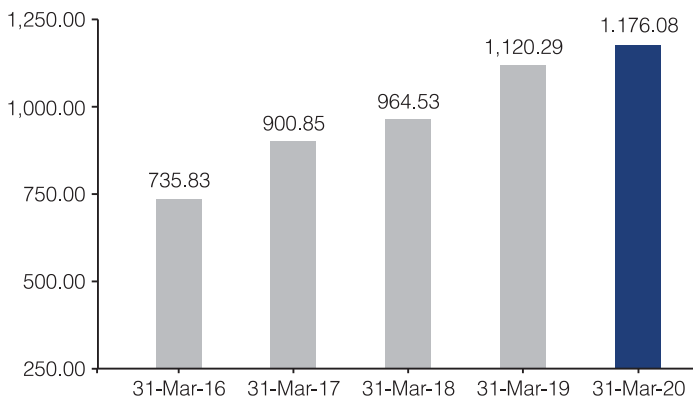
### Order Received

■ INR in million



### Sales/Revenue

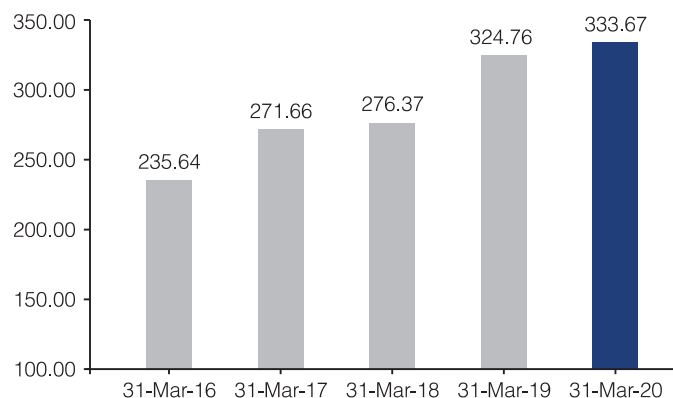
■ INR in million





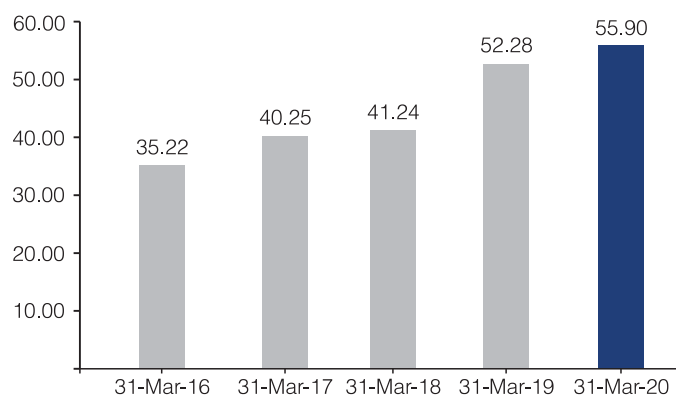
#### Profit Before Tax

■ 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 2019/20.

### CAPACITY ENHANCEMENT

The Company is in the process of its capacity enhancement. In first phase, the installation of machineries is almost complete and the Production has also commenced partially during the year under review. We expect that this will help us to improve quality, productivity and customer satisfaction in the years to come.

### 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 [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

During the year under review, there were no material transactions, as defined under the provisions of 'Listing Regulations', between the company and related parties. All transactions with related parties were carried out in the ordinary course of business at arms' length basis and details of such transactions 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

As regards the observation of Statutory Auditor in relation to the appearance of name of one of the director in the list of disqualified directors on MCA website, the Board noted that the concerned director is in disagreement with the list hosted on MCA website and has already made representation to the Registrar of Companies. Meanwhile, the said director has already tendered his resignation and ceases to be a director of the Company.



## AUDITORS

- A. Statutory Auditors - During the year under review, M/s B S R & Co. LLP, Chartered Accountants, carried out the Statutory Audit exercise and submitted their report.
- B. Internal Auditors - During the year under review, M/s Lodha & Co., Chartered Accountants, carried out the Internal Audit exercise 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 w.r.t. the 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 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 REPORT

Pursuant to regulation 34(2)(f) of the Listing Regulation, the Business Responsibility Report (BRR) in the prescribed format has been included in this Report separately and is being made available at the website of the company also.

## FIXED DEPOSITS

The Company has neither invited nor accepted any deposits from public during the year under review. Accordingly, 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 31st March, 2020: 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, including investors, customers, employees and community, 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 including special education, healthcare, environment sustainability, and eradicating hunger - especially for the benefit of those belonging to socially and economically backward strata of society.

The CSR Policy and the report can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

- Composition: The CSR Committee presently comprises of three directors. Two of whom are Non-executive Directors.

Sr. No.	Name & Designation of the Director in the Committee	Category
1	Mr. Benno Edmund Morlock, Chairman	Non-executive & Non-Independent Director
2	Mr. Biren De, Member	Non-executive & Independent Director
3	Mr. R. Krishna Kumar, Member	Executive & Non-Independent Director

- Average Net Profit of the Company for the last three financial years is Rs.293,086,822/-
- CSR Expenditure i.e. two percent of Average Net profit for last three financial years is Rs.5,861,736/-.
- Details of CSR spent during the financial year
  - Total amount to be spent for the financial year: Rs.58.62 lakhs.
  - Amount unspent, if any: Not Applicable
  - Manner in which the amount spent during the financial year is detailed below:

(Amount INR in Lakhs)

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which project is covered	(4) Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs were undertaken	(5) Amount outlay (budget), projects or programs wise	(6) Amount spent on the projects or programs. Sub-heads: 1) Direct expenditure on projects and programs 2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent through implementing agency or direct
1.	Organisation of health camps	Promoting Health Care	Locally (Faridabad, Haryana)	18.00	18.00 (Direct)	18.00	HelpAge India
2.	Mid-day meal for school going students	Eradicating Hunger	New Delhi	18.00	18.00 (Direct)	18.00	The Akshaya Patra Foundation
3.	Organising Art & Cultural programmes By handicapped children	Art and culture	New Delhi	5.00	5.00 (Direct)	5.00	Impresario India
4.	Distribution of cotton bags for environment sustainability	Environment Sustenance	Locally (Faridabad, Haryana)	4.42	4.42 (Direct)	4.42	Direct
5.	Mini Science Centre & Life skill training with science and mathematics models and also distribution of school bags, etc.	Promoting Education	Locally (Faridabad, Haryana)	13.20	13.20 (Direct)	13.20	World Vision India
	<b>TOTAL</b>			<b>58.62</b>	<b>58.62</b>	<b>58.62</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide reasons for not spending the amount in its Board Report: **Not Applicable**
7. A responsibility statement by CSR Committee of the Board: We hereby state that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Sd/-  
Benno Edmund Morlock  
Chairman of the CSR Committee  
(DIN: 08276536)  
3<sup>rd</sup> July, 2020

Sd/-  
R. Krishna Kumar  
Managing Director  
(DIN: 05344619)

## ANNUAL EVALUATION BY THE BOARD

The Board has carried out the annual evaluation of its own performance, of each of its Committee and of all individual Directors, as required under the provisions of Section 134(3)(p) of the Companies Act, 2013 and the applicable provisions of Listing Regulations. The manner in which such performance evaluation exercise was carried out is given below:

The Nomination and Remuneration Committee (NRC) carries out the evaluation process at initial stage, followed by evaluation by Board. The performance evaluation framework is in place to seek the response of each Director on the evaluation of the entire Board and Individual Directors, on defined parameters.

The criteria of evaluation of Board as well as that of its each Committee; and individual Directors, including the Chairman of the Board; as defined by NRC in this regard, includes attendance and contribution of each Director at the meetings or otherwise, independent judgment, adherence to code of conduct and business ethics, monitoring of regulatory compliance, risk management and review of internal control system, etc.

The performance of the Board and Individual Directors was also evaluated by the Board seeking inputs from all Directors on aforesaid parameters. The performance of Committees was evaluated by the Board seeking inputs from concerned Committee Members. A separate meeting of the Independent Directors was also held to review the performance of Non-independent Directors; performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of executive as well as non-executive Directors.

## PREVENTION OF SEXUAL HARASSMENT CASES

As required under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with rules made thereunder, the Company has constituted an "Internal Complaints Committee" which is responsible for redressal of complaints related to sexual harassment. The necessary disclosure in terms of requirements of Listing Regulations in this regard is given below:

- a) Number of complaints filed during the financial year – Nil
- b) Number of complaints disposed of during the financial year – Nil
- c) Number of complaints pending as on end of financial year – Nil

## NUMBER OF MEETINGS OF THE BOARD

During the year under review, five meetings were convened and held. Details of composition of Board and its committees and of the meetings held, attendance of the Directors and other relevant details are provided in the Corporate Governance Report.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

## POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Board has originally constituted its Remuneration Committee on 31<sup>st</sup> January, 2002 as part of good corporate governance practice. The current policy is to ensure that appropriate and suitable members are appointed on the Board of the Company and that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and meets appropriate benchmarks.

The Nomination & Remuneration Committee, at its sole discretion, considers the integrity, qualification, expertise and experience of the person for appointment as a Director and then recommends to the Board of his/her appointment.

## REMUNERATION CRITERIA

- Executive Director / Managing Director / Whole-time Director: They shall be paid remuneration comprising of several components (including fixed as well as variable) decided and approved by the Board from time to time on recommendation of the Committee. Such remuneration is determined according to industry standards, experience, laws and regulations, prevailing market conditions and the scale of Company's business relating to the position.
- Other Directors: The Company remunerates its non-executive Indian directors by way of Sitting Fees for attending meetings of the Board and/or any Committee thereof as may be decided by the Board from time to time, subject to the maximum amount as may be prescribed by the Central Government in this regard.

The policy is available at 'Company Policies' link on 'Investors Corner' page at company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s P.C. Jain & Co., Company Secretaries to undertake the Secretarial Audit of the company. The report of the secretarial audit is annexed as Annexure – IV.

As regards the observation of Secretarial Auditor in relation to the appearance of name of one of the director in the list of disqualified directors on MCA website, the Board noted that the concerned director is in disagreement with the list hosted on MCA website and has already made representation to the Registrar of Companies. Meanwhile, the said director has already tendered his resignation and ceases to be a director of the Company.

## FRAUDS REPORTED BY THE AUDITORS

None of the auditors - Statutory, Secretarial or Internal - have reported any incident of fraud to the Audit Committee/Board of Directors, in their respective report, for the periods reviewed by them.

## SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards, as amended from time-to-time.

## SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company neither has any subsidiary, joint venture or associate company; nor has any company become or ceased to be its subsidiary, joint venture or associate company, during the year.

## ANNUAL RETURN

As required under the provisions of Section 92(3) read with section 134(3)(a) of the Companies Act, 2013, a copy of the relevant Annual Return would be made available at 'Investor Relations' link on the 'Investors Corner' page of company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm) and an extract of the Annual Return in the prescribed format is annexed as Annexure – V to this Report.

## APPRECIATIONS

The Board wishes to place on record its appreciation for the untiring efforts & contributions of all the employees of the Company and for the trust & support of all other stakeholders associated with the company. The Board expects to continue to receive the same in future also.

For and on behalf of the Board of Directors

Ravinder Nath (DIN: 00062186)  
S K Nagpal (DIN: 01171148)  
Directors

R. Krishna Kumar (DIN:05344619)  
Managing Director

Date : 30<sup>th</sup> July, 2020  
Place : New Delhi

## ANNEXURE - I

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2020, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis:

There were no material contracts or arrangements or transactions entered into by the company with any related party, during the year ended March 31, 2020. However, the particulars of related party transactions carried out in the ordinary course of business at arm's length basis, are appearing at Note No. 36 forming part of the financial statements of this annual report.

## ANNEXURE - II

Information required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

The Company remains in constant pursuit to carry out its operations in an environment friendly manner as well as to reduce the consumption of energy. This is done by regularly monitoring the consumption of fuel & electricity at various stages of production process and taking suitable corrective steps wherever possible.

As part of this exercise, some more conventional lights were replaced with LED lights which has more life and requires less maintenance, in various areas of operations and administrative blocks.

### A. CONSERVATION OF ENERGY

#### PART A - Power and Fuel Consumption

Sr. No.	Particulars	For the Year ended 31/03/2020	For the Year ended 31/03/2019
1.	Electricity		
(a)	Purchased units (million)	3.40	3.29
	Total amount (INR in million)	28.11	26.47
	Rate/unit (INR)	8.28	8.06
(b)	Own Generation		
(i)	Through diesel generating units (million)	0.38	0.10
	Unit per litre of diesel oil	3.22	3.42
	Cost/unit (INR)	18.79	17.33
(ii)	Through steam turbine / generator	NIL	NIL
2.	Solar power (million KWH)	0.09	0.14
3.	Purchased Fuel Consumed		
(i)	Furnace Oil		
	Quantity (K. Lts.)	-	-
	Total amount (INR in millions)	-	-
	Average rate (INR per litre)	-	-
(ii)	Piped Natural Gas		
	Quantity (1000 cubic meter)	530.29	475.52
	Total amount (INR in million)	20.21	19.06
	Average rate (INR per cubic meter)	38.11	40.09

#### PART B - CONSUMPTION PER UNIT OF PRODUCTION

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	7.86	7.78
Furnace oil (litre)	NIL	NIL
Pipe Natural Gas (cubic meter)	1.16	1.05

(INR in millions)

Capital Investment made on procuring Energy Conservation Equipment:

Nil

**B. TECHNOLOGY ABSORPTION****Research & Development**

Research & Development (R & D) activities are considered as the foundation for producing better quality products that meet the expectations of customers and for developing indigenous resources for import substitution.

Expenditure incurred on R & D during the year are given below:

	(INR in millions)
(a) Capital	NIL
(b) Recurring	20.19
(c) Total (a + b)	20.19
(d) Total R & D expenditure as a percentage of total turnover	2.10

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Exports (excluding Nepal) during the year were Rs.124.44 million. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

	(INR in millions)
• Foreign Exchange Earnings (actual inflows)	139.03
• Foreign Exchange Expenditure (actual outgo)	448.13

**ANNEXURE - III**

As at 31<sup>st</sup> March, 2020 there were 129 employees on the rolls of the company. For the financial year ended on 31<sup>st</sup> March, 2020, median remuneration of the employees of the company was Rs. 946,224/-.

The ratio of remuneration of the Managing Director, Mr. R. Krishna Kumar to the median remuneration of the employees of the company was 18.05 times. The ratio of remuneration of other directors to the median remuneration of employees of the company is as follows: Mr. Biren De: 0.49 times; Mr. Ravinder Nath: 0.56 times; Mr. Surinder Kumar Nagpal: 0.46 times; and Ms. Shahana Basu: 0.16 times.

The percentage increase in the median remuneration of all employees for the year ended 31<sup>st</sup> March, 2020, over last year's median remuneration was 16.58%, whereas during this period the company has registered a growth of 28.37%. The percentage increase/(decrease) in the remuneration of Managing Director for the said period was 5.91%. Other directors, viz., Mr. Biren De; Mr. Ravinder Nath; Mr. Surinder Kumar Nagpal and Ms. Shahana Basu, were not paid any remuneration except the sitting fee for attending the meetings of the Board and/or its Committees.

In case of the CFO, Mr. Kalyan Dasgupta and the Company Secretary, Mr. C.S. Gugliani, the increase in remuneration was 8.28% and 10.85% respectively. Whereas, the average increase in remuneration of employees of the company was 13.24% which is in line with the policy of the company and prevailing market conditions.

During the year, the average increase in the remuneration of all employees, excluding the remuneration of Managing Director was 13.32%, whereas the increase in remuneration of Managing Director was 5.91%. The increase in remuneration of Managing Director has been as per the Nomination & Remuneration Policy of the company and in accordance with the approval of the shareholders. Besides this, there were no exceptional circumstances for increase in remuneration of Managing Director. The other Directors, who are resident in India, are paid only the sitting fee for attending the meetings of the Board and/or its Committees and are not paid any variable component.

Information as required under Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the financial year ended 31<sup>st</sup> March, 2020, is as follows:

Name of Employee	Age (in Years) as on 31/03/2020	Designation; Nature of duties; date of commencement of employment and experience in years	Annual Remuneration (INR in Million)	Qualifications	Last employment held	% of Equity Shares Held by Employee	Whether related to any Director of the Company
R. Krishna Kumar	45	Reappointed as the Managing Director with effect from 1 <sup>st</sup> August, 2019 for a further period of five years. He possesses a total experience of about 24 years. He is responsible for overall management and day-to-day affairs of the company.  He has worked for the company in various capacities, lastly in the capacity of President, since 01/01/2010.	17.079	B.E.	Vice President - Voith Paper Technology (India) Private Limited / Assistant General Manager - Larsen & Toubro Limited.	NIL	No

## REMUNERATION OF TOP 10 EMPLOYEES

Sr. No.	Name of Employee	Designation / Nature of Duties	Remuneration (Amount in INR)	Nature of Employment (Contractual or otherwise)	Qualifications	Experience (in years)	Date of Commencement of Employment	Age in years	Last Employment Held	% of Equity Shares Held by Employee	Whether related to any Director of the Company
1	Kalyan Dasgupta	VP	5,026,335	Permanent	Bachelors in Accounting and AICWA	31	16.07.2009	57	Jindal Saw Ltd	Nil	No
2	Karunakar Pant	VP	4,339,050	Permanent	Bachelors in Science from BITS Pilani and Diploma in Paper Technology	41	21.10.1998	64	Sinar Mas India Limited	Nil	No
3	Praveen Batra	DGM	3,296,940	Permanent	Masters in Pulp and Paper Technology from IIT Rorkee	30	27.06.2005	54	Wires and Fabriks (S.A.) Limited	Nil	No
4	Rakesh Kumar Malani	DGM	3,114,465	Permanent	Bachelors in Textile Technology & PGDBA from IGNOU	24	06.07.2007	47	Wires and Fabriks (S.A.) Limited	Nil	No
5	Shailesh Jha	Chief Manager	2,597,049	Permanent	Bachelors in Mechanical Engineering from BIT Mesra	16	05.10.2012	38	Timken India Limited	Nil	No
6	Rajesh Pruthi	Sr. Manager	2,349,659	Permanent	Diploma in Chemical Engg. Specialising in Pulp and Paper Technology	23	08.09.2003	43	Nalco Chemicals India Limited	Nil	No
7	Mahesh Arora	Sr. Manager	2,349,615	Permanent	Bachelors in Textile Technology (GMTA) and PGDBA from IGNOU	32	17.07.1990	53	Nuchem Limited	40 shares (0.0009%)	No
8	Bhatu Kuwar	Manager	2,324,690	Permanent	Bachelors in Pulp and Paper Technology	26	17.08.2006	47	Wires and Fabriks (SA) Limited	Nil	No
9	Chander Shekhar Gugliani	Company Secretary	2,208,362	Permanent	Masters in Commerce and Fellow Member of ICSI	33	08.02.2002	55	KCC Software Limited	Nil	No
10	Archana Sharma	Manager	2,154,758	Permanent	Masters in Commerce and Fellow Member of ICAI	19	01.10.2008	39	Ajay Mittal & Co.	Nil	No



## ANNEXURE - IV

FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Voith Paper Fabrics India Limited,  
113/114 - A, Sector - 24,  
Faridabad – 121005 (Haryana)

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Voith Paper Fabrics India Limited, CIN: L74899HR1968PLC004895 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable during the audit period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable for the period under review)**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable for the period under review)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable for the period under review)**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable for the period under review)**
- (vi) On the basis of written representation and detail of Industry provided by the company, we confirm that no other laws are specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period no specific events/actions were taken by the Company which has a major bearing on the Company's affairs in pursuance of the act, rules, regulations, guidelines, standards, etc.

