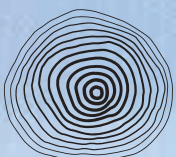


VOITH

47th Annual Report 2016/17
Voith Paper Fabrics India Limited
Life Cycle Partner of the Paper Industry



Welcome
to the Next
150 Years

BOARD OF DIRECTORS

Chairman

Martin Gustav Scherrer

Managing Director

R. Krishna Kumar

Directors

Biren De

Ravinder Nath

Surinder Kumar Nagpal

Shahana Basu

FINANCE CONTROLLER

Kalyan Dasgupta

COMPANY SECRETARY

C.S. Gugliani

REGISTRAR & TRANSFER AGENT

MCS Share Transfer Agent Limited
F-65, 1st 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)
Lodha & Co., Chartered Accountants (Internal)
P.C. Jain & Co., Company Secretaries (Secretarial)

BANKERS

AXIS Bank Limited
ICICI Bank Limited
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited

Chairman's Communique



Dear Shareowners,

It gives me immense pleasure to once again connect with you through this 47th Annual Report of your Company pertaining to financial year 2016/17.

I am also delighted to inform you that in January 2017, the Voith Group has completed 150 Years of its existence. We advance key industries to tap global opportunities. Our innovations in engineering across cultural contexts create value and trust for generations.

Against this backdrop, the Voith Group has set its vision to be the "Technology partner for industrial generations" for next 150 years, with following mission in focus:

- Earn customers' loyalty.
- Combine our global strength with local entrepreneurship.
- Inspire the best in our people.
- Strive for excellence in everything we do.

Your company is an integral part of the overall operations of Voith Group in the region and your company has consistently contributed to the growth of business segment to which it belongs. This year's performance has once again reinforced the belief that your company would continue to add to the overall bottom-line and would remain in direct focus of Voith Group.

However, it is common knowledge that the growth in your company's business is a direct consequence of the growth of paper industry in India. The paper industry is an important contributor to the growth & development of Indian economy and with this driving spirit, Indian paper industry continues to upgrade its capacities and technologies, despite huge challenges being currently faced by it in terms of liquidity, cost pressure, environmental concerns, capacity utilization, infrastructure constraints, etc.

India's per capita consumption of paper continues to be low vis-à-vis the developed economies of the world. This situation, combined with increasing population of school going children as well as, increasing trend in literacy rate in India and upward demand in the board & packaging material, provides a good scope of growth in Indian paper industry in future and that would, in turn, provide opportunities of growth for your company too.

I am quite confident that your company would continue to maintain its consistent growth track record in coming years also, backed by 150 years of proven technical competence of Voith Group.

I look forward to meet you at the 47th Annual General Meeting of your company.

Warm regards,

Martin Gustav Scherrer
Chairman



Managing Director's Communique

Dear Shareowners,

We have completed another successful year and I am happy to share with you that during the course of our working, we have generally responded with the right earnest to fulfil the needs of our customers and have tried to create a strong platform for growth in future.

For the year under consideration, your company has clocked 'total revenue' of INR 894.21 Million and 'profit before tax' was INR 270.46 Million.

It gives me immense pleasure to inform you that at the entity level within the whole of Voith Group worldwide, your company has become the first-ever No.1 Operations Excellence (OPEX) site, and we received an award for this achievement at a ceremony held in Germany in the month January 2017, from our Group President & CEO.

Our team has thus earned a legitimate place in 150+ years of history of Voith Group as the first recipient of this category of OPEX award, which is the culmination of untiring efforts put in by entire team of employees working at Faridabad. This also depicts conviction of the whole team to move together in pursuit of 'Excellence', as we move ahead to meet the future.

Also, I feel privileged to inform you that quite recently Voith has made a special connection with almost every Indian household in a very unique manner, in the sense that the paper on which new currency notes have been printed, have been produced on a Voith Paper Machine. It is indeed a matter of great honour for Voith Group to have become a part of every Indian in this way.

The local market conditions during the year under review continued to remain somewhat erratic with direct imports also having some impact on the demand for products of the company. However, Paper mills in India are likely to see a turnaround in the near term, on account of a revival in demand from consumer industries and softening of raw materials prices, including pulp and coal.