For P. C. Jain & Co.  
Company Secretaries  
(FRN: P2016HR051300)

Date: 30/07/2020  
Place: Faridabad

(CS P C Jain)  
Managing Partner  
COP No.: 3349  
M. No.: FCS 4103  
UDIN: F004103B000537372

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**Annexure - A**

To,  
The Members,  
Voith Paper Fabrics India Limited  
113/114-A, Sector-24, Faridabad-121005 (Haryana)

Dear Members,

Our Secretarial Audit Report for the financial year 2019-20 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records, personal records of employee(s) and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

It has come to our notice that one of the independent director's name is included in the list of disqualified directors as appeared on the official website of the Ministry of Corporate Affairs (MCA). However, the concern director has made representation before the MCA against such disqualification. Further, it has been reported that the concern independent director has resigned from the directorship of the company with effect from 30<sup>th</sup> July, 2020.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P. C. Jain & Co.  
Company Secretaries  
(FRN: P2016HR051300)

Date: 30/07/2020  
Place: Faridabad

(CS P C Jain)  
Managing Partner  
COP No. 3349  
M. No.: FCS 4103

**ANNEXURE - V****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS**

1	CIN	L74899HR1968PLC004895
2	Registration Date	20/06/1968
3	Name of the Company	Voith Paper Fabrics India Limited
4	Category/Sub-category of the Company	Public Company / Limited by Shares (Indian Non-Government)
5	Address of the Registered office & contact details	113/114 A, Sector - 24, Faridabad - 121005, Haryana Phone: +91 129 4292 200; Fax: +91 129 2232 072 Email: <a href="mailto:voithfabrics.faridabad@voith.com">voithfabrics.faridabad@voith.com</a> Website: <a href="http://www.voithpaperfabricsindia.com">http://www.voithpaperfabricsindia.com</a>
6	Whether listed company	Listed
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited F-65, First Floor, Okhla Industrial Area Phase - I, New Delhi - 110020 Phone: 011 - 41406149 to 51, Fax: 011 - 41709881 E mail: <a href="mailto:helpdeskdelhi@mcsregistrars.com">helpdeskdelhi@mcsregistrars.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Industrial Felts	13999	81.94
2	Traded Goods	47990	16.41

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	VP Auslandsbeteiligungen GmbH St. Pöltener Straße 43 89522, Heidenheim, Germany.	NA	Holding	74.04	2(46)

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	-	-	-	0.00%	-	-	-	0.00%	0.00%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corporate	3,252,418	-	3,252,418	74.04%	3,252,418	-	3,252,418	74.04%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	74.04%	3,252,418	-	3,252,418	74.04%	0.00%
<b>TOTAL (A)</b>	<b>3,252,418</b>	<b>-</b>	<b>3,252,418</b>	<b>74.04%</b>	<b>3,252,418</b>	<b>-</b>	<b>3,252,418</b>	<b>74.04%</b>	<b>0.00%</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	25	-	25	0.00%	0.00%
b) Banks / FIs	432	274	706	0.02%	432	274	706	0.02%	0.00%
c) Central Government	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Foreign Portfolio Investors	2,500	-	2,500	0.06%	-	-	-	0.00%	-0.06%
f) Insurance Companies	51,331	75	51,406	1.17%	51,331	75	51,406	1.17%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	54,263	349	54,612	1.25%	51,788	349	52,137	1.19%	-0.06%
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	105,209	2,104	107,313	2.44%	89,575	2,104	91,679	2.09%	-0.35%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	767,640	88,961	856,601	19.50%	791,518	81,515	873,033	19.87%	0.37%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	63,647	-	63,647	1.45%	63,647	-	63,647	1.45%	0.00%
c) Others (specify)									
NBFC registered with RBI	658	-	658	0.01%	448	-	448	0.01%	0.00%
Non Resident Indian	11,832	2,514	14,346	0.33%	11,908	2,514	14,422	0.33%	0.00%
Director or Director's Relatives	1,380	-	1,380	0.03%	1,380	-	1,380	0.03%	0.00%
IEPF	29,866	-	29,866	0.68%	31,677	-	31,677	0.72%	0.04%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Unclaimed or Suspense or Escrow Account	11,718	-	11,718	0.27%	11,718	-	11,718	0.27%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	991,950	93,579	1,085,529	24.71%	1,001,871	86,133	1,088,004	24.77%	0.06%
<b>Total Public (B) = B(1) + B(2)</b>	<b>1,046,213</b>	<b>93,928</b>	<b>1,140,141</b>	<b>25.96%</b>	<b>1,053,659</b>	<b>86,482</b>	<b>1,140,141</b>	<b>25.96%</b>	<b>0.00%</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4,298,631</b>	<b>93,928</b>	<b>4,392,559</b>	<b>100.00%</b>	<b>4,306,077</b>	<b>86,482</b>	<b>4,392,559</b>	<b>100.00%</b>	<b>0.00%</b>

## (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	VP Auslandsbeteiligungen GmbH	3,252,418	74.04%	0	3,252,418	74.04%	0	0.00%

## (iii) Change in Promoters' Shareholding (please specify, if there is no change): No Change in shareholding of Promoter during the year

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year			3,252,418	74.04%	3,252,418	74.04%
	Changes during the year			No Change	0.00%	No Change	0.00%
	At the end of the year			3,252,418	74.04%	3,252,418	74.04%

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year as at 1/04/2019		Cumulative Shareholding during the year as at 31/03/2020	
		No. of shares	% of total shares	No. of shares	% of total shares
1	The Oriental Insurance Company Limited	51,331	1.17	51,331	1.17
2	Musaddilal Rawat	42,019	0.96	42,019	0.96
3	Archana Khandelwal	21,628	0.49	21,628	0.49
4	Om Prakash Rawat	18,000	0.41	18,000	0.41
5	Aparna Gupta	15,034	0.34	15,034	0.34
6	Musaddilal Rawat (HUF)	14,948	0.34	14,948	0.34
7	Stephen Cyril Dlima	13,656	0.31	14,523	0.33
8	Chhaganlal Shamji Virani Madras Pvt Ltd*	-	N.A.	14,088	0.32
9	Vijay Gupta (HUF)	12,919	0.29	12,919	0.29
10	Laurel Securities Pvt. Ltd.	13,500	0.31	12,500	0.28
11	Vijay Prakash Gupta**	11,840	0.27	11,840	0.27

\* Not amongst Top 10 shareholders as at the beginning of year.

\*\* Was part of Top 10 shareholders as at the beginning of year. But, ceased to be amongst Top 10 shareholders at the end of year.

## (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name: Mr. Biren De, Director						
	At the beginning of the year	01/04/2019	-	1,380	0.03%	1,380	0.03%
	Changes during the year	-	-	-	0.00%	-	0.00%
	At the end of the year	31/03/2020	-	1,380	0.03%	1,380	0.03%
2	Name: No other Director or KMP held any share in the company, during the year.	-	-	-	-	-	-
	At the beginning of the year	-	-	-	-	-	-
	Changes during the year	-	-	-	-	-	-
	At the end of the year	-	-	-	-	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (Rupees)
	Name	R. Krishna Kumar	
	Designation	Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16,530,547	16,530,547
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	548,698	548,698
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	17,079,245	17,079,245
	Ceiling as per the Act	It is in accordance with the ceiling as specified under Section 197 of the Companies Act, 2013.	

### B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rupees)
1	Independent Directors	Mr. Biren De	Mr. Ravinder Nath	Mr. S. K. Nagpal	
	Sitting Fee for attending board and committee meetings	460,000	530,000	435,000	1,425,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	460,000	530,000	435,000	1,425,000
2	Other Non-Executive Directors	Mr. Benno Edmund Morlock	Ms. Shahana Basu		
	Sitting Fee for attending board and committee meetings	-	150,000		150,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	150,000	-	150,000
	Total (B)=(1+2)	460,000	680,000	435,000	1,575,000
	Total Managerial Remuneration				18,654,245
	Overall Ceiling as per the Act	Not applicable, as only sitting fee has been paid to eligible directors.			

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rupees)
	Name	Mr. Kalyan Dasgupta	Mr. C. S. Gugliani	
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,860,335	2,106,362	6,966,697
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	194,800	130,800	325,600
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	5,055,135	2,237,162	7,292,297

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishment/compounding of offences for the breach of any section of the Companies Act, against the Company or its Directors or other Officers in Default, if any, during the year.

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of a company's value system, business practices and management ethos. Good Corporate Governance is an ongoing exercise and the Company is committed to pursue the same in accordance with the below mentioned principle laid down by Voith in this regard, much before the concept of Corporate Governance was formally introduced by the regulators:

*In Business world one must be ethical, decent and honest. If the contracting party or competitor behaves unfairly, this does not give us a right to deviate from this principle.*

Your Company believes that good Corporate Governance is essential to achieve long-term goals and is committed to the adoption of best governance practices and its adherence in the true spirit at all levels and facets. Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices.

Corporate Governance by Voith is manifestation of its culture and internal policies which founded its way back in 1927, long before this concept was reckoned by the Indian Corporate World. Firm commitment to our values is vital to gain and retain trust of our stakeholders.

It aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner for achieving the corporate objectives so as to provide best services in the best interests of the Stakeholders, Employees, Customers, Suppliers, Vendors, etc.

The governance processes and systems of your Company continues to get strengthened over a period of time, resulting in constant improvisation of sustainable growth.

### BOARD OF DIRECTORS

- Board's Composition – As at 31<sup>st</sup> March, 2020, the Board of Directors of the company comprised of six Directors including a Non-Executive Chairman, a Managing Director, and Three Non-Executive Independent Directors and a Non-Executive Woman Director. However, effective 1<sup>st</sup> April, 2020 the position of Ms. Shahana Basu, a Non-Executive Woman Director has been changed to that of a Non-Executive Woman Independent Director. The Chairman of the Board is nominated by the holding company. None of the directors hold any inter-se relationship with each other.
- Skill/expertise/competence of the Board of Directors of the Company – The Board of directors have identified the following list of core skills/expertise/competencies required of its members, in context of business of the company and for it to function effectively. Presently, the Board members who possess the identified skill/expertise/competencies is also given below:
  - Engineering & Technical – Mr. Benno Edmund Morlock, Mr. R. Krishna Kumar and Dr. Deepti Gupta.
  - Finance & Accounts – Mr. S.K. Nagpal (Expert) and other directors possess functional knowledge of Finance & Accounts.
  - Legal – Mr. Ravinder Nath and Ms. Shahana Basu.

The Board already has a balanced mix of persons, comprising of individuals possessing rich experience in areas like engineering & technical, finance & accounts, legal, administration and operations, etc., and are functioning quite good as a team. The Composition of Board is in conformity with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations). All Statutory and material information are made available to the Board of Directors to ensure adequate disclosures and transparent decision making process.

- Details of Board Meetings – Between the period from 1<sup>st</sup> April, 2019 and 31<sup>st</sup> March, 2020, the Board met on five occasions as follows:
  - On 16<sup>th</sup> May, 2019 in first Quarter of 2019/20.
  - On 13<sup>th</sup> August, 2019 and 28<sup>th</sup> August, 2019 in second Quarter of 2019/20.
  - On 9<sup>th</sup> November, 2019 in third Quarter of 2019/20.
  - On 7<sup>th</sup> February, 2020 in last Quarter of 2019/20.
- Meeting of Independent Directors – As per requirement of Regulation 25 of Listing Regulations and provisions of Section 149 read with Schedule IV of Companies Act, 2013, an exclusive meeting of Independent Directors was also held without the presence of Non-independent Directors & members of management, on 7<sup>th</sup> February, 2020, at which all Independent Directors were present.
 

The Board also confirms that in its opinion, all the independent directors fulfill the applicable conditions of independence as specified in the Listing Regulations and that they are independent of the management of the company.
- Names and Categories of Directors on the Board, their attendance at the Board Meeting and Annual General Meeting and number of Directorships and Committee positions held by them in other companies, as at 31/03/2020, are as given below:



Name of Director	Category	Number of Board Meetings attended during the year	Attendance at the last AGM held on 28/08/2019	No. of Directorships held as on 31/03/2020 in other Indian companies (Public and Private)		No. of Committee Memberships in other Indian Public Companies as on 31/03/2020	
				As Chairman	As Director	As Chairman	As Member
Mr. Benno Edmund Morlock (Chairman of the Board)	Non-Executive, Non-independent Director (Nominee of the Holding Company)	1	Present	-	-	-	-
Mr. Biren De	Non-Executive and Independent Director	5	Present	-	1	-	-
Mr. Ravinder Nath	Non-Executive and Independent Director	5	Present	-	7	-	2
Mr. Surinder Kumar Nagpal	Non-Executive and Independent Director	5	Present	-	2	1	4
Ms. Shahana Basu	Non-Executive Woman Director	2	Absent	-	1	-	-
Mr. R. Krishna Kumar	Managing Director	5	Present	-	2	-	-

- Details of other listed entities where the Directors, Mr. Ravinder Nath, Mr. Surinder Kumar Nagpal and Ms. Shahana Basu are holding any Board position is given below:

Name of Director	Directorships (with Category) held in other Listed Companies as on 31/03/2020
Mr. Ravinder Nath	Somany Ceramics Limited – Independent Director Kanoria Chemicals & Industries Limited – Independent Director
Mr. S. K. Nagpal	Shiv Kamal Impex Limited – Independent Director Oracle Credit Limited – Independent Director
Ms. Shahana Basu	DCM Nouvelle Limited – Non-Executive, Non-independent Director

- Details of shareholding of Directors and their relatives as on 31/03/2020

Name of Director	Shares held by Director in the Company	Shares held by Relatives	Total Shares held
Mr. Benno Edmund Morlock	NIL	NIL	NIL
Mr. Biren De	1,380	NIL	1,380
Mr. Ravinder Nath	NIL	NIL	NIL
Mr. Surinder Kumar Nagpal	NIL	NIL	NIL
Ms. Shahana Basu	NIL	NIL	NIL
Mr. R. Krishna Kumar	NIL	NIL	NIL

- Familiarization Programme for Independent Directors:

The Independent Directors are already conversant about their roles, rights, duties and responsibilities in the company, nature of industry in which the company operates, business model of the company etc., as they have been associated with the company for many years.

Further, at each Audit Committee Meetings and Board Meetings, about 20-30 minutes of time is normally reserved for Independent Directors, when they are usually briefed about the latest updates pertaining to the operations, business model/developments of the Company; regulatory/statutory changes and its likely impact on the Company workings etc., that have occurred since previous Board Meeting, are conveyed to them by the Statutory Auditors, Managing Director, as well as the Company Secretary. This way they devote adequate time to understand, familiarize and remain updated about the activities of the Company.

The necessary disclosures about the familiarization programme for independent directors, as above, is also available at link of 'Investor Relations' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

- Committees of the Board – The company has constituted the following four Committees of the Board:

#### A. AUDIT COMMITTEE:

Terms of reference: The Audit Committee provides direction to the audit function in the company and monitors/reviews the quality of financial management and internal audit. It also oversees the financial reporting process for proper disclosure in the financial statements and recommends appointment, re-appointment and removal of the auditors and about fixing their remuneration.

The Committee also reviews the quarterly, half-yearly as well as annual financial statements before the same are submitted to the Board, with particular reference to matters to be included in Directors' Responsibility Statement; changes, if any, in the accounting policies and practices; major accounting entries involving estimates based on exercise of judgment by the management; significant adjustments made in financial statements; compliance with listing and other legal requirements relating to financial statements; disclosure and approval of related party transactions; qualifications, if any, in the draft audit report; etc. It also oversees the working of the Internal Audit system, including the internal control mechanism of the company.

**Composition** - In accordance with the provisions of Section 177 of Companies Act, 2013 and Regulation 18 of Listing Regulations, 2015, as at 31<sup>st</sup> March, 2020 the Audit Committee of the Company comprised of three Non-Executive & Independent Directors under the Chairmanship of Mr. Surinder Kumar Nagpal.

**Meetings and Attendance** - Four meetings of the Audit Committee of the Board of Directors took place during the year under review. For the year ended 31/03/2020, the attendance details of Committee Members at the meetings held on 16<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 9<sup>th</sup> November, 2019 and 7<sup>th</sup> February, 2020, is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Surinder Kumar Nagpal, Chairman	Non-Executive & Independent Director	4
Mr. Biren De, Member	Non-Executive & Independent Director	4
Mr. Ravinder Nath, Member	Non-Executive & Independent Director	4

Mr. S.K. Nagpal attended the last Annual General Meeting of the Company as the Chairman of the Audit Committee. Mr. C.S. Gugliani, Company Secretary, is the Secretary to the Committee.

#### Related Party Transaction Policy

Company has formulated a Policy on Related Party Transactions as per the requirements of Listing Regulations, which was lastly reviewed and approved by the Board in August 2018.

The relevant Policy can be accessed at link of 'Company Policies' on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

#### B. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

**Terms of Reference** - The salient functions of the Stakeholders' Relationship Committee (SRC) include, resolving the grievances of shareholders, overseeing the allotment/approvals & rejection of transfer/transmission of shares, split/consolidation, etc.; issue of duplicate share certificates; reviewing the various aspects of interest of shareholders & measures for improvement etc.; and compliance with the listing requirements for Securities of the Company, including dematerialization and/or rematerialization of securities and all allied matters related thereto.

**Composition** - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 20 of Listing Regulations, 2015, as at 31<sup>st</sup> March, 2020, the SRC comprised of three Directors, under the Chairmanship of a Non-Executive & Independent Director, Mr. Ravinder Nath, an advocate by profession.

**Meetings and Attendance** - Four meetings of the SRC of Board of Directors took place during the year under review. For the year ended 31/03/2020, the attendance details of Committee Members at the Meetings held on 16<sup>th</sup> May, 2019, 13<sup>th</sup> August, 2019, 9<sup>th</sup> November, 2019 and 7<sup>th</sup> February, 2020 is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Ravinder Nath, Chairman	Non-Executive & Independent Director	4
Ms. Shahana Basu, Member	Non-Executive Woman Director	2
Mr. R. Krishna Kumar, Member	Managing Director	4

Mr. C.S. Gugliani, Company Secretary, is the Compliance Officer.

Details of Investor Complaints received & disposed-off during the year are as follows:

Particulars	Related to Share Transfers	Other Complaints
Number of complaints pending as on 01/04/2019	0	0
Number of complaints received during the period from 01/04/2019 to 31/03/2020	0	0
Number of complaints disposed-off during the period from 01/04/2019 to 31/03/2020	0	0
Number of complaints pending as on 31/03/2020	0	0

#### C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

**Terms of Reference** - The CSR Committee has been entrusted with responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013; recommending to the Board the amount of expenditure to be incurred; monitoring the implementation of framework of CSR Policy and ensuring that implementation of the project and programme is in compliance with the CSR Policy of the company.

**Composition** - In accordance with the provisions of Section 135 of Companies Act, 2013 read with Rule 5 of Companies (CSR Policy) Rules, 2014, as at 31<sup>st</sup> March, 2020 the CSR Committee comprised of three directors, two of whom are Non-Executive Directors. Mr. Benno Edmund Morlock, Chairman of the Board is also the Chairman of the CSR Committee.

**Meetings and Attendance** - One meeting of the CSR Committee of the Board of Directors took place during the year under review. The attendance details of the Members at the Committee Meeting held on 28<sup>th</sup> August, 2019 during the year under review is as follows:

Name & Designation of the Director in the Committee	Category	No. of meeting attended
Mr. Benno Edmund Morlock, Chairman	Non-Executive & Non-Independent Director	1
Mr. Biren De, Member	Non-Executive & Independent Director	1
Mr. R. Krishna Kumar, Member	Managing Director	1

#### D. NOMINATION AND REMUNERATION COMMITTEE (NRC)

**Terms of Reference:** Salient Features of Nomination and Remuneration Committee (NRC) includes, recommending to the Board about appointment and removal of the Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs); carry out evaluation of every director's performance and recommend to the Board a policy pertaining to remuneration for director(s), KMPs, SMPs and other employees.

**Composition** - In accordance with the provisions of Section 178 of Companies Act, 2013 and Regulation 19 of Listing Regulations, 2015, as at 31<sup>st</sup> March, 2020 the NRC comprised of three Non-Executive Directors, two of whom are Independent Directors. Mr. Biren De, an Independent Director is the Chairman of the NRC.

**Meetings and Attendance** - One meeting of the NRC of the Board of Directors took place during the year under review. The attendance details of Members at the Committee Meeting held on 16<sup>th</sup> May, 2019 during the year under review, is as follows:

Name & Designation of the Director in the Committee	Category	No. of meeting attended
Mr. Biren De, Chairman	Non-Executive & Independent Director	1
Mr. Benno Edmund Morlock, Member	Non-Executive & Non-Independent Director	0
Mr. Surinder Kumar Nagpal, Member	Non-Executive & Independent Director	1

#### PERFORMANCE EVALUATION CRITERIA OF DIRECTORS

The NRC evaluates the performance of every Director on the basis of defined parameters as spelt out in the Remuneration Policy, and forwards its report along with recommendation, to the Board on annual basis. The criteria for appointment, removal and remuneration are as per the remuneration policy of the company.

Following process is adopted for evaluation of performance of Directors, Committees and the Board:

The relevant Evaluation Forms are circulated to all the Directors to evaluate the performance of other Directors, Committees and Board as a whole.

The evaluation is made on the basis of duties & responsibilities, devotion of sufficient time and attention to their professional obligations, constructive participation in the Meetings of the Committees and the Board, etc.

Thereafter, the NRC submits its recommendation & suggestions for improvement, if any, in respect of any Director, Committee and the Board; as well as the results of evaluation are placed and discussed at the Board Meeting. Individual Directors are also provided necessary feedback by the Board, at least once in a year.

**Remuneration Policy** - Executive Directors including Managing Director (MD) and Whole Time Director (WTD) shall be paid remuneration comprising several components (including fixed as well as variable), as the case may be, decided and approved by the Board from time to time, on the recommendation of the NRC and also approved by the shareholders and the Central Government, if so required. Such remuneration will be determined according to the industry standards, experience, laws and regulations, prevailing market conditions and scale of Company's business relating to the position. The policy also contains the scope and criteria for evaluation of Independent Directors and the Board as a whole.

Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) shall be paid such remuneration as recommended by the NRC and approved by the Board from time to time. However, for all KMPs (except for the MD/WTD) and/or SMPs or other employees, the NRC/Board may also authorize the person in-charge of day-to-day affairs of the company to decide their remuneration based on their qualification, experience, expertise and their performance.

**Details of payment made to Non-Executive Directors** - In order to retain seasoned professional on Board & to receive their valuable guidance, the Non-Executive Directors, resident in India, were paid the sitting fee for attending the meetings of the Board and/or its Committees at the rate of Rs.50,000/- and Rs.25,000/- respectively, per meeting, until 30<sup>th</sup> September, 2019. Effective from 1st October, 2019 the sitting fee was revised to Rs.70,000/- and Rs.35,000/- per meeting of the Board and its Committee, respectively.

Name of the Director	Sitting Fees (in INR) paid, during the year under review, for attending the meetings of:					Total Sitting Fees Paid (INR)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	
Mr. Biren De	290,000	120,000	25,000	-	25,000	460,000
Mr. Ravinder Nath	290,000	120,000	-	120,000	-	530,000
Mr. S. K. Nagpal	290,000	120,000	25,000	-	-	435,000
Ms. Shahana Basu	100,000	-	-	50,000	-	150,000

#### PAYMENTS MADE TO THE MANAGING DIRECTOR (CEO FOR THE PURPOSE OF LISTING REQUIREMENT)

Following are the details of remuneration (including perquisites and retirement benefits) paid/payable to the Managing Director, Mr. R. Krishna Kumar, for the financial year ended on 31<sup>st</sup> March, 2020:

Particulars	Amount (in INR)
Basic	3,303,714
Performance Linked Reward	5,121,680
Allowances and perquisites	7,761,849
Contribution to Provident Fund	12% of Basic Salary
Contribution to Gratuity Fund	Through Group Gratuity Scheme with LIC of India
Contribution to Superannuation Fund	15% of Basic Salary

#### GENERAL BODY MEETINGS

- Details of last three Annual General Meetings held

Year (AGM)	Venue	Day & Date	Time
2019 (49 <sup>th</sup> )	Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad – 121001, Haryana	Wednesday 28/08/2019	3:30 p.m.
2018 (48 <sup>th</sup> )	Hotel Radisson Blu Faridabad, Sector 20-B, Mathura Road, Faridabad – 121001, Haryana	Thursday 05/07/2018	3:30 p.m.
2017 (47 <sup>th</sup> )	Maggpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Thursday 06/07/2017	3:30 p.m.

- Special Resolutions:

The following Special Resolutions were passed at the last three Annual General Meetings:

Year (AGM)	Matter(s) for which Special Resolution was passed
2019 (49 <sup>th</sup> )	Appointment of Managing Director Appointment of Independent Directors
2018 (48 <sup>th</sup> )	None
2017 (47 <sup>th</sup> )	None

#### Special Resolutions Passed Through Postal Ballot

There was no item during the year under review that was required to be passed through the process of Postal Ballot. Further, there is no special resolution proposed to be passed at the ensuing Annual General Meeting which is required to be approved by the shareholders through Postal Ballot.

Requirement of Postal Ballot shall be complied with, wherever applicable, as required by law.

#### DISCLOSURES

- During the year ended 31<sup>st</sup> March, 2020, there has been no materially significant transaction entered by the company with any party which is considered to have potential conflict with interest of the company at large. The details of all related party transactions are placed and approved by the Audit Committee and Board of Directors on periodical basis.
- During the last three years there has been no instance of non-compliance and no penalties or strictures imposed on the Company by Stock Exchanges or the SEBI or any other statutory authorities on any matter related to capital market. However, the company received a letter from stock exchange in the year 2018, wherein it was mentioned that Nomination and Remuneration Committee (NRC) was not compliant for certain period as the Chairman nominated by the holding company was changed in July 2018 and the new Chairman appointed was inducted on the Board in November 2018. During this period, he was in the process of completing formalities like obtaining DSC & DIN. The company has already given a representation in this regard to the stock exchange and the response from stock exchange is awaited.

- iii. In accordance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated a 'Vigil Mechanism/Whistle Blower Policy' which provides an avenue to the Directors and employees of the Company to directly report, their genuine concerns including unethical behavior and violation of code of conduct, to the Chairman of the Audit Committee.  
No person has been denied access to the Chairman of the Audit Committee of the Board of Directors of the Company.
- iv. The Company has complied with the mandatory requirements of Listing Regulations. Compliance status about the non-mandatory requirements of the Listing Regulations are disclosed separately elsewhere.
- v. At present, Company does not have any subsidiary, hence it has not formulated any Policy for determining 'material' subsidiary.
- vi. The Policy for dealing with Related Party Transactions can be accessed under 'Company Policies' link at the web-link [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)
- vii. A certificate from a Company Secretary in Practice, with respect to directors who have been debarred / disqualified by the Board/ Ministry of Corporate Affairs or any such statutory authority, from being appointed or continuing as director on the Board of the Company, is forming part of this report.
- viii. Company has paid Rs.3,093,647/- in aggregate (excluding applicable taxes), to statutory auditors and all entities in their network firms, for all services availed from them during the year.
- ix. There were no complaints filed and pending during the year under review in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## DISCLOSURES OF ACCOUNTING TREATMENT

While preparation of Financial Statements, the applicable Accounting Standards, issued by The Institute of Chartered Accountants of India (ICAI), have been followed.

## MEANS OF COMMUNICATION

- Intimation to Stock Exchange - Your Company believes that all the stakeholders should have access to adequate information about the Company. All information, which could have a material bearing on the share prices, is released at the earliest to the BSE in accordance with the requirements of Listing Regulations.
- Newspapers - The financial results and other communications of the Company were normally published in 'The Hindu Business Line/ Financial Express' and 'Rashtriya Sahara/Naya India/Jansatta'.
- Website - The financial Results were also displayed on 'Financial Results' link on 'Investor Corner' page on the company's website at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm) The Company also updates the website with other relevant information, as and when required.
- The Company did not make any official news release nor made any presentations to the institutional investors or analysts, during the year under review.

## GENERAL SHAREHOLDER INFORMATION

### ANNUAL GENERAL MEETING

Day & Date	Time	Venue
Wednesday, 30 <sup>th</sup> September, 2020	3:30 p.m.	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM)

Financial Calendar (From 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021)

Subject to any directive/instruction from the statutory authorities in this regard, tentative dates of releasing financial results for quarter ending:

- 30<sup>th</sup> June, 2020 - By 14<sup>th</sup> August, 2020
- 30<sup>th</sup> September, 2020 - By 14<sup>th</sup> November, 2020
- 31<sup>st</sup> December, 2020 - By 14<sup>th</sup> February, 2021
- 31<sup>st</sup> March, 2021 - By 30<sup>th</sup> May, 2021

Book Closure and Dividend Payment date:

Book Closure: From Saturday, 19<sup>th</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive).

Dividend Payment Date: Dividend would be credited in the account of shareholders whose ECS Mandate is available, within 30 days of declaration at Annual General Meeting. No physical warrant would be sent to shareholders till the time bulk mailing facility is resumed at Post Offices; whereupon physical warrants/banker's cheque/demand draft would be dispatched to all eligible shareholders in due course of time. Hence, shareholders are advised to kindly update their NECS Mandates with the Company/RTA (for shares held in physical mode) or the Depository Participant (for shares held in demat mode) at the earliest.

Further, the amount of unpaid/unclaimed dividend for the year 2011-12, that became due to be transferred during the year under review, was transferred to the Investor Education and Protection Fund (IEPF) in accordance with the provisions of Section 124 of the Companies Act, 2013.

Further, until 31<sup>st</sup> March, 2020, 31677 shares in respect of which dividends have remained unclaimed/unpaid for seven consecutive years, were also transferred to the Investor Education and Protection Fund (IEPF) in accordance with the applicable provisions of the Companies Act, 2013, and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2017, as amended. Relevant details in this regard has also been made available on the website of the company at 'Investor Relations' link on 'Investors Corner' page at [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

## LISTING ON STOCK EXCHANGE

The Equity Shares of the Company are currently listed for trading under Group/Index 'X' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2020/21.

The Company also confirms that it has paid the annual custodial fees to the Central Depository Services (India) Limited (CDSL) for the year 2020/21. The annual custodial fee shall also be paid to the National Securities Depository Limited (NSDL) upon receipt of necessary bill from NSDL.

## STOCK CODE

BSE Limited (BSE) : 522122

ISIN for NSDL/CDSL : INE285C01015

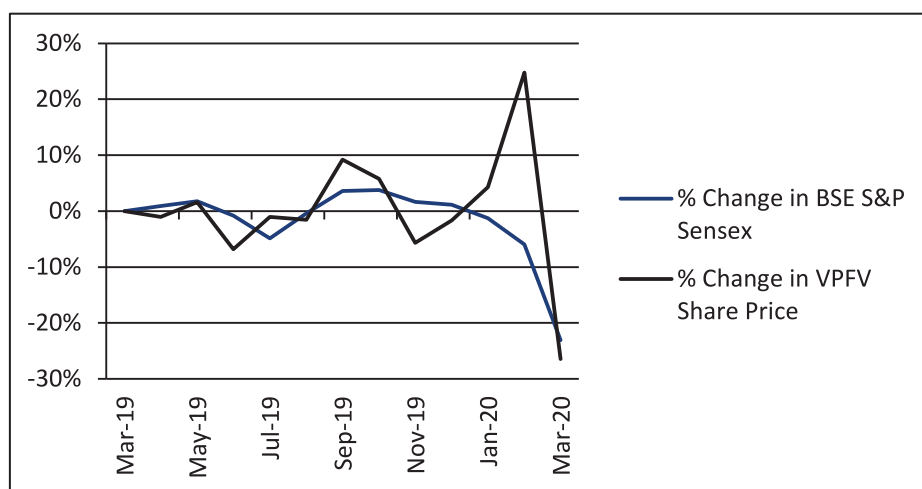
## MARKET PRICE INFORMATION

The monthly 'high' and 'low' closing prices (rounded off to the nearest rupee) of the shares traded during the period from April, 2019 to March, 2020 on BSE are given below:

Month	High (in Rs.)	Low (in Rs.)
April, 2019	849	800
May, 2019	849	786
June, 2019	840	738
July, 2019	840	723
August, 2019	800	726
September, 2019	845	732
October, 2019	887	750
November, 2019	945	760
December, 2019	863	795
January, 2020	935	801
February, 2020	1223	829
March, 2020	1130	640

Source : BSE Website

## SHARE PRICE VIS-A-VIS SENSEX MOVEMENT



## REGISTRAR & TRANSFER AGENT (RTA)

MCS Share Transfer Agent Limited  
F-65, First Floor, Okhla Industrial Area Phase - I, New Delhi - 110020  
Phone: 011 - 41406149 to 51  
Fax: 011 - 41709881, E-mail: [helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com)

## SHARE TRANSFER SYSTEM

Investors may kindly note that SEBI has mandated that in case of securities market transactions and off-market/private transactions, involving transfer of shares of a listed company in physical mode, is not allowed w.e.f. 1<sup>st</sup> April, 2019.

MCS Share Transfer Agent Limited handles the investor services of the Company and also share transfer/transmission related work within the stipulated time prescribed under applicable laws, if the documents are found correct and valid in all respects.

As per the requirements of Regulation 40(9) of the Listing Regulations, Company has regularly obtained the necessary certificate from a Company Secretary in Practice and submitted the same to BSE on half-yearly basis, confirming due compliance of share transfer related activities by the Company.

As per the requirement of SEBI guidelines, the Company's shares are to be traded only in dematerialized form.

## INFORMATION ON SHAREHOLDING

### A. Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2020

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total share holding as a percentage of total number of shares	
					As a % of (a+b)	As a % of (a+b+c)
(a)	Shareholding of Promoter and Promoter group					
	(1) Indian	Nil	Nil	Nil	N.A.	N.A.
	Sub Total (a)(1)	Nil	Nil	Nil	N.A.	N.A.
	(2) Foreign					
	Bodies Corporate	1	3,252,418	3,252,418	74.04	74.04
	Sub Total (a)(2)	1	3,252,418	3,252,418	74.04	74.04
	Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2)	1	3,252,418	3,252,418	74.04	74.04
(b)	Public shareholding					
	(1) Institutions					
	Mutual Funds/ UTI	1	25	25	0.00	0.00
	Financial Institutions / Banks	4	706	432	0.01	0.01
	Insurance Companies	2	51,406	51,331	1.18	1.18
	Sub Total (b)(1)	7	52,137	51,788	1.19	1.19
	(2) Non institutions					
	a) Bodies Corporate	98	103,397	101,293	2.35	2.35
	b) Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.2 Lakh	3,953	874,413	792,898	19.91	19.91
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 Lakh	2	63,647	63,647	1.45	1.45
	iii. IEPF Authority	1	31,677	31,677	0.72	0.72
	c) NBFC registered with RBI	1	448	448	0.01	0.01
	d) NRIs					
	i) with Repat	30	5,932	5,708	0.14	0.14
	ii) without Repat	35	8,490	6,200	0.19	0.19
	e) Any Other (Specify)	0	0	0	0	0
	Sub-Total (b)(2)	4,120	1,088,004	1,001,871	24.77	24.77
	Total Public shareholding (b)=(b)(1)+(b)(2)	4,127	1,140,141	1,053,659	25.96	25.96
	TOTAL (a)+(b)	4,128	4,392,559	4,306,077	100.00	100.00
(c)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil
	Grand Total (a+b+c)	4,128	4,392,559	4,306,077	100.00	100.00



**B. Shareholders with more than one percent holding as on 31st March, 2020**

Sl. No.	Name of the Shareholder	No. of shares held	% of shares held
1.	VP Auslandsbeteiligungen GmbH	3,252,418	74.04
2.	The Oriental Insurance Company Limited	51,331	1.17

**Distribution of Shareholding as on 31<sup>st</sup> March, 2020**

No. of Shares held (Range)	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1 - 500	3918	91.22	348,092	7.92
501 - 1000	219	5.10	158,826	3.62
1001 - 2000	90	2.09	127,222	2.90
2001 - 3000	22	0.51	54,464	1.24
3001 - 4000	11	0.26	38,679	0.88
4001 - 5000	5	0.12	22,499	0.51
5001 - 10000	14	0.33	97,462	2.22
10001 - 50000	14	0.33	241,566	5.50
50001 - 100000	1	0.02	51,331	1.17
100001 and above	1	0.02	3,252,418	74.04
<b>Total</b>	<b>4295</b>	<b>100.00</b>	<b>4,392,559</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES**

The Company's shares are available for trading in the depository systems of both the NSDL and the CDSL. 3,252,418 equity shares owned by the holding company are held in dematerialized mode.

Out of remaining 1,140,141 equity shares; 1,053,659 equity shares of the company forming 92.41% of the total public shareholding, stand dematerialized as on 31<sup>st</sup> March, 2020.

**LIQUIDITY OF SHARES**

The Equity shares of the Company have been included in the 'X' Group of the BSE Limited, Mumbai (BSE).

**OUTSTANDING ADR'S / GDR'S / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS**

Till date your company has not issued any ADR/GDR/Warrant or any other Convertible Instruments.

**PLANT LOCATION**

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

**ADDRESS FOR CORRESPONDENCE**

The Company Secretary,  
Voith Paper Fabrics India Limited  
113/114-A, Sector-24, Faridabad - 121005 (Haryana), Delhi NCR, India  
Phone: 0129 - 4292200 Fax: 0129 - 2232072  
E-mail: [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com) (dedicated email ID for investors as per Regulation 13 of Listing Regulations)

**PARTICULARS OF UNCLAIMED/UNDELIVERED SHARES**

The shareholders may kindly take note that as per Regulation 39 read with Schedule VI of the Listing Regulations, the Company has consolidated and transferred the unclaimed/undelivered shares lying with the Company, in one folio in dematerialized mode. It may kindly be noted that the voting rights on such shares shall remain frozen till the shares are reclaimed by the rightful owners.

The details of such unclaimed / undelivered shares are as follows:

Sr. No.	Particulars	No. of cases	No. of Shares
1	Status as on 01/04/2019	107	11,718
2	Total request received during the year, from shareholders for dispatch of shares to them	-	-
3	Shares dispatched in pursuance of valid requests received from shareholders	-	-
4	Undelivered / unclaimed shares lying with the Company as on 31/03/2020	107	11,718

## RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

In accordance with the requirements for a listed company, as stipulated by SEBI, a 'Reconciliation of Share Capital Audit' is conducted on a Quarterly basis by a firm of Company Secretaries, for the purpose of, inter alia, reconciliation and confirmation of the total admitted equity share capital with the depositories and in the physical form with the total issued / paid-up equity share capital of the Company as listed on the BSE.

Certificates issued in this regard are placed before the Board of Directors and forwarded to the BSE, where the equity shares of the company are listed.

## CEO & CFO CERTIFICATION

The Board confirms that CEO & CFO certificate relating to the financial statements has been placed before it regularly.

## CODE OF CONDUCT

The company has formulated a Code of Conduct for its Board of Directors and members of Senior Management. The Code of Conduct is available on the website of the Company.

## DECLARATION BY THE MANAGING DIRECTOR

It is hereby declared that in terms of Regulation 17(5) and 34 read with Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct for the Board of Directors and the Senior Management Team of the Company is available for reference of public at large, on the website of the Company [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com)

Further, the Company has also obtained affirmation from each individual member of the Board of Directors and the Senior Management Team confirming compliance with the conditions of the said Code of Conduct.

For Voith Paper Fabrics India Limited

-- sd --  
R. Krishna Kumar  
Managing Director  
DIN: 05344619

## STATUS OF ADOPTION OF NON-MANDATORY/DISCRETIONARY REQUIREMENTS

1. The Board - The Corporate Office of the Company does not bear the expenses of the office of the Chairman, as he is stationed outside India.
2. Shareholders Rights - The quarterly financial results and other material information, if any, are published in an English newspaper having nation-wide circulation and a local language newspaper. The results are also displayed on the website of the Company besides being available for public viewing through the website of BSE. Therefore, the half yearly results including summary of the significant events are not separately sent to the shareholders.
3. Audit Qualification - The Company does not have any qualifications from the Auditors in its Financial Statements as on 31<sup>st</sup> March, 2020.
4. Chairman & CEO - The positions of Chairman and CEO are held by two different individuals.
5. Reporting by the Internal Auditor - The Audit Committee and the Board were duly briefed about the Internal Audit Report submitted by the Internal Auditor.

## COMPLIANCE CERTIFICATE

The Company has obtained a certificate from a Company Secretary in practice regarding compliance of conditions of Corporate Governance as stipulated in Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the same is reproduced below:

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34 READ WITH SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Members of  
**Voith Paper Fabrics India limited**  
113/114-A, Sector-24  
Faridabad - 121005 (Haryana)

We have reviewed the implementation of Corporate Governance procedures by VOITH PAPER FABRICS INDIA LIMITED for the financial year ended on 31<sup>st</sup> March, 2020, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors. However, we were not able to visit the premises and verify/examine the above mentioned documents in person because of COVID-19, we have reasonably ensured that all the documents have been provided by the Company through e-mail.

The compliances of conditions of Corporate Governance are the responsibility of the management. Our examination was limited to a review of procedures and implementations thereof, as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanation provided to us, it is hereby certified and confirmed:

- That the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 with the stock exchange have been complied with in all material respect by the Company; and
- That 'No' investor grievance is pending for a period exceeding one month as per records maintained by the Company.

FOR M. BANGIA & ASSOCIATES  
COMPANY SECRETARIES

(Manoj Bangia)  
PROPRIETOR

CP No.: 3655; FCS No.: 5607  
UDIN: F005607B000534058

Place : New Delhi  
Dated : July 30, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members  
VOITH PAPER FABRICS INDIA LIMITED  
(CIN: L74899HR1968PLC004895)  
113-114/A, SECTOR-24  
FARIDABAD-121005

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Voith Paper Fabrics India Limited having CIN L74899HR1968PLC004895 and having registered office at 113-114/A, SECTOR-24, FARIDABAD-121005 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, we were not able to visit the premises and verify/examine the above mentioned documents in person because of COVID-19, we have reasonably ensured that all the documents have been provided by the Company through e-mail.

It has come to our notice that the name of Mr. Biren De, one of Independent Director on the Board of Directors of the Company, is appearing in the list of disqualified directors on the MCA website. Further that as per information given to us by the Company, the concerned Independent Director has resigned from the Office of Director of the Company w.e.f. 30-07-2020. Further as per information and explanations provided by the Company, the remaining directors are not disqualified from being appointed as a Director of a Company in terms of Section 164(2) of the Companies Act, 2013 as at March 31, 2020.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR M. BANGIA & ASSOCIATES  
COMPANY SECRETARIES

(Manoj Bangia)  
PROPRIETOR

CP No.: 3655; FCS No.: 5607  
UDIN: F005607B000534071

Place : New Delhi  
Dated : July 30, 2020

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENTS

India ranks 15<sup>th</sup> amongst the paper producing countries in the world with a total installed capacity of about 16 million tonnes. Several attributes of paper, including its pedagogic and packaging value makes Pulp and Paper industry (P&P) uniquely positioned among the manufacturing industries. Paper, is thus, recognized almost as a touchstone of socio-economic development. This traditional Indian P&P sector had leveraged and played a pivotal role in laying the foundation for economic growth and is one of the high priority industries of Government of India. The Indian paper industry accounts for about 3%-4% of the world's production of paper. The industry provides direct employment to around 500,000 persons, and indirectly to around 1.5 million.

Paper Industry in India is not a forest-based industry, but an agro-based industry, providing jobs and income to lakhs of farmers involved in cultivating trees. The paper industry seeks to maintain and grow its economic contribution to society, foster the well-being of our communities, and utilize sustainable manufacturing practices and fiber procurement measures that protect the environment and ensure that our resources will be as available for future generations as they are today.

Indian Paper mills are contributing over 70% of total country's production by manufacturing an Eco-friendly paper from agro residues such as wheat straw, rice straw, bagasse, sarkanda, otherwise waste, waste paper etc. as such converting 'Waste into Wealth' and conserving forest resources to an extent to 20 million trees per year.

Centre for Science & Environment has in its third survey of Indian Pulp and Paper Sector regarding overall environmental performance of the industry, concluded that the industry has shown consistent improvement across several parameters including water management, raw material sourcing, environment management and cleaner technologies in the bleaching and pulping sections. With continued focus on developing sustainable and environment friendly production techniques, there is lot of scope in the industry to create innovative solution to meet those challenges.

### OUR STRENGTHS

Being an established participant in the industry with a satisfied customer base and with the strong support of Voith Group, the company is better placed than its competitors to command a formidable position in the industry. Besides this, with the support of a strong R&D facility of the Voith Group the company can also provide novel solutions to the problems of customers.

### OUR WEAKNESSES

The products of the company are majorly consumed by the paper mills and hence, the future prospects of the company are directly related with the growth of Paper Industry in India. This remains subject to certain policy constraints by Central/State governments pertaining to the Paper Industry, which may in turn restrict the future growth prospects of the company as well.

### THE OPPORTUNITIES

The paper industry in India has become more promising as the domestic demand is on the rise. Increasing population and literacy rate, growth in GDP, improvement in manufacturing sector and lifestyle of individuals are expected to account for the growth in the paper industry of India. One encouraging aspect is that Indian paper industry has trained manpower whose skill can be gainfully used to adapt with modern technology for manufacturing paper and paper board of international standard at relatively lower manpower cost inputs.

The per capita paper consumption in India is at around 13 kgs., which is way behind the Asian average of about 45 kgs. and global average of about 57 kgs., and this gap can be envisaged as a good opportunity to make the industry grow in future. Also, Imports are growing at a very high rate as compared to the increase in domestic production rate and this is an indication of availability of ready market to grow.