Thus, it appears that the worst is probably over for paper manufacturers in India and we firmly believe that coming years would provide us with more opportunities to grow for which we are beginning to prepare ourselves. Though it is impossible to predict the future with 100% accuracy, yet it gives us satisfaction to know that we are continuing on the journey of growth with a positive outlook about the future and with your good wishes would continue delivering the desired results for all stakeholders.

Sincere regards,

R. Krishna Kumar
Managing Director

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors are pleased to present before you, the Forty Seventh Annual Report along with the Audited Financial Statements of the Company for the Financial Year ended on 31st March, 2017.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2017 is summarized below:

	Rs. (In millions)	
	For the year ended	
	31/03/2017	31/03/2016
Revenue	894.21	835.21
Profit before taxation	270.46	235.64
Provisions for taxation	94.63	80.95
Profit after taxation	175.83	154.70
Balance brought forward from the previous year	982.04	864.03
Earnings Per Share (EPS) (In rupees)	40.03	35.22
Balance carried to Balance Sheet	1,157.87	1,018.73

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

DIVIDEND

The dividend payout for the year under review is in accordance with the Company's policy to build long term shareholder value. It is also linked to long term growth objectives of the Company to be met by internal accruals.

Your Directors, therefore recommend for your approval a dividend @ 40%, i.e., of Rs.4/- per equity share of Rs.10/- each fully paid-up for the year ended 31st March, 2017, aggregating to Rs.17.57 million. In addition, the applicable Corporate Dividend Tax and other taxes, if any, shall also be paid thereon at time of actual payment of dividend.

The dividend, if approved at the Annual General Meeting, would be paid to the eligible members within the stipulated time.

DIRECTORS

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

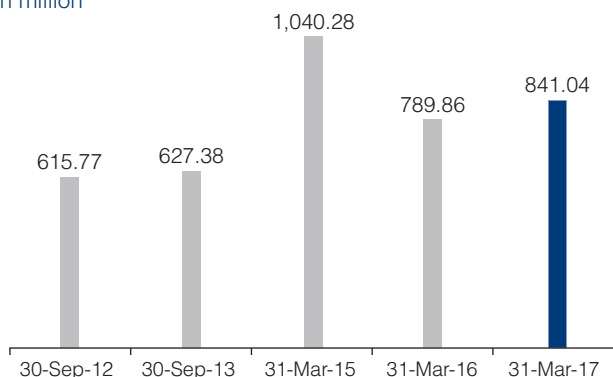
In Compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as the Listing Regulations), brief resume, expertise and details of other directorships, membership in committees of other companies and shareholding in the Company, of Mr. R. Krishna Kumar, who is proposed to be reappointed as Director are as under:

Name of the Director	Mr. R. Krishna Kumar
DIN	05344619
Age in years	42
Date of Appointment	23 rd July, 2014
Expertise in Special Functional Areas	Engineering and Administration
Qualification	B.E.
Directorships held in other companies in India, as on 31/03/2017	1. Voith Paper Technology (India) Private Limited
Membership of committees of other companies, in which he is a Director, as on 31/03/2017	1. Voith Paper Technology (India) Private Limited (Corporate Social Responsibility Committee)
No. of shares held in the Company (Including those held by relatives)	NIL