India has emerged as the world's fastest growing paper market with an average annual growth rate of about 6-7%. However, with increasing internet usage and the rise of social media, the demand for writing & printing paper will have a modest growth rate. But, paper and packaging industries are making strategies and new business models to ride the tide of digital change. With increasing demand from the e-commerce sector, intelligent packaging and personalization is likely to result in growth of the industry.

### THE THREATS

Major issues confronting India's pulp and paper industry are high cost of production caused by inadequate availability and high cost of raw materials, power cost and concentration of mills in one particular area, non-availability of good-quality fibre, uneconomical plant size, technological obsolescence and environmental challenges.

The paper industry in India may also suffer due to use of old technology, as adoption of new technology would require significant capital investments by paper manufacturing companies to effectively tackle competition from global players.

Also, the policies of government relating to environment protection may create additional threat for the paper industry in future. Anyhow, we are prepared to face any challenge and expect to come out of it successfully.

### SEGMENT WISE REPORTING

As per Ind AS 108, the operating segment of the Company is identified to be as "manufacturing and selling of felts", as the 'Chief Operating Decision Maker' ("CODM") reviews business performance at an overall Company level as one segment. Hence, there is no separate reportable segment.

## OUTLOOK

Paper continues to be an important commodity which invariably touches upon our everyday life and there are broadly three identified reasons for the strengthening of the industry. These are, increasing e-commerce demand for container board as a packaging material, new market outlets for the middle class in emerging markets, and increasing demand for hygiene products. Also, digital technology in paper and pulp production is changing the way manufacturing processes are being automated. Manual processes can be digitized to increase production and precision. High levels of manufacturing uniformity at lower energy production are attainable.

The key drivers of growth for Paper Industry can be listed as, economic and income growth, coupled with rapidly changing lifestyles, improving living standards etc.; greater emphasis on education and literacy by the Government; growth in organized retail and demand for better quality paper are the major drivers for writing and printing paper; and demand for better quality packaging of FMCG products marketed through structured retail outlets, rising healthcare spends, over-the-counter medicines and increasing preference for ready-to-eat food would lead to growth in paperboard segment. Whereas, higher industrial output would lead to increased demand for industrial paper for packaging.

The growing Indian economy will create more demand for paper. Further, more offices and more jobs will create higher demand for office/printer paper. Moreover, the paper industry will focus on serving more niche markets as a result of changing demand and production methods.

Despite the increased digitization, India's requirement for paper is anticipated to rise continually due to sustained focus of Government to increase literacy rate, active consumerism and organized retail are likely to positively affect the consumption and demand for paper in the country, which would also benefit the Company.

## RISKS & CONCERNS

The Company has a Management Team that meets periodically to analyze and minimize the potential risks to the Company, which are an inherent part of every business.

## INTERNAL CONTROL SYSTEMS & ADEQUACY

The Company has adequate internal control systems commensurate with its size. The Audit Committee of its Board of Directors, comprising of Independent Directors, also reviews the systems on regular intervals. Moreover, the Company has appointed M/s Lodha & Co., Chartered Accountants, as its internal auditors and they periodically test the efficacy of the internal control systems.

Also, the statutory auditors, M/s B S R & Co. LLP, Chartered Accountants, have evaluated and given their opinion on the Internal Financial Control, as per the provisions of the Companies Act, 2013.

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The company has continued with the 'Operational Excellence (OPEX) Programme' in the current year also, which has been helping the Company in efficient utilization of available resources to enhance its sales & profits and contribute positively to the bottom line of the company.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

Your Company views its human capital as a key source of competitive advantage. A blend of youth and seasoned experience has created a multi-skilled team that has imparted flexibility to the organization to capitalize on the opportunities and deliver value to all stakeholders. The industrial relations in the Company continue to remain healthy, cordial and harmonious.

There were 129 permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2020.

## SIGNIFICANT CHANGES (25% OR MORE) IN KEY FINANCIAL RATIOS AND CHANGE IN RETURN ON NET WORTH

As compared to previous year (4.19), the change in 'Inventory Turnover Ratio' in the current year (2.97) amounts to -29.12%. This is primarily due to increase in inventory holding owing to production capacity adjustment during the year under review. In other specified key financial ratios, the change over previous year is less than 25%.

As compared to previous year (10.87%), the change in 'Return on Net Worth' in the current year (10.49) amounts to -3.50%. This is primarily due to increase in Net Worth as on 31<sup>st</sup> March 2020.

## CERTIFICATIONS

The Company is conscious of protecting the environment and has initiated various eco-friendly practices including rainwater-harvesting system. It is our continuous effort to keep the premises and surroundings clean and green. The Company is continuing with the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications by TUV.

## CAUTIONARY STATEMENT

*Statements in the foregoing paragraphs of this report describing the current industry structure, outlook, opportunities etc. reflect the estimation and opinion of the Company. The same are based on certain assumptions and expectations of future events. The actual results may substantially diverge from the same as they depend upon the global political, economic and social situation. Further, Government regulations, tax structure, demand & supply conditions, cost of raw materials & their availability and other related factors can also have a bearing on the above statements.*

## BUSINESS RESPONSIBILITY REPORT

(As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L74899HR1968PLC004895
2. Name of the Company: Voith Paper Fabrics India Limited
3. Registered address: 113/114-A, Sector-24, Faridabad-121005 (Haryana)
4. Website: [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com)
5. Email ID: [voithfabrics.faridabad@voith.com](mailto:voithfabrics.faridabad@voith.com)
6. Financial year reported: April 1, 2019 to March 31, 2020
7. Sector(s) that the Company is engaged in (Industrial activity code-wise): Company activity NIC CODE: 13999, Product Description: Technical Textile (Manufacture of other textile/textile product)
8. List three key products/ services that the Company Manufactures/ provides (as in Balance Sheet): Only one key product, i.e. 'Felt'.
9. Total number of locations where Business Activity is undertaken by the Company:
  - i. Numbers of international locations (Provide details of major five): NIL
  - ii. Number of national locations: One
10. Market served by the Company Local/State/ National/ International: National as well as international

### Section B: Financial details of the Company

1. Paid-up capital (INR): 43,925,590
2. Total Turnover (INR - million): 1176.08
3. Total profit after taxes (INR - million): 245.42
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax:-  
The Company's total spending on CSR for the year ended March 31, 2020 was, INR 5.862 million, which is 2% of the average profits of last 3 years.
5. List of activities in which expenditure in 4 above has been incurred  
Please refer Report on Corporate Social Responsibility (CSR) Activities to Board's Report for details on CSR initiatives undertaken by the Company.

### Section C: Other details

1. Does the Company have any subsidiary Company/ Companies?  
No
2. Do the subsidiary Company/ Companies Participate in the BR initiatives of the parent Company? If yes then indicate the number of such subsidiary Company(s)  
NA
3. Do any entity/ entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR Initiatives of the Company? If yes, then indicates the Percentage of such entity / entities (Less than 30%, 60%, More than 60%).  
No

### Section D: BR Information

1. Details of Director / Directors responsible for BR
  - a. Details of the Director responsible for implementation of the BR policy / policies
    1. DIN Number : 05344619
    2. Name : Mr. Krishna Kumar Rajamohannair
    3. Designation : Managing Director
  - b. Details of the BR Head
    1. DIN Number (if applicable) : 05344619
    2. Name : Mr. Krishna Kumar Rajamohannair
    3. Designation : Managing Director
    4. Telephone number : 0129-4292200
    5. E-mail ID : [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)

## 2. Principle-wise (as per NVGs) BR Policy/ policies

Principle Number	Principle Description
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Business should promote the well-being of all employees
P4	Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Business should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Business should support inclusive growth and equitable development
P9	Business should engage with and provide value to their customers and consumers in a responsible manner

## 2a. Principle-wise (as per National Voluntary Guidelines) Business Responsibility (BR) policy / policies (reply with yes / no)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	Most of the policies are aligned to various standards like: ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational health and safety) and Code of Conduct of the Company.								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/ owner/ CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online.	*	*	*	*	*	*	*	*	*
7	Has the policy been formally communi-cated to all relevant internal & external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have an in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievance related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally from time to time and updated whenever required.  Not yet, since it has become applicable on the company for the first time now.								

\* The Code of Conduct and Company Policies can be accessed on the website of the company at following link [http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited\\_Investors-Corner.htm](http://voith.com/ind-en/Voith-Paper-Fabrics-India-Limited_Investors-Corner.htm)

## 2b. If answer to Sl. No. 1 against any principle is 'No', please explain why (tick up to two options) – Not applicable

## 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR Performance of the company within 3 months, 3-6 Months, annually, more than 1 year.

There was no requirement to assess the BR Performance of the Company until now.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

This is the Company's first foray into publishing the Business Responsibility Report (BRR), forming part of the Annual Report for the year under review, and can be accessed as part of the 50<sup>th</sup> Annual Report of the Company, available on website.



## SECTION E: Principle-wise performance

## Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company?

No.

Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Yes.

2. How many stakeholder complaints have been received in the past financial year, and what percentage was satisfactorily resolved by the Management? If so, provide the details thereof, in about 50 words or so.

The company has in place a mechanism for dealing with complaints received from various stakeholders. No shareholder complaint was received during the FY 2019-20. As regards, complaints from customers of the company, the relevant details are given under Principle No. 9 of this BRR. Further, no other stakeholder's complaint was received during the year under review.

## Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company has been focused on delivering stakeholder value while maintaining ecological balance. The Company understands its obligations relating to social and environmental concerns, risks and opportunities. Founded in the concept of sustainable development, the Company aims to deliver products customer needs, as well as economically feasible. Sustainability is embedded into various stages of our product life-cycle including procurement, manufacturing, transportation and distribution.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):

- (a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

Company is committed to sustain the environment in which it operates. The Company works towards reduction and optimal utilization of energy, water, raw material etc. by incorporating innovative ideas, from time-to-time.

As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year.

It is not feasible to identify and quantify the reduction in energy & water usage, achieved at consumer end.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company endeavours to focus on protection of stakeholder's interest, environment and cost effectiveness while procuring the materials. Adequate steps are taken for safety during transportation and optimization of logistics, which in turn, help to mitigate the negative impact on climate.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities' surroundings their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The raw material being used by the company is majorly imported, being a specialized requirement and there are not many local vendors who can provide the product meeting our quality requirements.

However, from time-to-time the Company has been procuring the services of local and small vendors for repairs and maintenance of its various equipment and other needs. The capability of those vendors gets automatically enhanced owing to our 'zero' tolerance in matters of quality.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of the products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

The Company carries out its operations using the Operations Excellence (OPEX) technique developed within the Voith Group. The method involved in this technique is such, whereby all necessary precautions are taken so that the least waste is generated. This waste is ultimately discarded as scrap. The finished products of the Company are incapable of being recycled and is ultimately disposed at customer's end, after the end of its useful life.

## Principle 3

1. Please indicate the total number of employees. – 379
2. Please indicate the total number of employees hired on a temporary/ contractual/ casual basis. – 250

3. Please indicate the number of permanent women employees. – 9
4. Please indicate the Number of permanent employees with disabilities. – NIL
5. Do you have an employee association that is recognized by the Management? – Yes
6. What percentages of permanent employees are members of this recognized employee association? – 8.53%
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour and sexual harassment in the last financial year, and those that are pending, as on the end of the financial year. – NIL
8. What percentage of under-mentioned employees was given safety and skill up-gradation training in the last year?
  - Permanent employees – 100%
  - Permanent women employees – 100%
  - Casual/ temporary/ contractual employee – 90%
  - Employees with disabilities – N.A.

#### Principle 4

1. **Has the company mapped its internal and external stakeholders?**  
Yes, the Company has identified and mapped its internal and external stakeholders.
2. **Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**  
The Company has not specifically identified the stakeholders in the given categories. However, the Company does try to provide/ facilitate activities pertaining to sanitation, education, improvement in health & environment at community level initiatives undertaken through its CSR programs.
3. **Are there any special initiatives undertaken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide the details thereof, in about 50 words or so.**  
Being a responsible corporate citizen, the Company is under statutory obligation to carry out CSR activities and it sincerely discharges the same for upliftment and improvement of the living standards of persons belonging to marginalized segment of society.

#### Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors/ NGOs / Others?**  
Currently, the Company does not have any specific and defined Human Rights Policy, although it appreciates that human rights are inherent, universal and interdependent in nature. The Company does not hire child labour, forced labour or involuntary labour. The Suppliers / Contractors / NGOs dealing with the Company are always encouraged to maintain ethical standards in all their human rights practices.
2. **How many stakeholder complaints have been received in the past financial year, and what percentage was satisfactorily resolved by the Management?**  
No complaint relating to violation of fundamental human rights of individuals was received during the financial year under review.

#### Principle 6

1. **Does the policy related to principle 6 cover only the company, or does it extend to the Group / Joint Ventures / suppliers / contractors / NGOs /Others?**  
The Company is committed towards environmental protection and makes every effort to protect the life and health of its employees and deals responsibly with resources and hazardous materials. The policy covers the Company and its employees. The Company encourages its suppliers and contractors to employ environment friendly measures in their day to day operations.
2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Yes / No. If yes, please give the hyperlink for the web page, etc.**  
Yes, the Company has taken up several initiatives to address global environmental issues such as global warming, climate change, effluent reduction, waste minimization, water conservation. The Company has worked extensively to address such issues by striking a balance between economic growth and preservation of the environment.
3. **Does the Company identify and assess potential environmental risks?**  
Yes, the Company has a mechanism to identify and assess risks including environmental risks. Moreover, the company uses environmental impact assessments, recognized environmental management standards, ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety) to sharpen its focus towards achieving sustainability goals.

4. Does the Company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, has any environmental compliance report been filed?

Yes, in line with the National Clean Development Mechanism, the Company had installed a Solar Power PV Plant of 81 KW capacity as alternate source of power in the plant. Also, in earlier year, Company had installed 10 KW Solar PV Plant at a blind school & 5 KW Solar PV Plant at a Police Station in Faridabad under its CSR initiative.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.? Yes / No. If yes, please give the hyperlink for the web page, etc.

The Company has taken various steps for conservation of energy by replacing conventional Tube Lights with LED lights, at several places within its premises, from time-to-time.

6. Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes, the company operates within the strict parameters of sanctioned emission norms and has also obtained the 'Green Category' consent from the SPCB for air, water and hazardous waste management, which is valid until 31/03/2022.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e., not resolved to Satisfaction) as on the end of the financial year.

No show cause / legal notice received from CPCB / SPCB was pending as at the end of financial year.

#### Principle 7

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.

The Company is member of the following associations:

- IPPTA (Indian Pulp and Paper Technical Association)
- ASSOCHAM (Associated Chambers of Commerce and Industry of India)
- FIA (Faridabad Industries Association)
- CII (Confederation of Indian Industries)
- FICCI (Federation of Indian Chambers of Commerce and Industry)
- PHDCCI (PHD Chamber of Commerce and Industry)

2. Have you advocated / lobbied through the above associations for the advancement or improvement of public good? Yes / No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

Yes, the Company has raised the pertinent issues through the above mentioned associations as and when required.

#### Principle 8

1. Does the Company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide the details thereof.

Inclusive growth means every stakeholder involved gets an opportunity to enjoy and share benefits accrued by the organization. The Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society.

Some of the focus areas as decided in the Corporate Social Responsibility (CSR) Policy of the Company is "ensuring environmental sustainability, education, eradicating hunger and promoting health care including measures for reducing inequalities faced by socially & economically backward groups".

2. Are the programs / projects undertaken through an in-house team / own foundation / external NGO / government structures / any other organization?

The Company undertakes various CSR projects either directly or through NGOs that have an established track record of carrying out CSR activities.

A detailed report on CSR initiatives undertaken by the Company is annexed to Board Report.

3. Have you done any impact assessment of your initiative?

No. However, some of our CSR partner NGOs do carry out such exercise at their level.

4. What is your Company's direct contribution to community development projects - amount in Rs. and the details of the projects undertaken?

The Company has spent its share of CSR obligation of INR 5.862 million for the financial year 2019-20.

Out of the total amount, the Company has contributed INR 5.362 million in below projects towards community development:

Area	Contribution of the Company
Eradicating Hunger	Providing mid-day meal to school going students.
Education	Providing mini science center with different models for building brains beyond books amongst school students.
Health Care	Organizing health-check camps and providing free medicines, including spectacles to needy persons living in near-by areas, to enable them lead a better and dignified life.
Environment	Distribution of canvas bags to protect the environment and to promote the reduction of usage of plastic bags.

A detailed report on CSR initiatives undertaken by the Company is annexed to Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

The CSR team and NGOs involved in the activities, interact and persuade the local community for the adoption of initiatives taken in this regard.

#### Principle 9

1. **What percentages of client complaints / consumer cases are pending as on the end of the financial year?**

There were no consumer cases filed against the company during the year under review. The details of customer complaints received during the year and pending as on the end of financial year 2019/20 are given below:

Total complaints received	141
Pending complaints	38
Percentage of pending complaints	27%

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / NA/ Remarks (additional information).**

We mention the required product information on the product label as mandated by law. Other information related to the product is mentioned on Packing List/Invoice.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising, and / or anti-competitive behavior during the last five years and pending as on the end of the financial year? If so, provide the details thereof, in about 50 words or so.**

Unfair trade practices	– No
Irresponsible advertising	– No
Anti-competitive behavior	– No
No such case.	

4. **Did your Company carry out any consumer survey / measure consumer satisfaction trends?**

Yes

- a. Net Promoter Score (NPS) - With NPS, customer's satisfaction is measured on a scale from 0 (unlikely) to 10 (highly likely) and we also seek answers about any positive or negative issues in our customer relationships. Their response provides us with a comprehensive overview of what they really think of their cooperation with us. This way the decisive improvement potential are identified and appropriate measures initiated.

Another important aspect of the NPS methodology is to respond quickly to customer feedback – and this is why we use a defined process to identify all the critical customers. The responsible Voith employee then contacts these customers by telephone or personally. This prompt feedback from Voith lets the customer see that we appreciate the criticism, and it also offers the opportunity to understand the reason behind the poor evaluation.

The aim of this initiative is to work together to focus even more intensively on the customer and to convert critical feedback into improvement measures. This will significantly increase sustainable customer satisfaction – and enable us to grow together with our customers.

- b. CSI (Customer Satisfaction Index)/Customer Feedback Form - We also get feedback from the customer by personally hand-filled CSI Form annually.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Voith Paper Fabrics India Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Voith Paper Fabrics India Limited ("the Company"), which comprises the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
<p><b>Recoverability of trade receivables</b> (Refer to Note 8 to the financial statements)</p> <p>As at 31 March 2020, the Company's gross trade receivables due from customers aggregate to INR 177.90 million against which loss allowance for doubtful debts of INR 3.93 million was recorded.</p> <p>The Company's loss allowance for doubtful debts is based on management's estimate of the credit losses for individual customers, which is estimated by taking into account the financial condition of individual customers, the ageing of balances, past repayment and credit histories of customers, market conditions, industry outlook and other local and current factors such as outbreak of COVID-19, which involves inherent uncertainty and require a significant degree of management judgement.</p> <p>We identified the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because the assessment of the loss allowance for doubtful debts requires the exercise of significant management judgement.</p>	<p>In view of the significance of the matter we performed the following audit procedures to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>– obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection and making loss allowance for doubtful debts;</li> <li>– assessed the classification of trade receivables in the ageing report generated from the accounting system of the Company through involvement of IT Specialist;</li> <li>– obtained an understanding of the basis of management's judgement about the recoverability of trade receivable balances, on a sample basis, and evaluating the loss allowance for doubtful trade receivable made by management for these individual balances with reference to the customers' financial condition, the industry in which the customers are operating, the ageing of overdue balances, repayment arrangements and historical and post year end payment records;</li> <li>– performed a retrospective review of the loss allowance for bad debts recorded during the year to assess the historical accuracy of management's provisioning process; and</li> <li>– sighted collections, on a sample basis, from customers subsequent to the financial year end relating to trade receivable balances as at 31 March 2020.</li> </ul>

The key audit matter	How the matter was addressed in our audit
<p><b>Capitalisation of Property, Plant and Equipment (PPE) and assessment of its useful lives</b> (Refer to Note 3 to the financial statements)</p> <p>The Company continued to invest in significant capital expansion projects and as at 31 March 2020, the Company has capitalized Property, Plant and Equipment amounting to INR 238.68 million (31 March 2019: INR 188.90 million).</p> <p>We have identified capitalisation of PPE as a key audit matter because of significant level of capital expenditure incurred during the year, which requires consideration of the nature of costs incurred, timing of capitalisation of PPE and application of judgement in assessing appropriate useful lives by the management to ensure that capitalisation of PPE meets the specific recognition criteria in accordance with Ind AS 16 'Property, Plant and Equipment'.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>– obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to property, plant and equipment.</li> <li>– assessed the nature of costs incurred in capital expansion projects through testing of amounts recorded with underlying supporting documents and evaluated whether the description of expenditure met the criteria for capitalisation under accounting standards, on a sample basis.</li> <li>– inspected documents to ascertain its expected/ actual date of asset being ready for put to use.</li> <li>– assessed whether the assets have been appropriately capitalised with reference its stage of completion and from the date when the assets were put to use.</li> <li>– assessed the appropriateness of useful economic life and residual value assigned to PPE based on the nature of the assets and its intended use by the management which were determined on the basis of technical evaluation.</li> <li>– examined whether the depreciation is charged based on the assets useful life and from the date when the assets were put to use.</li> <li>– evaluated appropriateness of accounting policies in accordance with IND AS-16</li> </ul>

#### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but



is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) We noticed that one of the Director's name is included in the list of disqualified directors on the MCA website. We understand that the concerned Director has contested the same. The Director has resigned in board meeting held on 30 July 2020 and hence no declaration was received from him. In the absence of any further information, we are unable to comment on whether or not the aforesaid director was disqualified from being appointed as Director under Section 164(2) of the Act. In respect of other directors, on the basis of the written representations received from such directors as on 31 March 2020, taken on record by the Board of Directors, none of the remaining directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 37 to the financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's Report under section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani  
*Partner*  
Membership No: 091765  
ICAI UDIN: 20091765AAAABV4191

Place : New Delhi  
Date : 30 July, 2020

## Annexure A to the Independent Auditor's Report on the financial statements of Voith Paper Fabrics India Limited for the year ended 31 March 2020

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every two years. In accordance with the said programme, fixed assets were physically verified by the management during the previous year and no material discrepancies were noticed on such verification. No physical verification has been carried during the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties are held in the name of the Company (also refer Note 3 to the financial statements).
- (ii) The inventories except goods-in-transit and stock lying with third parties have been physically verified by the management during the year. For stock lying with third party, written confirmations have been obtained. In our opinion, the frequency of such verification is reasonable. As informed to us, no material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances covered under the provisions of section 185 and 186 of the Act. Thus, paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public during the year.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product sold by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and other material statutory dues have been regularly deposited with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, duty of customs, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty of customs, goods and services tax and cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount Involved (Rs. in Millions)	Amount paid under protest (Rs. in Millions)	Amount not paid (Rs. in Millions)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of technical know-how, repair expenses on Machinery and others	6.39	-	6.39	AY 2009-10	*
Income Tax Act, 1961	Disallowance of technical know-how	11.85	3.61	8.24	AY 2012-13	*
Income Tax Act, 1961	Disallowance of technical know-how	8.39	-	8.39	AY 2013-14	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	12.70	-	12.70	AY 2014-15	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	12.55	-	12.55	AY 2016-17	Income tax Appellate Tribunal

\* The Company has received a favourable order against the amount under litigation, however, according to information and explanations given to us, the department may initiate further proceedings against the favourable order received by the Company with the higher appellate authority.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*For B S R & Co. LLP*  
*Chartered Accountants*  
ICAI Firm Registration No.: 101248W/W-100022

**Vikram Advani**  
*Partner*  
Membership No: 091765  
ICAI UDIN: 20091765AAAABV4191

Place : New Delhi  
Date : 30 July, 2020

## Annexure B to the Independent Auditor's report on the financial statements of Voith Paper Fabrics India Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Opinion

We have audited the internal financial controls with reference to financial statements of Voith Paper Fabrics India Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No.: 101248W/W-100022

Vikram Advani

Partner

Membership No: 091765

ICAI UDIN: 20091765AAAAABV4191

Place : New Delhi

Date : 30 July, 2020

**BALANCE SHEET AS AT 31 MARCH 2020**

(All amounts are in Rs. Million, unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	676.31	503.59
Capital work-in-progress	3	118.35	231.04
Financial assets			
i. Other financial assets	4	4.99	4.74
Income tax assets (net)	5	36.48	29.25
Other non-current assets	6	1.00	0.01
<b>Total non-current assets</b>		<b>837.13</b>	<b>768.63</b>
<b>Current assets</b>			
Inventories	7	168.44	130.09
Financial assets			
i. Trade receivables	8	173.97	170.61
ii. Cash and cash equivalents	9(a)	68.07	128.12
iii. Other bank balance	9(b)	1,298.62	1,128.43
iv. Other financial assets	10	2.01	0.67
<b>Other current assets</b>	11	<b>24.48</b>	<b>36.42</b>
<b>Total current assets</b>		<b>1,735.59</b>	<b>1,594.34</b>
<b>Total assets</b>		<b>2,572.72</b>	<b>2,362.97</b>
<b>EQUITIES AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	43.93	43.93
Other equity	13	2,296.58	2,080.18
<b>Total equity</b>		<b>2,340.51</b>	<b>2,124.11</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	14	37.00	27.41
Deferred tax liabilities (net)	15	5.30	4.07
<b>Total non-current liabilities</b>		<b>42.30</b>	<b>31.48</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Trade payable:	16		
- total outstanding dues of micro enterprises and small enterprises		2.38	5.12
- total outstanding dues of creditors other than micro enterprises and small enterprises		115.20	106.85
ii. Other financial liabilities	17	34.31	54.15
Other current liabilities	18	17.91	23.27
Provisions	19	19.19	17.07
Income tax liabilities (Net)	20	0.92	0.92
<b>Total current liabilities</b>		<b>189.91</b>	<b>207.38</b>
<b>Total liabilities</b>		<b>232.21</b>	<b>238.86</b>
<b>Total equity and liabilities</b>		<b>2,572.72</b>	<b>2,362.97</b>
<b>Significant accounting policies</b>	2		
Notes to the financial statements	3-45		
The accompanying notes form an integral part of the financial statements			
As per our report of even date attached			

**For B S R & Co. LLP**

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

**Vikram Advani****Partner**

Membership No. 091765

**For and on behalf of the Board of Directors of  
Voith Paper Fabrics India Limited****R. Nath****Director**

DIN : 00062186

**S.K.Nagpal****Director**

DIN : 01171148

**R. Krishna Kumar**  
**Managing Director**

DIN : 05344619

**Kalyan Dasgupta**  
**Finance Controller**

CMA No. : 25152

**C.S. Gugliani**  
**Company Secretary**

FCS No. : 4301

Place : New Delhi

Date : 30 July 2020

Place : New Delhi

Date : 30 July 2020

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Rs. Million, unless otherwise stated)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>REVENUE FROM OPERATIONS</b>	<b>21</b>	<b>1,176.08</b>	<b>1,120.29</b>
Other income	22	91.78	87.50
<b>Total income</b>		<b>1,267.86</b>	<b>1,207.79</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	267.98	241.04
Purchase of stock-in-trade	24	150.59	173.17
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	(22.93)	(6.79)
Employee benefits expense	26	151.42	135.44
Depreciation expense	27	65.96	55.63
Other expenses	28	312.64	284.54
<b>Total expenses</b>		<b>925.66</b>	<b>883.03</b>
<b>Profit before exceptional items and tax</b>		<b>342.20</b>	<b>324.76</b>
Exceptional items	44	(8.53)	-
<b>Profit before tax</b>		<b>333.67</b>	<b>324.76</b>
Tax expense			
- Current tax	30	86.37	95.57
- Income tax credit relating to earlier years	30	0.65	(1.56)
- Deferred tax credit	30	1.23	(0.20)
<b>Total tax expense</b>		<b>88.25</b>	<b>93.81</b>
<b>Profit for the year</b>		<b>245.42</b>	<b>230.95</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligations/ asset		(3.41)	0.07
Income tax related to above		0.86	(0.02)
Reversal of income tax relating to earlier years that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>(2.55)</b>	<b>0.05</b>
<b>Total comprehensive income for the year</b>		<b>242.87</b>	<b>231.00</b>
<b>Earnings per equity share of INR 10 each</b>			
Basic	42	55.90	52.58
Diluted		55.90	52.58
<b>Significant accounting policies</b>	<b>2</b>		
Notes to the financial statements	3-45		
The accompanying notes form an integral part of the financial statements			

As per our report of even date attached

**For B S R & Co. LLP**

ICAI Firm Registration Number: 101248W/W-100022

*Chartered Accountants*

**Vikram Advani**

*Partner*

Membership No. 091765

**For and on behalf of the Board of Directors of  
Voith Paper Fabrics India Limited**

R. Nath

*Director*

DIN : 00062186

S.K.Nagpal

*Director*

DIN : 01171148

R. Krishna Kumar

*Managing Director*

DIN : 05344619

Kalyan Dasgupta

*Finance Controller*

CMA No. : 25152

C.S. Gugliani

*Company Secretary*

FCS No. : 4301

Place : New Delhi

Date : 30 July 2020

Place : New Delhi

Date : 30 July 2020

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Rs. Million, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Cash flow from operating activities</b>		
Profit before tax	333.67	324.76
Add: Exceptional Item	8.53	-
<b>Profit before exceptional items and tax</b>	<b>342.20</b>	<b>324.76</b>
Adjustments :		
Depreciation expense	65.96	55.63
(Gain) on sale / disposal / discard of property, plant and equipment (net)	(0.51)	(0.61)
Unwinding of discount on security deposits	0.09	0.09
Provisions no longer required written back	-	(0.88)
Allowances for doubtful debts charged (net) (including effect of expected loss allowance)	0.56	1.79
Allowances for doubtful deposits (written back) / charged (net)	(0.10)	1.26
Bad debts written off	0.01	0.73
Unrealised foreign exchange loss / (gain) (net)	0.35	(0.41)
Mark to market loss on foreign exchange forward contracts (gain) / loss (net)	(3.13)	1.67
Interest income on bank deposits	(81.05)	(80.14)
<b>Operating cash flow before working capital changes</b>	<b>324.38</b>	<b>303.89</b>
<b>Movements in working capital :</b>		
(Increase) / decrease in trade receivables	(3.04)	3.88
(Increase) in other financial assets	(1.49)	(0.92)
Decrease / (increase) in other assets	11.94	(24.31)
(Increase) in inventories	(38.35)	(46.23)
Increase in trade payables	7.75	13.11
(Decrease) / increase in other financial liabilities	(8.42)	6.62
(Decrease) / increase in other liabilities	(5.36)	4.45
Increase in provisions	8.29	4.16
<b>Cash generated from operations</b>	<b>295.70</b>	<b>264.65</b>
Income tax paid (net of refund)	(93.39)	(97.26)
<b>Net Cash generated from operating activities (a)</b>	<b>202.31</b>	<b>167.39</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work-in- progress)	(147.34)	(299.61)
Proceeds from sale of property, plant & equipment	0.51	1.72
Interest received	78.80	83.68
Net movement in other bank balances	(167.94)	162.93
<b>Net cash used in investing activities (b)</b>	<b>(235.97)</b>	<b>(51.28)</b>
<b>Cash flows from financing activities</b>		
Dividend paid (including dividend distribution tax)	(26.39)	(47.22)
Net cash used in financing activities (c)	(26.39)	(47.22)
Net increase in cash and cash equivalents (a+b+c)	(60.05)	68.89
Add : Cash and cash equivalents at the beginning of the year	128.12	59.23
<b>Cash and cash equivalents at the end of the year</b>	<b>68.07</b>	<b>128.12</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Rs. Million, unless otherwise stated)

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Components of cash and cash equivalents</b>		
Balances with banks:		
- On current accounts/ EEFC accounts	45.88	30.93
- On deposit accounts with original maturity upto three months	20.03	95.11
- Unclaimed dividend account	2.16	2.08
<b>Cash and cash equivalents in Cash Flow Statement</b>	68.07	128.12
<b>Significant accounting policies</b>	2	
Notes to the financial statements	3-45	

As per our report of even date attached

**For B S R & Co. LLP**

ICAI Firm Registration Number: 101248W/W-100022

*Chartered Accountants*

**Vikram Advani**

**Partner**

Membership No. 091765

Place : New Delhi

Date : 30 July 2020

For and on behalf of the Board of Directors of  
Voith Paper Fabrics India Limited

R. Nath

**Director**

DIN : 00062186

S.K.Nagpal

**Director**

DIN : 01171148

R. Krishna Kumar

**Managing Director**

DIN : 05344619

Kalyan Dasgupta

**Finance Controller**

CMA No. : 25152

C.S. Gugliani

**Company Secretary**

FCS No. : 4301

Place : New Delhi

Date : 30 July 2020

## Statement of Changes in equity for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### A Equity share capital

Particulars	Numbers	Amount
Equity share capital		
Balance as at 1 April 2018	4.39	43.93
Changes in equity share capital during 2018-19	-	-
Balance as at 31 March 2019	4.39	43.93
Changes in equity share capital during 2019-20	-	-
Balance as at 31 March 2020	4.39	43.93

### B (i) Other equity

	Attributable to owners of the Company			Total attributable to owners of the Company
	Reserves and surplus		Other comprehensive income	
	General reserve	Retained earnings	Remeasurement of defined benefit obligation/ (assets)	
Balance as at 1 April 2018	577.53	1,318.19	1.12	1,896.84
Total comprehensive income for the year ended 31 March 2019				
Profit for the year	-	230.95	-	230.95
Other comprehensive income/(loss) (net of tax)	-	-	0.05	0.05
Total comprehensive income	-	230.95	0.05	231.00
Distributions:				
Dividend	-	(39.53)	-	(39.53)
Dividend distribution tax	-	(8.13)	-	(8.13)
Total distribution	-	(47.66)	-	(47.66)
Balance as at 31 March 2019	577.53	1,501.48	1.17	2,080.18
Total comprehensive income for the year ended 31 March 2020:				
Profit for the year	-	245.42	-	245.42
Other comprehensive income/(loss) (net of tax)	-	-	(2.55)	(2.55)
Total comprehensive income	-	245.42	(2.55)	242.87
Distributions:				
Dividend	-	(21.96)	-	(21.96)
Dividend distribution tax	-	(4.51)	-	(4.51)
Total distribution	-	(26.47)	-	(26.47)
Balance as at 31 March 2020	577.53	1,720.43	(1.38)	2,296.58

(ii) A description of the purpose of each reserve within equity shall be disclosed in the notes.

#### Notes:

- During the year ended 31 March 2020 and 31 March 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.
  - Refer note 13 for nature and purpose of other equity.
- Significant accounting policies 2  
Notes to the financial statements 3-45  
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022  
Chartered Accountants

Vikram Advani

Partner

Membership No. 091765

For and on behalf of the Board of Directors of  
Voith Paper Fabrics India Limited

R. Nath

Director

DIN : 00062186

S.K.Nagpal

Director

DIN : 01171148

R. Krishna Kumar

Managing Director

DIN : 05344619

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

C.S. Gugliani

Company Secretary

FCS No. : 4301

Place : New Delhi

Date : 30 July 2020

Place : New Delhi

Date : 30 July 2020

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a public limited company domiciled in India and with its registered office at Plot No. 113/114 - A, Sector - 24, Faridabad - 121005, Haryana, India incorporated under the provisions of Indian Companies Act, 1956 and its equity shares are listed on Bombay Stock Exchange in India. The Company is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is primarily involved in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated."

#### (a) Basis of preparation

##### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the act.

##### (ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. Further, all the values in the financial statements are rounded off to the nearest million unless otherwise stated."

##### (iii) Historical cost convention

The financial statements have been prepared under the historical cost convention on accrual basis, unless otherwise stated."

#### (b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- i) It is expected to be realised or intended to be sold or consumed in normal operation cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is expected to be realised within twelve months after the reporting period; or
- iv) It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within twelve months after the reporting period; or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

#### (c) Property, plant and equipment (PPE)

##### (i) Recognition and measurement

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### (ii) Subsequent expenditure

Expenditure incurred on substantial expansion upto the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

### (iii) Depreciation and amortization methods, estimated usual lives and residual value

Depreciation is provided on straight line basis on the original cost/acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful live specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the following classes of fixed assets which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Pre-tackers	10 Years	10-15 years
Needle loom, weaving loom, forming/shuttle loom	12 Years	10-15 years
1 Texo Loom - Flat, Oil heated Cylinder	13.48 years	10-15 years
Texo Loom	10 years	10-15 years

The assets; residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation and amortization on property, plant and equipment added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### (iv) Derecognition

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

### (d) Non-current assets held for sale

Non-current assets, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Any subsequent gain in fair value less costs to sell of an asset is recognized, but not in excess of the cumulative impairment loss that has been recognised either in accordance with this Ind AS or previously in accordance with Ind AS 36, Impairment of Assets. Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated."

### (e) Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU on a pro rata basis.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### (f) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets

#### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### *Subsequent measurement*

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI- debt instrument
- FVOCI- equity instrument
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost and is not designated as at FVTPL if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After such initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables and other receivables.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

#### *Financial asset at Fair value through profit and loss (FVTPL)*

A financial asset which is not classified in any of the above categories is subsequently measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises loss allowance using the Expected Credit Loss (ECL) model for the financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to the lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance on financial asset as at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- a) The right to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on Derecognition is also recognised in Statement of Profit and Loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments."

### (g) Inventories

Inventories are valued at lower of cost or net realisable value.

The methods of determining cost of various categories of inventories are as follows:

Raw Material	Weighted average method
Stores and spares	First in first out (FIFO) method
Work-in-progress and finished goods (manufactured)	Weighted average method
Finished goods (traded)	Cost of purchase
Goods in transit	Cost of purchase

Cost includes expenditure incurred in acquiring inventories, production or conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### (h) Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk or change in value.

### (i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that the reimbursement will be received and the amount of receivable can be measured reliably.

#### Warranty provisions

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data.

### (j) Revenue recognition

The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Ind AS 115 five step model is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from sales of goods is recognised on output basis measured by units delivered, number of transactions etc.
- Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which coincides with the performance obligation under the contract with the customer.
- Revenue from services is recognized in accordance with the terms of contract when the services are rendered and the related costs are incurred

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from related party is recognised based on transaction price which is at arm's length.

Use of significant judgments in revenue recognition :-

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgments to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.



## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

Interest Income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in "other income".

### (k) Employee benefits

#### (i) Short-term employee benefits

All employee benefits falling due within twelve months from the end of the period in which employees render the related services are classified as short-term employee benefits, which includes benefits like salaries, wages, performance linked reward etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

#### (ii) Post-employment benefits

Post employment benefits plans are classified into defined benefits plans and defined contribution plans as under:

##### a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of the employment. The liability in respect of gratuity is recognised in the books of accounts based on actuarial valuation by an independent actuary at each balance sheet date using projected unit credit method. The gratuity liability of the Company is funded with Life Insurance Corporation of India. Actuarial losses/gains are recognised in the other comprehensive income and Loss in the year in which they arise.

##### b) Superannuation

Certain employees of the Company are also participants in the superannuation plan, a defined contribution plan. Contribution made by the Company to the plan during the year is charged to Statement of Profit and Loss.

##### c) Provident fund

The Company makes contribution to the recognised provident fund - VPFIL Employees Provident Fund Trust for its employees, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government. Company's contribution to the provident fund is charged to Statement of Profit and Loss.

#### (iii) Other long-term employee benefits

##### Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to the future periods to either be utilised during the service, or encashed. Encashment can be made during service, or early retirement, on withdrawal of scheme, at resignation and upon death of employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's liability in respect of other long-term employee benefits is recognised in the books of accounts based on actuarial valuation using projected unit credit method as at Balance Sheet date by an independent actuary. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### (l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in comprehensive income.

#### a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Entity has recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

### (m) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### (n) Segment reporting

The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry. This is the main source of risk and returns. The Managing Director of the Company is identified as chief operating decision maker (CODM). The company has a single reportable segment which is reviewed by Chief Operating Decision Maker (CODM).

### (o) Foreign currency translation

#### (i) Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian rupees.

#### (ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when fair value was determined. Non- monetary assets and liabilities that are measured based on a historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI.

- equity investment at fair value through OCI (FVOCI)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective."

### (p) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

- the profit attributable to the owners of the Company
- by the weighted average number of equity shares outstanding during the financial year"

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### (q) Measurement of fair values

A number of accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Significant valuation adjustments are reported to the Company's Audit Committee meeting. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

### (r) Critical estimates and judgements

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognised in the financial statements is included in the following notes:-

a) Recognition and estimation of tax expense including deferred tax	Note 30
b) Estimated impairment of financial assets and non-financial assets	Note 34
c) Assessment of useful life of property, plant and equipment	Note 2 (c) (iii)
d) Estimation of assets and obligations relating to employee benefits	Note 32
e) Valuation of inventories	Note 2 (g)
f) Fair value measurement	Note 33

### (s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized since it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in financial statements.

### (t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, changes in working capital and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 3. Property, plant and equipment

Particulars	Freehold Land*	Buildings		Plant and machinery	Furniture and fixtures	Office equipment's (including Computers)	Vehicles	Sub-total (A)	Capital work-in-progress (B)	Total (A) + (B)
		Owned	Owned, given on lease							
Gross carrying amount										
Balance as at 31 March 2018	1.81	48.79	13.54	403.41	4.04	16.93	0.46	488.98	99.19	588.17
Additions during the year	-	119.15	-	66.94	0.36	2.45	-	188.90	312.31	501.21
Disposals/ adjustments during the year	-	-	-	1.37	0.14	0.01	-	1.52	180.46	181.98
Balance as at 31 March 2019	1.81	167.94	13.54	468.98	4.26	19.37	0.46	676.36	231.04	907.40
Additions during the year	-	-	-	232.51	0.01	6.16	-	238.68	136.46	375.14
Disposals/ adjustments during the year	-	-	-	-	-	-	-	-	249.15	249.15
Balance as at 31 March 2020	1.81	167.94	13.54	701.49	4.27	25.53	0.46	915.04	118.35	1,033.39
Accumulated depreciation										
Balance as at 31 March, 2018	-	4.80	0.93	98.48	1.11	11.89	0.33	117.54	-	117.54
Depreciation for the year	-	1.93	0.93	49.97	0.42	2.34	0.06	55.65	-	55.65
Disposals	-	-	-	0.29	-	0.13	-	0.42	-	0.42
Balance as at 31 March 2019	-	6.73	1.86	148.16	1.53	14.10	0.39	172.77	-	172.77
Depreciation for the year	-	6.36	0.47	56.04	0.43	2.62	0.04	65.96	-	65.96
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	13.09	2.33	204.20	1.96	16.72	0.43	238.73	-	238.73
Carrying amounts (net)										
As at 31 March 2019	1.81	161.21	11.68	320.82	2.73	5.27	0.07	503.59	231.04	734.63
As at 31 March 2020	1.81	154.85	11.21	497.29	2.31	8.81	0.03	676.31	118.35	794.66

\* Land measuring 145,200 square yards consisting site no. 113 and half of the 114 is titled in the name of the Company vide conveyance deed dated 16 March 1970.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 4. Other financial assets (Non-current)

	As at 31 March 2020	As at 31 March 2019
Security deposits	4.99	4.74
<b>Total other financial assets (Non-current)</b>	<b>4.99</b>	<b>4.74</b>

### 5. Income tax assets (net)

	As at 31 March 2020	As at 31 March 2019
Advance income tax (net of provision for tax Rs. 375.19 million; 31 March 2019 : Rs. 288.83 million)	36.48	29.25
<b>Total income tax assets (net)</b>	<b>36.48</b>	<b>29.25</b>

### 6. Other non-current assets

	As at 31 March 2020	As at 31 March 2019
Capital advances	1.00	0.01
<b>Total other non-current assets</b>	<b>1.00</b>	<b>0.01</b>

### 7. Inventories

	As at 31 March 2020	As at 31 March 2019
Raw materials (including goods in transit Rs. 20.78 million; 31 March 2019 : Rs. 31.32 million)	108.76	90.54
Work-in-progress	29.28	15.88
Finished goods	16.21	8.68
Stock-in-trade (including goods in transit Rs. 5.03 million; 31 March 2019 : Rs. 6.63 million)	8.63	6.63
Stores and spare parts	5.56	8.36
<b>Total inventories</b>	<b>168.44</b>	<b>130.09</b>

The write-down of inventories to net realisable value amounted to Rs. 2.00 million; (31 March 2019 : Rs. 6.34 million). The reversal of write-downs during the year amounted to Rs. 1.08 million (31 March 2019 : Rs. 3.46 million). The write-down and reversal are included in cost of materials or changes in inventories of finished goods and work-in-progress.