PERFORMANCE OVERVIEW

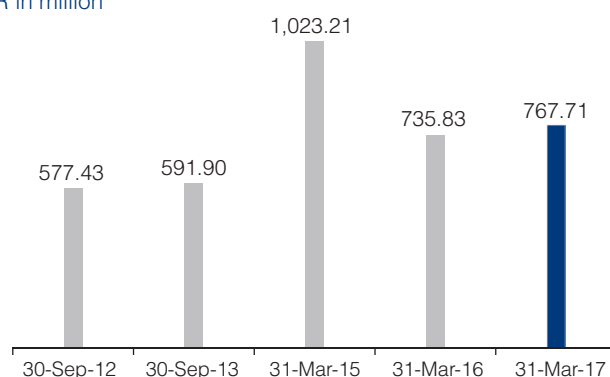
Order Received

INR in million



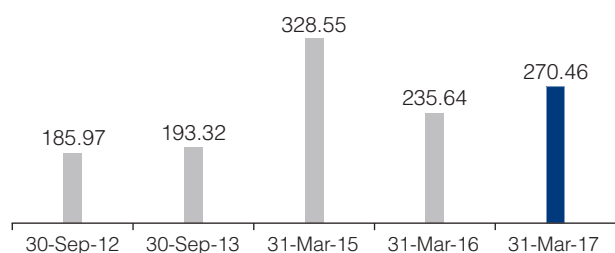
Sales

INR in million



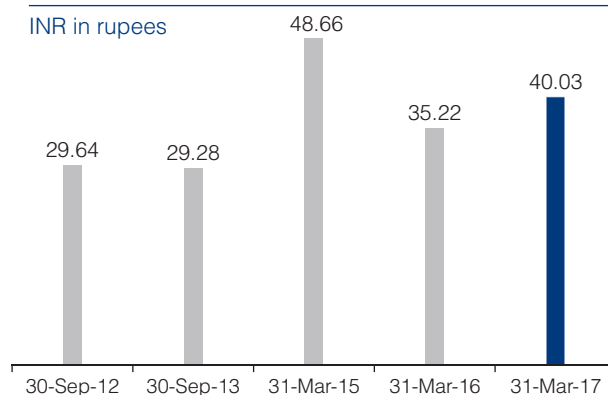
Profit Before Tax

INR in million



Earnings Per Share

INR in rupees



It is evident from the above graphs that your company had continued to progress in the current year also.

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 2016/17.

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 CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

As per the provisions of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 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 <https://voith.com/vpf-india-en/investors-corner.html>

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 arm's length basis and details of such transactions are mentioned in notes attached to the financial statements, appearing elsewhere in the Annual Report. Also, the Form AOC-2 is attached as Annexure - III, forming part of this report.

AUDITORS' REPORT

The observations of the statutory auditors are self-explanatory and, therefore, do not call for any further comments.

AUDITORS

- A. **Statutory Auditors** - During the year under review, M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a period of five years i.e., from the conclusion of 45th Annual General Meeting up to the conclusion of 50th Annual General Meeting subject to ratification by members every year.
- 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 risks 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 he/she meets 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 – I.

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) Rules, 2014, are given in Annexure – II.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Outline of CSR Policy including overview of projects or programs undertaken during the year ended 31st March, 2017: 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, healthcare, eradicating hunger and sanitation, 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 <https://voith.com/vpf-india-en/investors-corner.html>

2. 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. Martin Gustav Scherrer, 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

3. Average Net Profit of the Company for the last three financial years is Rs.254,918,949/-
4. CSR Expenditure i.e. two percent of Average Net profit for last three financial years is Rs.5,098,379/-.
5. Details of CSR spent during the financial year:
- Total amount to be spent for the financial year: Rs.50.99 lacs.
 - Amount unspent, if any: Not Applicable
 - Manner in which the amount spent during the financial year is detailed below:

(Amount Rs. in Lacs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects and programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent through implementing agency or direct
1.	Distribution of bags for students in government schools	Promoting Education	Locally	7.00	7.00	7.00	FIA Charitable Society
2.	Distribution of stationery items, etc. to students in government schools	Promoting Education	Locally	1.00	1.00	1.00	Direct
3.	Construction of Community Toilets	Promoting Health Sanitation	Locally	13.00	13.00	13.00	FIA Charitable Society
4.	Clearing of Blocked Sewer Line and repair of pavements	Environment sustenance	Locally	10.00	10.00	10.00	FIA Charitable Society
5.	Renovation of toilet blocks, drinking water facility, etc.	Promoting Health and Sanitation	Locally	9.85	9.85	9.85	FIA Charitable Society

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects and programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent through implementing agency or direct
6.	Mid-day meal for school going students	Eradicating Hunger	PAN India	4.75	4.75	4.75	Akshaya Patra Foundation
7.	Organization of health camps	Promoting Health Care	Locally	3.40	3.40	3.40	HelpAge India
8.	Construction of toilet and arranging drinking water facility	Promoting Health and Sanitation	Locally	2.00	2.00	2.00	Prayas Social Welfare Society (Regd.)
	TOTAL			51.00	51.00	51.00	