### 8. Trade receivables

	As at 31 March 2020	As at 31 March 2019
<b>Trade receivables*:</b>		
- considered good - secured	-	-
- considered good - unsecured	173.97	170.61
- which have significant increase in Credit Risks	3.93	3.97
- credit impaired	-	-
Doubtful		
Less : Loss allowances for doubtful debts**	(3.93)	(3.97)
<b>Total trade receivables</b>	<b>173.97</b>	<b>170.61</b>

\* Refer note 36 for related party balances. Related party balance on 31 March 2020 : Rs. 23.26 million (31 March 2019 : Rs. 4.61 million)

\* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade receivable.

\*\* Loss allowances for doubtful debts include allowance as per expected credit loss method.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 9(a). Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
<b>Balances with banks:</b>		
- On current accounts/ EEFC account	45.88	30.93
- Deposits with original maturity of less than 3 months	20.03	95.11
- Unclaimed dividend account	2.16	2.08
<b>Cash on hand</b>	-	-
<b>Total cash and cash equivalents</b>	<b>68.07</b>	<b>128.12</b>

### 9(b). Other bank balances

	As at 31 March 2020	As at 31 March 2019
Deposits due to mature within 12 months of reporting date*	1,298.62	1,128.43
<b>Total other bank balances</b>	<b>1,298.62</b>	<b>1,128.43</b>

\* Includes interest accrued on fixed deposits amounting to Rs. 34.65 million (31 March 2019 - Rs. 38.54 million)

### 10. Other financial assets (Current)

	As at 31 March 2020	As at 31 March 2019
Security deposits	1.77	1.93
Less : Loss allowances for doubtful deposits	(1.16)	(1.26)
Mark-to-market on foreign exchange forward contract	1.40	-
<b>Total other financial assets</b>	<b>2.01</b>	<b>0.67</b>

### 11. Other current assets

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	3.13	3.09
Balances with government authorities	14.70	22.37
Advance to employees	0.90	2.13
Advance for supply of goods and services	2.23	6.01
Other advances	2.57	1.56
<b>SVB claim recoverable</b>		
Secured and good	0.95	1.26
Doubtful	0.20	0.20
Less : Loss allowances for doubtful assets	(0.20)	(0.20)
<b>Total other current assets</b>	<b>24.48</b>	<b>36.42</b>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 12. Equity Share Capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised				
Equity shares of Rs. 10 each	25.00	250.00	25.00	250.00
	25.00	250.00	25.00	250.00
Issued, Subscribed and Paid-up				
Equity shares of Rs. 10 each	4.39	43.93	4.39	43.93
	4.39	43.93	4.39	43.93

#### a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	31 March 2020		31 March 2019	
	Numbers	Amount	Numbers	Amount
Equity shares				
At the commencement and at the end of the year	4.39	43.93	4.39	43.93

#### b) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having par value of INR 10 each. Holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c) Shares held by holding company

	31 March 2020		31 March 2019	
	Numbers	Amount	Numbers	Amount
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3.25	32.52	3.25	32.52
	3.25	32.52	3.25	32.52

#### d) Details of shareholders holding more than 5% shares in the company:

	31 March 2020		31 March 2019	
	Numbers	% of holding	Numbers	% of holding
Equity shares of Rs. 10 each held by -				
VP Auslandsbeteiligungen GmbH, Germany	3.25	74.04%	3.25	74.04%
	3.25	74.04%	3.25	74.04%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of equity shares.

### 13. Other equity

	As at 31 March 2020	As at 31 March 2019
<i>Attributable to the owners of the Company :</i>		
General reserve (a)	577.53	577.53
Retained earnings	1,720.43	1,501.48
Other comprehensive income - remeasurement of defined benefit (obligation) / asset (b)	(1.38)	1.17
<b>Total attributable to the owners of the Company</b>	<b>2,296.58</b>	<b>2,080.18</b>

#### Nature and purpose of other equity

##### (a) General reserve

This represents appropriation of profits by the Company and is available for distribution of dividend.

##### (b) Remeasurement of defined benefit obligation

Remeasurement of defined benefit obligation comprises actuarial gains and losses and return on plan assets.



## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 14. Provisions (Non-current)

	As at 31 March 2020	As at 31 March 2019
<b>Provision for Employee benefits</b>		
Provision for gratuity (Refer note 32)	8.19	2.27
Provision for compensated absences (Refer note 32)	27.09	23.48
Provision for other retirement benefits (Refer note 32)	0.12	0.12
Provision for long service award (Refer note 32)	1.60	1.54
<b>Total provisions (Non-current)</b>	<b>37.00</b>	<b>27.41</b>

### 15. Deferred tax

	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liabilities</b>		
Excess of depreciation on property, plant and equipment under income-tax law over depreciation charged in accounts	24.32	23.23
Others	-	0.05
<b>Total (I)</b>	<b>24.32</b>	<b>23.28</b>
<b>Deferred tax assets</b>		
Provision for other retirement benefits	0.04	0.04
Provision for expenses u/s 40 a (ia), warranties and other payables	2.18	3.48
Provision for contingencies	1.80	2.08
Expenditure covered by section 43B of the Income-tax Act, 1961	11.57	10.18
Provision for loss allowances for doubtful debts and inventory	3.43	3.43
<b>Total (II)</b>	<b>19.02</b>	<b>19.21</b>
<b>Net deferred tax liability (I)-(II)</b>	<b>5.30</b>	<b>4.07</b>

### 16. Trade payables

	As at 31 March 2020	As at 31 March 2019
<b>Current</b>		
Trade payables*		
- total outstanding dues of micro enterprises and small enterprises	2.38	5.12
- total outstanding dues of creditors other than micro enterprises and small enterprises	115.20	106.85
<b>Total trade payables</b>	<b>117.58</b>	<b>111.97</b>

\* Refer note 31 for disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

\* Refer note 36 for related party balances. Related party balance on 31 March 2020 : Rs. 61.22 million ; 31 March 2019 : Rs. 58.95 million.

\* Refer note 34 for the Company's exposure to currency and liquidity risks related to trade payables.

### 17. Other financial liabilities

	As at 31 March 2020	As at 31 March 2019
Unpaid dividend (1)	2.16	2.08
Security deposit received (Refer Note 36)	1.49	1.40
Capital creditors*	14.51	26.34
Mark-to-market on foreign exchange forward contract	-	1.73
Employee benefits payables**	16.15	22.60
<b>Total other financial liabilities</b>	<b>34.31</b>	<b>54.15</b>

(1) Investor Education and Protection Fund will be credited as and when due.

\* Refer note 36 for related party balances. Related party balance on 31 March 2020 : Rs. 3.55 million ; 31 March 2019 : Rs. 0.70 million.

\*\* Refer note 36 for related party balances. Related party balance on 31 March 2020 : Rs. 0.77 million ; 31 March 2019 : Rs. 3.89 million.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 18. Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Advances from customers	14.81	16.23
Statutory liabilities	3.10	7.04
<b>Total other current liabilities</b>	<b>17.91</b>	<b>23.27</b>

### 19. Provisions (Current)

	As at 31 March 2020	As at 31 March 2019
<b>Provision for Employee benefits</b>		
Provision for compensated absences (Refer note 32)	3.79	1.92
Provision for other retirement benefits (Refer note 32)	0.02	-
Provision for long service award (Refer note 32)	0.28	0.23
	<b>4.09</b>	<b>2.15</b>
<b>Other provisions</b>		
Provision for warranties (Refer note 19(a))	7.96	7.78
Provision for litigations (Refer note 19(b))	7.14	7.14
	<b>15.10</b>	<b>14.92</b>
<b>Total provisions (Current)</b>	<b>19.19</b>	<b>17.07</b>

19(a). Provision for warranty represents costs associated with providing sales and support services which are accrued at the time of recognition of revenue and are expected to be utilized over a period of 1 year. Assumption used to calculate the provision for warranties were based on current sales level and current information about actual claims settlement based on the five year warranty period for all products sold. A summary of activity is as follows:

	As at 31 March 2020	As at 31 March 2019
At the commencement of the year	7.78	7.83
Provision made during the year	7.96	7.78
Provision utilised during the year	(2.08)	(6.36)
Provision reversed during the year	(5.70)	(1.47)
<b>At the end of the year</b>	<b>7.96</b>	<b>7.78</b>

19(b). Provision for litigation primarily made for probable liabilities/claims arising out of pending disputes/litigations with various regulatory authorities. These provisions are affected by numerous uncertainties and management has taken all efforts to make a best estimate. Timing of outflow of resources will depend upon timing of decision of cases. A summary of activity is given below:

	As at 31 March 2020	As at 31 March 2019
At the commencement and end of the year	<b>7.14</b>	<b>7.15</b>

### 20. Income tax liabilities (net)

	As at 31 March 2020	As at 31 March 2019
Provision for taxation (net of advance tax Rs. Nil (31 March 2019 : Rs. Nil)	0.92	0.92
<b>Total other tax liability</b>	<b>0.92</b>	<b>0.92</b>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 21. Revenue from operations

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Sale of products</b>		
- manufactured	963.65	889.81
- traded goods	192.98	209.58
<b>Total sale of goods (A)</b>	<b>1,156.63</b>	<b>1,099.39</b>
<b>Sale of services</b>		
- Commission	6.90	7.65
<b>Total sale of services (B)</b>	<b>6.90</b>	<b>7.65</b>
<b>Other operating revenues</b>		
- Scrap sales	6.21	4.56
- Export incentive - duty drawback	1.01	0.25
- Liabilities/provisions no longer required, written back	-	0.88
- Provision for doubtful advances written back (net)	0.10	-
- Foreign exchange fluctuation gain (net)	0.82	4.26
- Miscellaneous income	4.41	3.30
<b>Other operating revenues (C)</b>	<b>12.55</b>	<b>13.25</b>
<b>Total revenue from operations (A+B+C)</b>	<b>1,176.08</b>	<b>1,120.29</b>

#### Disaggregation of revenue

The table below presents disaggregated revenues from contracts with customers by geography and products and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

#### (A) Revenues by geography\*

	For the year ended 31 March 2020	For the year ended 31 March 2019
India	1,030.96	1,047.77
Europe	41.67	3.27
East Asia	1.83	-
South East Asia	37.63	20.25
Middle East	0.41	0.42
North America	1.52	-
South Asia	49.51	35.33
<b>Total</b>	<b>1,163.53</b>	<b>1,107.04</b>

\*Disclosure relating to revenues by geography has been made with respect to location of customers.

#### (B) Revenues in products and services\*

	For the year ended 31 March 2020	For the year ended 31 March 2019
Products	1,156.63	1,099.39
Other services	6.90	7.65
<b>Total</b>	<b>1,163.53</b>	<b>1,107.04</b>

\*Revenue from product comprises of revenue generated from sale of manufactured and traded goods. Revenue from services includes income from commission and other services.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 22. Other income

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on bank deposits	81.05	80.14
Net gain on disposal of property, plant and equipment	0.51	0.60
Mark to market gain on foreign exchange forward contracts	3.13	-
Rental income	7.09	6.76
<b>Total other income</b>	<b>91.78</b>	<b>87.50</b>

### 23. Cost of materials consumed

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory of materials at the beginning of the year	90.54	54.39
Add: Purchases	286.20	277.19
Less: Inventory of materials at the end of the year	108.76	90.54
<b>Total cost of materials consumed</b>	<b>267.98</b>	<b>241.04</b>

### 24. Purchase of stock-in-trade

	For the year ended 31 March 2020	For the year ended 31 March 2019
Fabrics	134.32	157.13
Qualiflex sleeves	8.03	15.42
Rolls	8.24	0.62
<b>Total purchase of stock-in-trade</b>	<b>150.59</b>	<b>173.17</b>

### 25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year		
Work-in-progress	29.28	15.88
Finished goods - Manufactured	16.21	8.68
Finished goods - Traded	8.63	6.63
	<b>54.12</b>	<b>31.19</b>
Inventories at the beginning of the year		
Work-in-progress	15.88	13.75
Finished goods - Manufactured	8.68	4.14
Finished goods - Traded	6.63	6.51
	<b>31.19</b>	<b>24.40</b>
<b>Total changes in inventories of finished goods, stock-in-trade and work-in-progress</b>	<b>(22.93)</b>	<b>(6.79)</b>

### 26. Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	124.95	114.40
Contribution to provident and other funds (Refer note 32 A)	5.39	4.33
Contribution to super annuation fund (Refer note 32 B)	3.88	3.50
Expenses related to post-employment defined benefit plans (Refer note 32 B)	2.51	2.33
Expenses related to compensated absences	7.00	4.25
Other retirement benefit	0.02	0.02
Long service award	0.28	0.41
Staff welfare expenses	7.39	6.20
<b>Total employee benefits expense</b>	<b>151.42</b>	<b>135.44</b>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 27. Depreciation expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment	65.96	55.63
<b>Total depreciation on property, plant and equipment</b>	<b>65.96</b>	<b>55.63</b>

### 28. Other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores and spares	48.00	40.54
Contract labour cost	45.39	41.54
Power and fuel	58.72	48.56
Freight and forwarding charges	4.73	3.21
Rates and taxes	5.12	3.55
Insurance	2.43	2.06
Repairs and maintenance		
- Plant and machinery	28.91	20.55
- Buildings (owned)	4.94	6.08
- Others	5.04	6.69
Sales commission	2.10	0.76
Travelling and conveyance	15.64	14.66
Communication expenses	6.01	5.28
Legal and professional fees	4.89	5.16
Directors' sitting fees	1.58	1.35
Payments to auditor (see Note 29 below)	3.09	2.95
Warranties	2.25	6.31
Bad debts written off	0.61	0.92
Less : Provision utilized	(0.60)	(0.19)
Provision for doubtful debts (net) (including effect of expected loss allowance)	0.56	1.79
Provision for doubtful advances	-	1.26
Advances written off	-	0.16
Mark to market loss on foreign exchange forward contracts	-	1.67
Technical know how fees/Royalty	48.40	44.65
Advertising and sales promotion	0.22	0.09
Security charges	3.36	3.26
Expenditure on corporate social responsibility (Refer note 39)	5.86	5.22
Training and development charges	1.57	0.81
Miscellaneous expenses	13.82	15.65
	<b>312.64</b>	<b>284.54</b>

### 29. Other expenses (continued)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Payment to auditors (excluding applicable taxes)		
As auditor:		
Statutory audit	1.34	1.23
Tax audit	0.15	0.15
Limited review of quarterly results	0.75	0.75
In other capacity:		
Group audit	0.32	0.32
Transfer pricing	0.25	0.25
Certification fee	0.05	0.05
Reimbursement of expenses	0.23	0.20
<b>Total payment to auditors</b>	<b>3.09</b>	<b>2.95</b>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 30 Income Tax

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current income tax:</b>		
Current income tax charge for the year	86.37	95.57
Adjustments in respect of current income tax of previous years	0.65	(1.56)
	<u>87.02</u>	<u>94.01</u>
<b>Deferred tax:</b>		
Deferred tax on profits for the year	1.23	(0.20)
	<u>1.23</u>	<u>(0.20)</u>
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<u>88.25</u>	<u>93.81</u>
<b>OCI</b>		
Tax related to items that will not be classified to Profit & Loss	0.86	(0.02)
Reversal of income tax relating to earlier years that will not be reclassified to profit or loss	0.00	0.00
<b>Income tax charged to OCI</b>	<u>0.86</u>	<u>(0.02)</u>

Reconciliation between average effective tax rate and applicable tax rate for the year ended 31 March 2020 and 31 March 2019:

For the year ended 31 March 2020

	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before income tax	333.67	324.76
At India's statutory income tax rate of 25.168% (31 March 2019 : 29.12%)	84.00	94.57
- Effect of non-deductible expenses and exempt income	2.90	0.80
- Change in estimates related to prior years	0.65	(1.56)
- Deferred tax assets (recognised)/not recognised in earlier years	0.00	0.00
- Rate difference	0.14	0.00
- Others	0.56	0.00
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<u>88.25</u>	<u>93.81</u>

During the year ending 31 March 2020 and 31 March 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of shareholders. Hence, DDT paid is charged to equity. Distribution tax on dividend represents distribution tax on dividend paid during the year ended 31 March 2020 amounting to Rs. 4.51 million (31 March 2019 Rs. 8.13 million).

### 31. Micro, small and medium enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2019
The principal amount remaining unpaid to any supplier as at the end of each accounting year	6.28	5.12
The interest due on principal amount remaining unpaid to any supplier as at the end of each accounting year	0.03	0.61
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	0.61	-
The amount of interest accrued and remaining unpaid at the end of the year	1.25	0.56
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 32. Employee benefits in respect of the Company have been calculated as under:

#### (A) Defined Contribution Plans

The company has certain defined contribution plan such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Company has contributed following amounts to:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Employer's contribution to provident fund	3.06	2.61
Employer's contribution to employees' pension scheme 1995	1.70	1.39
Employer's contribution to superannuation fund	3.88	3.50
Employer's contribution to employee deposit linked insurance	0.35	0.03
Employer's contribution to employee state insurance	0.20	0.27
Employer's contribution to state welfare fund	0.08	0.03

#### (B) Defined Benefit Plans

##### (i) Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 6.65% p.a. (31 March 2019 : 7.60% p.a. which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2019 : 58 years).

The estimates of future salary increases, considered in actuarial valuation is 10% p.a. (31 March 2019 : 10%), taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets are maintained with Life Insurance Corporation of India in respect of gratuity scheme. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return based on LIC statement on plan assets is 7.27% p.a. (31 March 2019 : 7.80% p.a.).

Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	30.61	27.07
Current service cost	2.38	2.19
Past service cost	0.00	0.03
Interest cost	2.28	2.04
Benefits paid	(4.00)	(0.45)
Actuarial gain	3.27	(0.27)
Present value of obligation at the end of the year	34.54	30.61

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	34.54	30.61
Fair value of plan assets at the end of the year	(26.35)	(28.34)
Net liabilities recognised in the Balance Sheet	8.19	2.27

#### Fair value of plan assets:

	31 March 2020	31 March 2019
Plan assets at the beginning of the year	28.34	25.03
Expected return on plan assets	2.15	1.93
Contribution by employer	0.00	2.04
Actual benefits paid	(4.00)	(0.45)
Actuarial (loss)/ gain	(0.14)	(0.21)
Plan assets at the end of the year	26.35	28.34



## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2020	31 March 2019
Current service cost	2.38	2.19
Past service cost	0.00	0.03
Interest cost	0.13	0.11
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>2.51</b>	<b>2.33</b>

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Actuarial loss/ (gain) due to financial assumption change	3.10	0.28
Actuarial loss due to experience adjustment	0.15	(0.54)
Actuarial (gain)/ loss on plan assets	0.14	0.21
Actuarial loss due to demographic assumption changes in PBO	0.01	0.00
<b>Amount recognised in the Other Comprehensive Income</b>	<b>3.40</b>	<b>(0.05)</b>

Sensitivity analysis:

Particulars	31 March 2020	31 March 2020
<b>Assumption</b>	<b>Discount rate</b>	<b>Future salary increase</b>
Sensitivity level	1 % increase	1 % increase
Impact on defined benefit	(3.25)	3.67
Sensitivity level	1 % decrease	1 % decrease
Impact on defined benefit	3.83	(3.19)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

### (ii) Retirement benefit award

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has also been carried out in respect of retirement benefit award. The discount rate assumed is 6.65% p.a. (31 March 2019 : 7.60% p.a.) which is determined by reference to market yield at the balance sheet date on government bonds. The retirement age has been considered at 58 years (31 March 2019 : 58 years).

Reconciliation of opening and closing balances of present value of defined benefit obligation:

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	0.13	0.14
Current service cost	0.01	0.01
Interest cost	0.01	0.01
Benefits paid	-	(0.02)
Actuarial gain	0.01	(0.01)
<b>Present value of obligation at the end of the year</b>	<b>0.16</b>	<b>0.13</b>

Reconciliation of the net liabilities recognised in the balance sheet

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	0.16	0.13
<b>Net liabilities recognised in the Balance Sheet</b>	<b>0.16</b>	<b>0.13</b>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

Expense recognised in the Statement of Profit and Loss under employee benefits expenses:

Particulars	31 March 2020	31 March 2019
Current service cost	0.01	0.01
Interest cost	0.01	0.01
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>0.02</b>	<b>0.02</b>

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Actuarial loss/ (gain) due to demographic assumption change	0.00	0.00
Actuarial loss/ (gain) due to financial assumption change	0.00	0.00
Actuarial loss due to experience adjustment	0.00	(0.01)
<b>Amount recognised in the Other Comprehensive Income</b>	<b>0.00</b>	<b>(0.01)</b>

Sensitivity analysis:

Particulars	31 March 2020
Assumption	Discount rate
Sensitivity level	1 % increase
Impact on defined benefit	(0.02)
Sensitivity level	1 % decrease
Impact on defined benefit	(0.01)

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

### (iii) Provident Fund\*:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. The total liability of Rs. Nil (31 March 2019 : Rs. Nil) has been charge to Statement of Profit and Loss during the year.