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/-
Martin Gustav Scherrer
Chairman of the CSR Committee
(DIN: 02343290)

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

ANNUAL EVALUATION BY THE BOARD

As required under the provisions of Section 134(3)(p) of the Companies Act, 2013 and Listing Regulations the Board has carried out an annual evaluation of its own performance, of its Committees and individual directors. The manner in which such performance evaluation was carried out is as under:

The performance evaluation framework is in place to seek the response of Directors on the evaluation of the entire board and individual directors. The Nomination and Remuneration Committee carries out evaluation of Director's performance.

The performance of the Board and Individual Directors was evaluated by the Board seeking input from all Directors. The performance of Committees was evaluated by the Board seeking input from the Committee Members. The Nomination and Remuneration Committee reviews the performance of the Individual Directors. 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.

The criteria of evaluation of Board includes mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which includes attendance, contribution at the meetings and otherwise, independent judgement, adherence to Code of Conduct and business ethics, monitoring of regulatory compliance, risk management and review of internal control system, etc.

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.

During the year under review there was no complaint pertaining to sexual harassment.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, five meetings of the Board 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 31st 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 will remunerate its non-executive Indian directors by way of Sitting Fees for attending meeting of the Board and/or 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 on the website of the company at www.voithpaperfabricsindia.com

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 secretarial audit of the company. The report of the secretarial audit is annexed as ANNEXURE – IV. The secretarial audit report does not contain any qualification, observation or other adverse remark, except that the promoter of the Company are not holding shares in dematerialized form as required by Regulation 31 of the Listing Regulations, 2015. The matter has already been informed to the promoter and they are in the process of completing the formalities for opening the required Demat Account.

SUBSIDIARY COMPANIES, JOINT VENTURES 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.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format is annexed as Annexure-V to the Board's Report.

APPRECIATIONS

Your Directors wish to place on record their appreciation to all the stakeholders for their support and contributions towards achieving the performance of the company. The Board expects to continue to receive their continued support and contribution in future also.

For and on behalf of the Board of Directors

Biren De (DIN: 00011607)
S K Nagpal (DIN: 01171148)
Shahana Basu (DIN: 07137715)
Directors

R. Krishna Kumar (DIN:05344619)
Managing Director

Date : 25th May, 2017
Place : New Delhi

ANNEXURE - I

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

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

- Sodium vapor lamps replaced by LED high bay lights in more areas. LED requires less maintenance and life is approximately 10 years.
- Conventional tube lights were also replaced by LED lights in some more areas of shop-floor.
- Certain street light lamps replaced by energy efficient lights that require less maintenance.

A. CONSERVATION OF ENERGY

PART A - Power and Fuel Consumption

Sr. No.	Particulars	For the Year ended 31/03/2017	For the Year ended 31/03/2016
1.	Electricity		
	(a) Purchased units (millions)	2.87	2.95
	Total amount (Rs. in millions)	24.76	25.01
	Rate/unit (Rs.)	8.63	8.48
	(b) Own Generation		
	(i) Through diesel generating units (millions)	0.09	0.08
	Unit per litre of diesel oil	3.37	3.17
	Cost/unit (Rs.)	15.47	16.41
	(ii) Through steam turbine / generator	NIL	NIL
2.	Coal	NIL	NIL
3.	Purchased Fuel Consumed		
	(i) Furnace Oil		
	Quantity (K. Lts.)	-	-
	Total amount (Rs. in millions)	-	-
	Average rate (Rs. per litre)	-	-
	(ii) Pipe Natural Gas		
	Quantity (1000 cubic meter)	363.42	330.86
	Total amount (Rs. in millions)	10.77	11.39
	Average rate (Rs. per cubic meter)	29.64	34.43

PART B - Consumption Per Unit of Production

Product	Felts	Felts
Unit	Kgs.	Kgs.
Electricity (units)	8.32	8.41
Furnace oil (liters)	Nil	Nil
Pipe Natural Gas (cubic meter)	1.02	0.92

(Rs. 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 customer and for developing indigenous resources for import substitution.

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

	(Rs. In million)
(a) Capital	0.14
(b) Recurring	14.59
(c) Total (a + b)	14.73
(d) Total R & D expenditure as a percentage of total turnover	2.08

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports (excluding Nepal) during the year were Rs. 31.21. Your Company strives to explore new foreign markets and to enlarge its share in the existing markets.

	(Rs. In Millions)
• Foreign Exchange Earnings (actual inflows)	69.05
• Foreign Exchange Expenditure (actual outgo)	188.31

ANNEXURE - II

As at 31st March, 2017 there were 104 employees on the rolls of the company. For the financial year ended on 31st March, 2017, median remuneration of the employees of the company was Rs. 733,476/-.

The ratio of remuneration of the Managing Director, Mr. R. Krishna Kumar to the median remuneration of the employees of the company was 19.14 times. The ratio of remuneration of other directors to the median remuneration of employees of the company is as follows: Mr. Biren De: 0.33 times; Mr. Ravinder Nath: 0.16 times; Mr. Surinder Kumar Nagpal: 0.25 times; and Ms. Shahana Basu: 0.20 times.

The percentage increase in the median remuneration of all employees for the year ended 31st March, 2017, over last year's median remuneration was 13.94%, whereas during this period the company has registered a growth over last year's revenue by 7.06%. The percentage increase/ (decrease) in the remuneration of Managing Director for the said period was 9.16%. For other directors, viz., Mr. Biren De; Mr. Ravinder Nath; Mr. Surinder Kumar Nagpal; and Ms. Shahana Basu; the rate of remuneration has remained unchanged as they were paid only the sitting fee (which was not revised during the year under review) for attending the meetings of the Board and/or its Committees; and that of the CFO, Mr. Kalyan Dasgupta and the Company Secretary, Mr. C.S. Gugliani, the increase in remuneration was 10.18% & 12.38% respectively. However, the average increase in remuneration of employees of the company was 8.94% which is in line with the policy of the company and prevailing market conditions.

Aggregate remuneration of Key Managerial Personnel (KMPs) for the year ended 31st March, 2017 against the revenue and profit before tax (PBT) was 2.10% and 6.95% respectively.

The increase in market capitalization as at 31st March, 2017 over 31st March, 2016 was 22.75%. The Price-earning (P/E) Ratio at the close of the current and previous financial year was 15.36 times & 14.22 times, respectively. The increase in market price as compared to the offer price as at the end of the previous year & the current year was 4910% & 6050% respectively.

For the year ended 31st March, 2017 the remuneration of Managing Director, Chief Financial Officer & Company Secretary, as compared to revenue of the company was 1.53%, 0.39% & 0.17% respectively. Whereas, in comparison to PBT the same was 5.07%, 1.30% & 0.57% respectively.

During the year, the average increase in the remuneration of all employees, excluding the remuneration of Managing Director was 8.93%, whereas the increase in remuneration of Managing Director was 9.16%. 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 such 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 31st March, 2017, is as follows:

Name of Employee	Age (in years) as on 31/03/2017	Designation; Nature of duties; date of commencement of employment and experience in years	Annual Remuneration (INR in Lakhs)	Qualifications	Last employment held
R. Krishna Kumar	42	Managing Director, having total experience of about 21 years. He is responsible for day to day overall management & affairs of the company and has worked in various capacities since 01/01/2010, lastly in the capacity of President	As Managing Director: 140.35	B.E.	Vice President - Voith Paper Technology (India) Private Limited/Assistant General Manager - Larsen & Toubro Limited.