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

Particulars	31 March 2020	31 March 2019
Discount rate	6.65%	7.60%
Guaranteed rate of return	8.50%	8.65%

The Company has contributed Rs. 3.06 million to provident fund for the year.

### (C) Other long term benefits

#### (i) Compensated absences

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	30.88	25.40

#### (ii) Long service award

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	1.88	1.77

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 33. Fair value management

	Note	Level of hierarchy Refer Note 2 (q)	31 March 2020			31 March 2019		
			FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<i>Financial assets</i>								
Trade receivables	(a)		-	-	173.97	-	-	170.61
Cash and cash equivalents	(a)		-	-	68.07	-	-	128.12
Other bank balance	(a)		-	-	1,298.62	-	-	1,128.43
Other financial assets	(a)	2	1.40	-	5.60	-	-	5.41
<b>Total financial assets</b>			<b>1.40</b>	<b>-</b>	<b>1,546.26</b>	<b>-</b>	<b>-</b>	<b>1,432.57</b>
<i>Financial liability</i>								
Trade payable	(a)		-	-	117.58	-	-	111.97
Other financial liabilities	(a)	2	-	-	34.31	1.73	-	52.42
<b>Total financial liabilities</b>			<b>-</b>	<b>-</b>	<b>151.89</b>	<b>1.73</b>	<b>-</b>	<b>164.39</b>

- (a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- (b) The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.

### 34. Financial risk management

#### (A) Financial risk management

##### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defence namely policies and procedures, review mechanism and assurance, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The audit committee of the board with top management oversees the formulation and implementation of the Risk Management Policies. The risks and mitigation plan are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (i))
- liquidity risk (see (ii))
- market risk (see (iii))
- interest rate risk (see (iv))

#### i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit risk exposure.

##### Trade receivable and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, industry information and business intelligence.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

##### Expected credit loss for trade receivable:

The Company based on internal assessment which is driven by the historical experience / current facts available in relation to defaults and delays in collection thereof, the credit risk for trade receivable is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due (net of expected credit loss allowance), excluding receivable from group companies and government companies is Rs. 76.73 million (31 March 2019 : Rs. 157 million).

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2020	31 March 2019
Balance at the beginning of the year	0.30	0.39
Add : Provided during the year (net of reversal)	0.55	(0.09)
<b>Balance at the end of the year</b>	<b>0.85</b>	<b>0.30</b>

### *Expected credit loss on financial assets other than trade receivable:*

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from whom these financial assets are recoverable, have strong capacity to meet the obligations and where the risk of default is negligible and accordingly no provision for expected credit loss has been provided on such financial assets. Break up of financial assets other than trade receivables have been disclosed on balance sheet.

### ii. Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's finance department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by finance. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

#### **Exposure to the liquidity risk**

The following are remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

31 March 2020	Contractual cash flows			
	Carrying amount	Total	Within one year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	117.58	117.58	117.58	-
Other financial liabilities	34.31	34.31	34.31	-

31 March 2019	Contractual cash flows			
	Carrying amount	Total	Within one year	More than 1 year
<b>Non-derivative financial liabilities</b>				
Trade payables	111.97	111.97	111.97	-
Other financial liabilities	54.15	54.15	54.15	-

### iii. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

#### **Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales and purchases are denominated and the functional currency of the Company. The currencies which the Company is exposed to risk are EUR, USD, GBP, SEK, CNY and CAD.

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, entering into forward contract.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk are reported to management of the company as follows:

(amount in Million Rs.)

	As at 31 March 2020					
	USD	EUR	GBP	SEK	CNY	CAD
Cash and cash equivalents	5.90	2.62	-	-	-	-
Trade receivables	5.31	14.14	-	-	-	-
Against open sales orders	0.86	-	-	-	-	-
Trade payables	(28.78)	(16.16)	-	(0.31)	-	-
Capital creditors	-	(1.63)	(3.55)	-	-	-
Against open purchase orders	(18.79)	(18.76)	-	(0.30)	(3.80)	(1.39)
Net statement of financial position exposure	(35.50)	(19.79)	(3.55)	(0.61)	(3.80)	(1.39)

(amount in Million Rs.)

	As at 31 March 2019					
	USD	EUR	GBP	SEK	NOK	CNY
Cash and cash equivalents	1.38	0.23	-	-	-	-
Trade receivables	7.36	2.07	-	-	-	-
Trade payables	12.68	10.48	-	-	-	-
Capital creditors	(25.50)	(16.55)	(0.26)	(0.55)	-	-
Against open purchase orders	-	(3.21)	(0.72)	(0.24)	(0.67)	-
Net statement of financial position exposure	(41.82)	(44.50)	(4.76)	-	-	(12.25)
	(45.90)	(51.48)	(5.74)	(0.79)	(0.67)	(12.25)

### Sensitivity analysis

A reasonable possible strengthening (weakening) of the USD, EUR, GBP, SEK, CNY and CAD against all other currencies at 31 March would have affected the measurement of financial exposure denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact on forecast sales and purchases.

	Profit or Loss (before tax)	
	Strengthening	Weakening
<b>31 March 2020</b>		
USD (1% movement)	(0.36)	0.36
EUR (1% movement)	(0.20)	0.20
GBP (1% movement)	(0.04)	0.04
SEK (1% movement)	(0.01)	0.01
CNY (1% movement)	(0.04)	0.04
CAD (1% movement)	(0.01)	0.01
<b>31 March 2019</b>		
USD (1% movement)	(0.46)	0.46
EUR (1% movement)	(0.52)	0.52
GBP (1% movement)	(0.06)	0.06
SEK (1% movement)	(0.01)	0.01
NOK (1% movement)	(0.01)	0.01
CNY (1% movement)	(0.12)	0.12

#### iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's fixed deposits.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	31 March 2020	31 March 2019
<b>Fixed-rate instruments</b>		
Financial assets - Bank deposits	1,319	1,224
	<u>1,319</u>	<u>1,224</u>

### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair value sensitivity on bank deposits has not been disclosed as interest rate on such deposits is equivalent to market rate.

## 35. Capital management

### Dividends

(a) The following dividends were declared and paid by the Company during the year:

Particulars	31 March 2020	31 March 2019
<b>Equity shares</b>		
Final dividend paid during the year ended 31 March 2020 of Rs. 5 per fully paid equity share (31 March 2019 of Rs. 9 per fully paid up equity share)	21.96	39.53
	<u>21.96</u>	<u>39.53</u>

(b) Dividend not recognised at the end of the reporting period

	31 March 2020	31 March 2019
<b>Equity shares</b>		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of Rs. 5 per fully paid equity share (31 March 2019 : Rs. 5). This proposed dividend is subject to the approval of shareholders in the ensuing general meeting and would attract TDS / dividend distribution tax when declared or paid.	21.96	21.96

## 36. Related Party Disclosures

### (A) Related Party Names

#### (a) Related parties where control exists

##### a) Ultimate Holding Company

Voith Paper Holding GmbH & Co. KG, Germany (Holds 100% Equity of VP Auslandsbeteiligungen GmbH)

##### b) Holding Company

VP Auslandsbeteiligungen GmbH, Germany

#### (b) Fellow subsidiaries

Voith US Inc. (Formerly known as Syn Strand Inc., United State of America)

Voith US Inc. | VPFS, United State of America

J.M. Voith SE & Co. KG | DSG (Formerly known as Voith Digital Solutions GmbH, Germany)

Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia

Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia

J M Voith SE & Co. KG | VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)

Voith Paper Technology (India) Private Limited, India

Voith Hydro Private Limited, India

Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America

Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

J M Voith SE & Co. KG | VPH (Formerly known as Voith Paper GmbH & Co. KG, Germany)  
 Voith Austria GmbH | VPRL (Formerly known as Voith Paper Rolls GmbH & Co KG, Austria)  
 Voith Austria GmbH | VPFF (Formerly known as Voith Paper Fabrics GmbH, Austria)  
 Voith Paper Fabrics Högsjö AB, Sweden  
 Voith Paper Fabrics Waycross, LLC  
 PT. Voith Paper Rolls Indonesia  
 Voith Paper (China) Co., Ltd., China  
 Voith Austria GmbH | VPRL, Austria  
 Voith Paper Fabrics BV, Netherland  
 Voith Digital Solutions India Private Ltd., India  
 Voith Paper Ltd, Manchester  
 Voith Paper Fabrics S.A., Spain

### (c) Key Management Personnel

R. Krishna Kumar, Managing Director  
 Kalyan Dasgupta, Financial Controller  
 C. S. Gugliani, Company Secretary

### (d) Others:

VPFIL Employees' Provident Fund Trust

### (B) Related Party Transactions

S.No.	Particulars	31 March 2020	31 March 2019
1	<b>Transactions with Holding Company</b>		
	Payment of Dividend (Gross)	16.26	29.27
		<u>16.26</u>	<u>29.27</u>
2	<b>Transactions with Fellow Subsidiaries</b>		
i)	<b>Sale of goods</b>		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	23.20	13.00
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	39.81	1.73
	Voith Paper (China) Co., Ltd., China	1.83	-
	Voith Paper Technology (India) Private Limited, India	-	27.45
	Voith US Inc.   VPFS, United State of America	1.52	-
		<u>66.36</u>	<u>42.18</u>
ii)	<b>Sale of services</b>		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	0.56	-
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	-	0.17
	Voith Austria GmbH   VPRL (Formerly known as Voith Paper Rolls GmbH & Co KG, Austria)	1.68	1.36
	Voith Austria GmbH   VPRL, Austria	0.19	-
	PT. Voith Paper Rolls Indonesia	4.47	6.11
		<u>6.90</u>	<u>7.64</u>
iii)	<b>Lease rent income</b>		
	Voith Paper Technology (India) Private Limited, India	7.09	6.76
		<u>7.09</u>	<u>6.76</u>
iv)	<b>Purchase of materials &amp; stores</b>		
	Voith Austria GmbH   VPFF (Formerly known as Voith Paper Fabrics GmbH, Austria)	28.00	14.69
	Voith US Inc. (Formerly known as Syn Strand Inc., United State of America)	34.56	28.02
	Voith Paper (China) Co., Ltd., China	11.23	5.85
	Voith Paper Fabrics Högsjö AB, Sweden	0.06	0.02



## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

S.No.	Particulars	31 March 2020	31 March 2019
	Voith Paper Fabrics BV, Netherland	-	0.23
	Voith Paper Ltd, Manchester	1.31	9.96
	Voith Paper Fabrics Waycross, LLC	-	0.43
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	2.22	7.44
		<u>77.38</u>	<u>66.64</u>
v)	<b>Purchase of traded goods</b>		
	Voith Paper (China) Co., Ltd., China	59.27	70.28
	Voith Austria GmbH   VPFF (Formerly known as Voith Paper Fabrics GmbH, Austria)	12.43	7.37
	Voith Paper Fabrics BV, Netherland	-	0.25
	J M Voith SE & Co. KG   VPH (Formerly known as Voith Paper GmbH & Co. KG, Germany)	8.03	13.99
	Voith Paper Fabrics Högsjö AB, Sweden	25.19	40.61
	Voith Paper Fabrics S.A., Spain	3.18	-
	Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	22.75	24.33
		<u>130.85</u>	<u>156.83</u>
vi)	<b>Purchase of capital goods &amp; services</b>		
	Voith Paper Fabric & Roll Systems Inc. (Wilson), United State of America	-	14.33
	Voith US Inc.   VPFS, United State of America	8.36	-
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	-	14.13
	Voith Paper Ltd, Manchester	10.53	30.35
		<u>18.89</u>	<u>58.81</u>
vii)	<b>Technical know-how fees/Royalty</b>		
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	48.40	44.65
		<u>48.40</u>	<u>44.65</u>
viii)	<b>Communication expenses</b>		
	J.M. Voith SE & Co. KG   DSG (Formerly known as Voith Digital Solutions GmbH, Germany)	5.17	4.50
	Voith Digital Solutions India Private Ltd., India	0.23	0.15
		<u>5.40</u>	<u>4.65</u>
ix)	<b>Reimbursement of expenses from related parties</b>		
	Voith Paper Technology (India) Private Limited, India	3.82	1.33
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	0.84	0.51
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	6.85	0.03
	Voith Hydro Private Limited, India	0.08	-
	Voith Turbo Private Limited, India	0.09	-
	Voith Digital Solutions India Private Ltd., India	0.04	-
		<u>11.72</u>	<u>1.87</u>
x)	<b>Reimbursement of expenses to related parties</b>		
	Voith Paper Technology (India) Private Limited, India	4.09	2.54
	Voith Paper Fabrics Högsjö AB, Sweden	-	0.02
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	0.09	0.32
		<u>4.18</u>	<u>2.88</u>
3	<b>Transactions with Key Management Personnel</b>		
i)	<b>Remuneration paid</b>		
	R. Krishna Kumar	17.08	16.13
	Kalyan Dasgupta	5.06	4.67
	C.S. Gugliani	2.24	2.02
		<u>24.38</u>	<u>22.82</u>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

S.No.	Particulars	31 March 2020	31 March 2019
ii)	<b>Reimbursement of expenses to related parties</b>		
	R. Krishna Kumar	0.31	0.25
		<u>0.31</u>	<u>0.25</u>
4	<b>Transactions with Others</b>		
i)	<b>Contribution by the Company</b>		
	VPFIL Employees' Provident Fund Trust	3.06	2.61
		<u>3.06</u>	<u>2.61</u>

### (C) Related Parties' Year End Balances

S.No.		31 March 2020	31 March 2019
1	<b>Amount Outstanding - Fellow Subsidiaries</b>		
i)	<b>Trade Receivable</b>		
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	2.58	1.43
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	12.83	0.27
	Voith US Inc.   VPFS, United State of America	1.61	-
	Voith Paper Technology (India) Private Limited, India	4.65	1.11
	Voith Austria GmbH   VPRL, Austria	0.20	-
	Voith Digital Solutions India Private Ltd., India	0.04	-
	Voith Turbo Private Limited, India	0.09	-
	Voith Austria GmbH   VPRL (Formerly known as Voith Paper Rolls GmbH & Co KG, Austria)	0.09	0.55
	PT. Voith Paper Rolls Indonesia	1.17	1.25
		<u>23.26</u>	<u>4.61</u>
ii)	<b>Trade Payable (including capital creditors)</b>		
	Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	-	2.25
	Voith Paper (China) Co., Ltd., China	0.54	3.78
	J.M. Voith SE & Co. KG   DSG (Formerly known as Voith Digital Solutions GmbH, Germany)	0.39	0.34
	Voith Paper Technology (India) Private Limited, India	0.87	0.49
	Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	0.44	0.30
	J M Voith SE & Co. KG   VPH (Formerly known as Voith Paper GmbH & Co. KG, Germany)	2.71	-
	Voith Austria GmbH   VPFF (Formerly known as Voith Paper Fabrics GmbH, Austria)	10.06	10.77
	J M Voith SE & Co. KG   VPEZ (Formerly known as Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany)	22.21	21.21
	Voith Paper Fabrics Högsjö AB, Sweden	-	0.38
	Voith US Inc. (Formerly known as Syn Strand Inc., United State of America)	21.48	10.63
	Voith Digital Solutions India Private Ltd., India	0.10	0.05
	Voith Paper Fabrics S.A., Spain	1.86	-
	Voith Paper Ltd, Manchester	3.55	3.71
	Voith Paper Fabrics Waycross, LLC	0.47	0.43
	Voith Paper Fabric & Roll Systems Inc. (Shreveport), United State of America	0.09	5.34
		<u>64.77</u>	<u>59.68</u>
iii)	<b>Other liabilities (Security Deposit)</b>		
	Voith Paper Technology (India) Private Limited, India	1.50	1.50
	Less: unwinding of discount on security deposit	(0.01)	(0.10)
		<u>1.49</u>	<u>1.40</u>

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

<b>2 Amount Outstanding - Key Management Personnel</b>		
i) <b>Remuneration payable</b>		
R. Krishna Kumar	0.46	3.66
Kalyan Dasgupta	0.21	0.13
C.S. Gugliani	0.09	0.09
	<u>0.76</u>	<u>3.88</u>
ii) <b>Reimbursement of expenses</b>		
R. Krishna Kumar	0.31	0.10
	<u>0.31</u>	<u>0.10</u>
<b>3 Amount Outstanding - Others</b>		
i) <b>Contribution payable</b>		
VPFIL Employees' Provident Fund Trust	0.75	0.67
	<u>0.75</u>	<u>0.67</u>

### 37. Contingent liabilities to the extent not provided for

#### A Guarantees

Outstanding guarantees furnished by Banks on behalf of the Company is Rs. 3.83 million (31 March 2019: Rs. 8.56 million)

#### B Claims against Company, disputed by the Company not acknowledged as debt:

	31 March 2020	31 March 2019
Income Tax	2.64	2.64
	<u>2.64</u>	<u>2.64</u>

- (a) Rs. 2.64 million (31 March 2019 : Rs. 2.64 million) is the amount of demand raised by the assessing officer for assessment year 2009-10 on account of disallowances in respect of shifting expenses & repair building etc

The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against the said order. The Commissioner (Appeals) had allowed all other grounds in favour of the company except shifting expenses pursuant to which the Company and the department had filed cross appeals in Income Tax Appellate Tribunal.

During the previous year, the Company has received favourable order from Income tax Appellate Tribunal. However, since the department has initiated further proceedings against the order of Income tax Appellate Tribunal with the higher appellate authority. Hence, the amount continues to be disclosed as contingent liability in the above table. In this case, the management is confident of a favorable outcome from higher appellate authority.

- (b) Rs. 49.24 million (31 March 2019 : Rs. 58.61 million) is the amount of demand raised by the assessing officer for assessment years 2009-10, 2012-13, 2013-14, 2014-15 & 2016-17 on account of disallowances in respect of technical know-how fees. The Company had filed appeals with the Commissioner (Appeals) against the orders of respective years. The Commissioner (Appeals) had decided the matter in favour of the Company for all assessment years pursuant to which department has filed the appeals in Income Tax Appellate Tribunal. Further the Company has also received favourable orders from ITAT in assessment years 2010-11, 2011-12 and 2012-13 and favourable outcome from Hon'ble High Court in respect of A.Y. 2010-11 and 2011-12. In respect of years where the aforesaid matter is still pending with ITAT, the management is confident of a favorable outcome and has accordingly assessed that the risk of any liability in respect of this matter to be remote. Hence the amount involved are not reported as contingent liability.

#### C Other contingent liabilities

##### Labour case:

15 contractual ex-employees had filed a case against the Company under Industrial Tribunal cum Labour Court II, Haryana. The dispute pertains to reinstatement of these employees with continuity of service, full back wages and all consequential benefits since the date of termination. The labour court had decided the case in favour of the workmen. The Company had filed a writ petition in High Court (Punjab & Haryana) based on a legal opinion sought in the matter. 8 employees out of the above filed an appeal for the execution of the labour court award order decided earlier. The Company brought the High Court (Punjab & Haryana) stay order in notice of the Civil Court, Faridabad but the application against implementation of Labour Court Award has been dismissed for stay on the ground that the stay order by the High Court pertains to criminal prosecution and not the civil execution of the Award. 8 contract labours have been directed by the Civil Court, Faridabad to file fresh applications as per the prescribed format after objections raised by Company's legal counsel which have been complied with by the labours. The Company's legal counsel

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

has again filed objections against the revised applications submitted by 8 labours and now the same is pending for arguments. The Civil Judge, Jr. Division has appointed Commissioner to calculate back wages of 8 contract labours and Commissioner has submitted his report to the Civil Judge to which both the parties have filed their objections. Now it is pending for Order. Further, the Company's civil writ petition is pending before the High Court for arguments and currently awaiting for hearing. The arguments has been completed in the case on 21st November 2019 before the Punjab and Haryana High Court and now it is reserved for Order. Based on the opinion from legal consultant, the Company is of the view that the likelihood of potential favorable judgement in the Company's favour is probable. Further, the financial implications can't be quantified in this case and will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Further, the Company has certain other labour cases for which the liability is not ascertainable.

### Provident Fund

In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

### 38. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 21.97 million (31 March 2019 : Rs. 38.63 million)

### 39. Corporate Social Responsibility (CSR) Expense

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	5.86	5.22
Details of CSR spent during the financial year		
a) Construction / acquisition of any asset		
b) On purposes other than (a) above	5.86	5.22

### 40. Hedging and derivative instruments

i) The Company uses foreign exchange forward contracts to selectively hedge its exposure. These derivative instruments are not used for speculative or trading purposes.

#### a) Forward contract outstanding

Purpose	Currency hedged	As at 31 March 2020	
		(in original currency)	(in Million Rupees)
Trade payable	EUR	62,692	5.20
Trade payable	USD	2,16,057	16.35
Trade receivable	EUR	1,18,484	9.82
Trade receivable	USD	30,033	2.27
Against open purchase orders	USD	1,34,945	10.21
Against open purchase orders	EUR	7,772	0.64
Against open purchase orders	CNY	1,43,468	1.53
Purpose	Currency hedged	As at 31 March 2019	
		(in original currency)	(in Million Rupees)
Trade payable	EUR	2,02,538	15.74
Trade payable	USD	2,63,489	18.23
Trade receivable	USD	84,692	5.86
Against open sales orders	EUR	1,34,783	10.48
Against open sales orders	USD	1,83,286	12.68
Against open purchase orders	EUR	2,67,378	20.78
Against open purchase orders	USD	1,23,277	8.53
Against open purchase orders	GBP	52,191	4.73
Against open purchase orders	CNY	10,93,985	11.28

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### b) Foreign currency exposure not hedged by forward contracts

Purpose	Currency	As at 31 March 2020	
		(in original currency)	(in Million Rupees)
Trade payable	EUR	1,32,260	10.96
Trade payable	USD	1,64,353	12.44
Trade payable	SEK	41,000	0.31
Trade payable	CNY	128	-
Creditor for capital goods	EUR	19,606	1.63
Creditor for capital goods	GBP	37,924	3.55
Creditor for capital goods	USD	4	-
Open purchase orders	EUR	91,331	7.57
Open purchase orders	USD	1,13,449	8.58
Open purchase orders	SEK	40,251	0.30
Open purchase orders	CAD	26,264	1.39
Open purchase orders	CNY	2,12,768	2.27
Trade receivable	EUR	52,093	4.32
Trade receivable	USD	40,196	3.04
Open sales orders	USD	11,413	0.86
Cash & cash equivalents	EUR	31,626	2.62
Cash & cash equivalents	USD	77,939	5.90

Purpose	Currency	As at 31 March 2019	
		(in original currency)	(in Million Rupees)
Trade payable	EUR	10,460	0.81
Trade payable	USD	1,05,197	7.28
Trade payable	GBP	2,864	0.26
Trade payable	SEK	73,385	0.55
Creditor for capital goods	EUR	41,304	3.21
Creditor for capital goods	GBP	8,000	0.72
Creditor for capital goods	NOK	83,327	0.67
Creditor for capital goods	SEK	32,032	0.24
Open purchase orders	EUR	3,37,135	26.20
Open purchase orders	USD	4,49,313	31.08
Open purchase orders	GBP	400	0.04
Open purchase orders	CNY	94,323	0.97
Trade receivable	EUR	26,679	2.07
Trade receivable	USD	21,756	1.50
Cash & cash equivalents	EUR	2,943	0.23
Cash & cash equivalents	USD	20,019	1.38

- ii) Mark to market loss/ (gain) amounting to Rs. (3.13) million (31 March 2019: Rs. 1.67 million) in respect of forward contracts have been credited/charged to the Statement of Profit and Loss. The mark to market losses/(gain) on forward contract outstanding as at 31 March 2020 is Rs. 1.40 million (31 March 2019: Rs. 1.73 million)

41. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the specified domestic transactions entered into with the specified persons and the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing of income tax return. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on financial statements, particularly on the amount of tax expense and that of provision for taxation.

## Notes to Financial Statements for the year ended 31 March 2020

(All amounts are in Rs. Million, unless otherwise stated)

### 42. Earning per share

	31 March 2020	31 March 2019
Profit for basic and diluted earnings per share of Rs. 10 each	245.42	230.95
Weighted average number of equity shares used in computing earnings per share :		
For basic earnings per share	4.39	4.39
For diluted earnings per share	4.39	4.39
Earnings per share (Face value of Rs. 10 each)		
Basic	55.90	52.58
Diluted	55.90	52.58

43. The Company's operation were impacted partially in the month of March 2020, due to temporary shutdown of its plant following nationwide lockdown by Government of India in view of COVID-19, a pandemic caused by the novel coronavirus.

The Company has made detailed assessment of its liquidity position, the recoverability and carrying value of its assets comprising property, plant & equipment, inventories, trade receivables and other current assets as at the balance sheet date. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and has concluded that no material adjustments are required to be made in the financial statements. The Company will continue to closely monitor any material changes of future economic conditions & impact on its business.

Operations have resumed in a phased manner taking into account directives from the Government starting April 2020.

44. Exceptional items in statement of Profit & Loss account comprises capital work-in-progress written off amounting to Rs. 8.53 million during the year ended March 2020.

### 45. Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

#### For B S R & Co. LLP

ICAI Firm Registration Number: 101248W/W-100022

Chartered Accountants

Vikram Advani

Partner

Membership No. 091765

Place : New Delhi

Date : 30 July 2020

#### For and on behalf of the Board of Directors of

Voith Paper Fabrics India Limited

R. Nath

Director

DIN : 00062186

R. Krishna Kumar

Managing Director

DIN : 05344619

Place : New Delhi

Date : 30 July 2020

S.K.Nagpal

Director

DIN : 01171148

Kalyan Dasgupta

Finance Controller

CMA No. : 25152

C.S. Gugliani

Company Secretary

FCS No. : 4301

## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



## This image shows a full page of blank, lined paper. It features approximately 28 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings on the page.

Voith Paper Fabrics India Limited  
Registered Office: 113/114-A, Sector-24  
Faridabad – 121005 (Haryana)  
Delhi NCR, India  
CIN: L74899HR1968PLC004895  
Tel. + 91 129 4292200; Fax + 91 129 2232072  
[www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com)  
email: [voithfabrics.faridabad@voith.com](mailto:voithfabrics.faridabad@voith.com)

**VOITH**  
Inspiring Technology  
for Generations

## NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of the members of Voith Paper Fabrics India Limited will be held on **Wednesday, 30<sup>th</sup> September, 2020 at 3:30 p.m. IST**, through Video Conferencing (VC) and/or Other Audio Visual Means (OAVM) at the deemed venue, at the Registered Office of the Company at 113/114-A, Sector-24, Faridabad - 121005, Haryana, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2020, together with the reports of the Board of Directors & Auditor's thereon.
2. To declare a dividend.
3. To consider the re-appointment of Mr. R. Krishna Kumar (DIN: 05344619) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:  

**"RESOLVED THAT** in accordance with the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s B S R & Co. LLP, Chartered Accountant (Registration No. 101248W/W-100022), having their office at Building No. 10, 8<sup>th</sup> Floor, Tower B, DLF Cyber City, Phase II, Gurugram-122002, Haryana; be and are hereby further appointed as Statutory Auditors of the company for another term of five years commencing from financial year 2020-21 to financial year 2024-25, i.e., from the conclusion of this Annual General Meeting until the conclusion of 55<sup>th</sup> Annual General Meeting of the Company, at a remuneration as may be mutually acceptable and decided by the Board of Directors, from time to time.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:  

**"RESOLVED THAT** pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV attached thereto, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, approval be and is hereby accorded for the appointment of Ms. Shahana Basu (DIN: 07137715), as an Independent Woman Director of the Company, for a term of 5 (five) years effective from 1<sup>st</sup> April, 2020, and whose term of office shall not be subject to retirement by rotation."
6. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:  

**"RESOLVED THAT** pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV attached thereto, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, approval be and is hereby accorded for the appointment of Mr. Ravinder Nath (DIN: 00062186) as a Non-Executive Director of the Company, effective from 1<sup>st</sup> April, 2020 and whose term of office shall be subject to retirement by rotation."
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:  

**"RESOLVED THAT** pursuant to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relevant provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV attached thereto, read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, approval be and is hereby accorded for the appointment of Dr. Deepti Gupta (DIN: 08481203), as an Independent Woman Director of the Company, for a term of 5 (five) years effective from 30<sup>th</sup> July, 2020, and whose term of office shall not be subject to retirement by rotation."

#### Registered Office:

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

CIN: L74899HR1968PLC004895

Telephone: +91 129 4292200; Fax: +91 129 2232072

Website: [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com), E-mail: [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)

Place: New Delhi

Date: 30<sup>th</sup> July, 2020

By Order of the Board  
For Voith Paper Fabrics India Limited

C. S. Gugliani  
Company Secretary  
FCS No. 4301

### NOTES

1. Pursuant to the General Circular numbers 14/2020, 17/2020 and 20/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as "the Circulars"), this year companies are allowed to hold their Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with these Circulars, the 50<sup>th</sup> AGM of the Company is being held through VC/OAVM and consequently the map to reach the AGM venue is not being sent along with the Notice.

2. Normally, a member is entitled to attend and vote at the AGM, is entitled/eligible to appoint a proxy, to attend and vote on his/her behalf at the AGM, and such proxy need not be a member of the Company. However, as the forthcoming AGM is being held in accordance with the aforesaid circulars through VC/OAVM, hence facility for appointment of proxies by the members will not be available this year.
3. As per section 103 of the Companies Act, 2013, participation of members through VC/OAVM will be considered for ascertaining the quorum at the AGM.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts concerning relevant items of business to be transacted is annexed hereto.
5. Corporate members are requested to send a duly certified copy of the Board Resolution / Authorization Letter to the Company or upload the same on VC Portal / e-voting portal, authorizing their Representatives to attend and vote at the AGM being convened through VC/OAVM.
6. The details of the shareholding of Directors who are proposed to be re/appointed at the forthcoming AGM 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 shareholding in the company
Mr. R. Krishna Kumar	NIL	NIL	NIL	NIL
Ms. Shahana Basu	NIL	NIL	NIL	NIL
Mr. Ravinder Nath	NIL	NIL	NIL	NIL
Dr. Deepti Gupta	NIL	NIL	NIL	NIL

7. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 19th September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
8. The Dividend as recommended by the Board of Directors, if declared at the meeting, would be paid electronically through various online transfer modes to those members who have updated their bank account details with the Company or its RTA and whose name would appear in the Register of Members as at Wednesday, 30<sup>th</sup> September, 2020. In respect of shares held in dematerialized mode, dividend would be paid to the beneficial owners of shares as at the end of business hours on Friday, 18<sup>th</sup> September, 2020 as per details furnished by the depositories for this purpose.

For members whose bank details are not updated and/or to whom the electronic payment of dividend could not be made successfully, necessary dividend warrants / demand drafts / cheques would be sent by post upon resumption of normal bulk mailing facility by postal authorities.

Hence, members are advised to keep their bank account details updated with either their depository participant (where the shares are held in demat mode) or with the RTA (where shares are held in physical mode) of the Company - MCS Share Transfer Agent Limited, New Delhi, to receive the dividend directly in their designated bank account.

9. Members may also take note that the payment of dividend shall be subject to deduction of tax at source at such rates as provided in the applicable sections of the Income Tax Act, 1961, as amended by the Finance Act, 2020, in accordance with the conditions specified therein. However, no tax shall be deducted at source on dividend payable to a resident individual, if the total dividend to be received by them during the financial year 2020-21 does not exceed Rs.5,000/- and also where a member has provided the Form 15G / Form 15H (applicable to individuals aged 60 years or above), subject to conditions specified in the Income Tax Act, 1961, in this regard.
10. 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 RTA of the Company.
11. Members holding shares in electronic / dematerialized mode are requested to 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.**
12. Members are requested to note that the equity shares of the company are compulsorily traded in dematerialized form. Members are therefore advised to immediately dematerialize their shareholding to avoid any inconvenience in future. Members may kindly note that the SEBI vide amendment in the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has mandated that the transfer of securities would be carried out in dematerialized form only with effect from 1<sup>st</sup> April, 2019.
13. In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same name 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 Share Transfer Agent Limited, New Delhi.
14. Pursuant to the applicable provisions of the Companies Act 2013, unpaid/unclaimed dividends up to the financial year 2011-12, stand transferred to the Investor Education & Protection Fund (IEPF) as at the end of year under review. Besides the dividend so transferred, company has also transferred relevant shares to the demat account of IEPF Authority, in accordance with the applicable provisions of Companies Act, 2013 and Rules made thereunder. It may be noted that once the unclaimed / unpaid dividend and/or

shares are so transferred; the same can only be reclaimed from the IEPF Authority in accordance with the applicable provisions of the Companies Act, 2013 and relevant Rules made thereunder, by following the prescribed procedure in this regard. The IEPF Rules and the application Form (Form IEPF-5), as prescribed by the Ministry of Corporate Affairs, are available on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in)

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market, vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/2018/73 dated 20<sup>th</sup> April, 2018. Members holding shares in electronic mode are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in the physical form are requested to submit their PAN details to the RTA.
16. Electronic copy of the Annual Report for the year ended 31<sup>st</sup> March, 2020 along with the Notice of the 50<sup>th</sup> Annual General Meeting of the Company is being sent to all the members whose email IDs are registered with RTA/Depository Participants. **Please be informed that as per the MCA circular issued in this regard, this year the companies are not under an obligation to send physical copy of the Annual Report for the year 2019-20 to the shareholders.**
17. Members may further note that the Notice of 50<sup>th</sup> Annual General Meeting and the Annual Report for the year ended 31<sup>st</sup> March, 2020 will also be available on the company's website [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com). These documents can also be accessed from the websites of the BSE Limited, [www.bseindia.com](http://www.bseindia.com) and from the website of CDSL (agency for providing Remote e-voting facility and e-voting facility during the AGM), at [www.evotingindia.com](http://www.evotingindia.com) for their download.
18. Members wishing to seek further information or clarification on the Financial Statements or operations of the Company at the Meeting are requested to send their queries, at least 15 days before the date of the meeting, addressed to the Company Secretary at the registered office of the company.
19. Members must always mention their Folio or DP-ID & Client ID Number in all correspondence with the Company or the RTA.
20. E-voting
  - a. In compliance with the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 (as amended), and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), your company is pleased to offer E-voting facility to the Members of the Company to exercise their rights to vote by electronic means in respect of the items contained in the Notice. The Company has engaged the services of Central Depository Services (India) Limited (CDSL), as the Authorized Agency to provide E-voting facility. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
  - b. The Members can join the AGM in the VC/OAVM mode **30 minutes before and 15 minutes after** the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. **The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis.** This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  - c. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
  - d. The Board of Directors has appointed M/s. P.C. Jain & Co., Company Secretaries, Faridabad, as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
  - e. The remote E-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for remote E-voting. Once the vote on the resolution is cast by any member, he/she shall not be allowed to change it subsequently.

Commencement of Remote E-voting	Sunday, 27 <sup>th</sup> September, 2020, 9:00 a.m.
End of Remote E-voting	Tuesday, 29 <sup>th</sup> September, 2020, 5:00 p.m.

  - f. **The cut-off date (record date) for the purpose of E-voting is, 23<sup>rd</sup> September, 2020.** The voting rights of members shall be in proportion to their equity shareholding in the paid up equity share capital of the company as on cut-off date.
  - g. The results of remote E-voting and E-voting at the Annual General Meeting along with scrutinizers' report shall be communicated to the Stock Exchange and shall also be placed on the website of the company viz. [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com)

The Instructions for shareholders voting electronically are as under:

- i. The voting period begins on 27/09/2020 at 09:00 a.m. and ends on 29/09/2020 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> September, 2020, may cast their vote electronically. The remote E-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders who have already voted prior to the meeting date, would not be entitled to vote at the meeting.
- iii. The shareholders should log on to the E-voting website [www.evotingindia.com](http://www.evotingindia.com)

iv. Click on Shareholders / Members module.

v. Now enter your User ID

a. For CDSL: 16 digits beneficiary ID

b. For NSDL: 8 character DP ID followed by 8 digits Client ID

c. Members holding shares in physical form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

vi. Next enter the Image Verification as displayed and click on Login.

vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted earlier for any company, then your existing password is to be used.

viii. If you are a first time user follow the steps given below:

For members holding shares in Demat Form and Physical Form

	For members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both details are not recorded in the depository or company record please enter the Member ID / Folio Number in the Dividend Bank Details field as mentioned in instruction (v)</li> </ul>

ix. After entering these details appropriately, click on "SUBMIT" tab.

x. Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

xi. For members holding shares in physical form, the details can be used only for e-voting on resolutions contained in this notice.

xii. Click on EVSN of "Voith Paper Fabrics India Limited".

xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiv. Click on "RESOLUTION FILE LINK" if you wish to view the entire resolution details.

xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.

xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvii. You can also take print of the votes cast by clicking on "Click here to print" option on the voting page.

xviii. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xix. Shareholders can also cast their vote using CDSL's mobile app **"m-Voting"**. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote voting on your mobile.

#### PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company ([investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)) / RTA email id ([helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) OR [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)).

2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company ([investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)) / RTA email id ([helpdeskdelhi@mcsregistrars.com](mailto:helpdeskdelhi@mcsregistrars.com) OR [admin@mcsregistrars.com](mailto:admin@mcsregistrars.com)).

#### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid technical glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id – [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com). The shareholders who do not wish to speak during the AGM but have queries may also send their queries in advance, 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at the aforesaid company email id. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker in advance, will only be allowed to express their views/ask questions during the meeting.

#### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have already voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote again at the AGM.

#### xx. Note for Non-Individual shareholders and custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in "Corporates" module.
- A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz.; [corporatelegal@cspcjain.com](mailto:corporatelegal@cspcjain.com) & [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com) respectively, if they have voted from individual tab & not uploaded same in the CDSL e-voting system, for the Scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).



All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, 'A' Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013** or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 022-23058542/43.

Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 23<sup>rd</sup> September, 2020, may follow the same instructions as mentioned above for e-voting.

The result declared, along with the Scrutinizer's Report shall be placed on Company's website, [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com) and on the website of CDSL e-Voting, [www.evotingindia.com](http://www.evotingindia.com) within two days of passing of the resolutions at the 50<sup>th</sup> AGM of the Company and shall also be communicated to BSE Limited - where shares of the company are listed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### ITEM NO. 4

M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) was appointed as the Statutory Auditors of the Company at the 45<sup>th</sup> Annual General Meeting for an initial term of 5 (five) years, i.e., until the conclusion of 50<sup>th</sup> Annual General Meeting. However, they are eligible to be reappointed as the Statutory Auditor of the Company for another term of 5 (five) years, in accordance with the applicable provisions of Companies Act, 2013 in this regard.

Company has already received a letter from said M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) conveying their consent, eligibility and willingness to continue to act as the Statutory Auditor of the Company for another term of 5 (five) consecutive years, i.e., from the conclusion of 50<sup>th</sup> Annual General Meeting until the conclusion of 55<sup>th</sup> Annual General Meeting of the Company.

Their performance as Statutory Auditors of the Company has been quite satisfactory and consequently, the Board of Directors recommend the Special Resolution for the approval of shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

### ITEM NO(S). 5 AND 6

As the Company has become a part of Top-1000 companies, based on market capitalization as at 31<sup>st</sup> March, 2020, it is under an obligation to have at least one **"Woman Independent Director"** as part of composition of its Board with effect from 1<sup>st</sup> April, 2020, in pursuance of the requirements of Regulation 17(1)(a) of The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

As Ms. Shahana Basu otherwise fulfills the conditions to be appointed as an Independent Director of the Company and she has also consented to hold such position; the Board of Directors have approved the change in her designation/position from that of 'Non-executive Woman Director', to an **"Independent Woman Director"** on the Board of the Company, for an initial term of 5 (five) years - effective from 1<sup>st</sup> April, 2020, not liable to retire by rotation - as recommended by the Nomination and Remuneration Committee of the Board, subject to approval of shareholders.

Ms. Shahana Basu is a rank holder Graduate in History Honours from Delhi University, with additional qualifications in Social & Political Science, Sociology and Law, from Cambridge University, England; University of Chicago and Yale Law School, USA. She is widely traveled in Asia, Europe, North & South America and Africa and possesses varied experience of having worked in five countries around the globe, viz. USA, India, UK, Netherlands and Spain.

Also, in order to have an optimum mix of executive and non-executive directors, the Board of Directors have simultaneously approved the change in designation/position of Mr. Ravinder Nath from that of an 'Independent Director' to a **"Non-executive Director"** liable to retire by rotation, effective from 1<sup>st</sup> April, 2020, as recommended by the Nomination and Remuneration Committee of the Board, subject to approval of shareholders.

Mr. Ravinder Nath is an Advocate of Supreme Court of India and Partner at one of India's oldest 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 has rich and specialized experience in cross border acquisitions & transactions and is also serving on the Board of several other companies.

Ms. Shahana Basu was occupying the position of a Non-executive Woman Director since 2016; and Mr. Ravinder Nath was occupying the position of an Independent Director on the Board of the Company, since 1<sup>st</sup> March 2015, though he has been associated with the Company as a Director since 1998.

Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services in future also in their changed capacities. Accordingly, Board recommends the **Ordinary Resolution as set out at Item No. 5 and the Special Resolution set out at Item No. 6 of the Notice – as Mr. Ravinder Nath is more than 75 years old**, for approval by shareholders.

Ms. Shahana Basu and Mr. Ravinder Nath are not disqualified from being appointed as a Director in their respective positions in terms of the applicable provisions of the Companies Act, 2013 and have also given their consent to act as such; and may also be deemed to be interested in their respective appointments on the Board of the Company.

Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution(s) set out at Item No(s). 5 and 6.

#### ITEM NO. 7

Dr. Deepti Gupta, holds a Doctorate in Textile Technology from IIT Delhi and is a Post Graduate (First Class First) in Textile & Clothing, and is currently a Professor in the department of Textile & Fibre Engineering at IIT Delhi.

She fulfills the conditions to be appointed as an Independent Director of the Company and she has also consented to hold such position. Accordingly, the Board of Directors have approved to appoint her as an **"Independent Woman Director"** on the Board of the Company, for an initial term of 5 (five) years - effective from 30<sup>th</sup> July, 2020, not liable to retire by rotation - as recommended by the Nomination and Remuneration Committee of the Board, subject to approval of shareholders.

She possesses rich experience in the field of academics as well as research, and has been bestowed with numerous awards & honours at various national and international forums. She has been actively involved in organizing several conferences and workshops, besides delivering lectures in workshops/training programs at various Technical Institutes in India.

The Board is of the opinion that her presence on Board would also be beneficial in the interests of the company and accordingly recommends the resolution proposed at Item No.7 of the Notice for approval by shareholders.

Save and except Dr. Deepti Gupta, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7.

Copy of the draft letter of appointment of Independent Director setting out the terms and conditions of appointment is available at the website of the Company.

#### Registered Office:

113/114-A, Sector - 24,  
Faridabad - 121005 (Haryana) Delhi NCR, India.  
CIN: L74899HR1968PLC004895  
Telephone: +91 129 4292200; Fax: +91 129 2232072  
Website: [www.voithpaperfabricsindia.com](http://www.voithpaperfabricsindia.com), E-mail: [investorcare.vffa@voith.com](mailto:investorcare.vffa@voith.com)  
Place: New Delhi  
Date: 30<sup>th</sup> July, 2020

By Order of the Board  
For Voith Paper Fabrics India Limited

C. S. Gugliani  
Company Secretary  
FCS No. 4301