REMUNERATION OF TOP 10 EMPLOYEES

Sr. No.	Name of Employee	Designation/ Nature of Duties	Remuneration (Amount in Rs.)	Nature of Employment (Contractual or otherwise)	Qualification	Experience	Date of Commencement of Employment	Age	Last Employment Held	Whether related to any Director of the Company
1	Kalyan Dasgupta	AVP	3,682,824	Permanent	Bachelors in Accounting & AICWA	28 yrs	16.07.2009	54 yrs	Jindal Saw Ltd	No
2	Karunakar Pant	AVP	3,280,470	Permanent	Bachelors in Science from BITS Pilani and Diploma in Paper Technology	38 yrs	21.10.1998	61 yrs	Finar Mas India Limited	No
3	Praveen Batra	AGM	2,333,684	Permanent	Masters in Pulp and Paper Technology from IIT Rorkee	27 yrs	27.06.2005	51 yrs	Wires and Fabrics (SA) Limited	No
4	Rakesh Kumar Malani	AGM	2,210,888	Permanent	Bachelors in Textile Technology & PGDBA from IGNOU	21 yrs	06.07.2007	44 yrs	Wires and Fabrics India Limited	No
5	Susil Kumar Saha	AGM	2,205,475	Permanent	Masters in Textile Engineering from IIT Delhi	39 yrs	17.01.2011	60 yrs	Shri Dinesh Mills Ltd	No
6	Y. Harshavardhana	Sr. Manager	1,814,570	Permanent	Bachelors in Science and Diploma in Paper Technology	35 yrs	07.10.1986	58 yrs	Magna Fourdriner	No
7	Mahesh Arora	Manager	1,795,433	Permanent	Bachelors in Textile Technology (GMTA) and PGDBA from IGNOU	29 yrs	17.07.1990	50 yrs	Nuchem Limited	No
8	Shailesh Jha	Sr. Manager	1,766,605	Permanent	Bachelors in Mechanical Engineering from BIT Mesra	13 yrs	05.10.2012	35 yrs	Timken India Limited	No
9	Amit Kanti Maiti	Manager	1,748,628	Permanent	Bachelors in Textile Chemical Technology and PGDBA from IGNOU	30 yrs	03.09.1990	55 yrs	Hitkari Fibres Limited	No
10	Bhatu Kuwar	Deputy Manager	1,678,907	Permanent	Bachelors in Pulp and Paper Technology	23 yrs	17.08.2006	44 yrs	Wires and Fabrics (SA) Limited	No

ANNEXURE - III

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, 2017, 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, 2017.

ANNEXURE - IV

FORM NO. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 (here-in-after 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, 2017 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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**
 - (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 during the audit period)**
 - (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 during the audit period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the audit period)**
- (vi) On the basis of written presentation 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 BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except SEBI (LODR) Regulation No. 31 i.e. the promoters of the Company are not holding shares in dematerialized form with depository participant.*

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. There were no changes in the composition of the Board of Directors during the period under review.

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 are captured and recorded as part of the minutes.

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.

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)

Place: Faridabad
Date : 25th May, 2017

(P.C. Jain)
(Partner)
CP No. 3349
FCS 4103

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 2016-17 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.
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)

Place: Faridabad
Date : 25th May, 2017

(P.C. Jain)
(Partner)
CP No. 3349
FCS 4103

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

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & 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: voithfabrics.faridabad@voith.com Website: http://www.voithpaperfabricsindia.com
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: helpdeskdelhi@mcsregistrars.com

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	1399	94.19

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 Auslandsbeteiligugen GmbH St. Pöltener Straße 43 89522, Heidenheim, Germany.	N.A	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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%
TOTAL (A)	-	3,252,418	3,252,418	74.04%	-	3,252,418	3,252,418	74.04%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	432	274	706	0.02%	432	274	706	0.02%	0.00%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	51,331	75	51,406	1.17%	51,331	75	51,406	1.17%	0.00%
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	51,763	349	52,112	1.19%	51,763	349	52,112	1.19%	0.00%
2. Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	108,058	2,104	110,162	2.50%	116,227	2,104	118,331	2.69%	0.19%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	784,532	148,332	932,864	21.24%	793,527	139,112	932,639	21.23%	-0.01%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	27,986	-	27,986	0.64%	23,112	-	23,112	0.53%	-0.11%
c) Others (specify)									
NBFC registered with RBI	-	-	-	0.00%	448	-	448	0.01%	0.01%
Non Resident Indians	13,383	3,634	17,017	0.39%	9,865	3,634	13,499	0.31%	-0.08%
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	933,959	154,070	1,088,029	24.77%	943,179	144,850	1,088,029	24.77%	-
Total Public (B)	985,722	154,419	1,140,141	25.96%	994,942	145,199	1,140,141	25.96%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	985,722	3,406,837	4,392,559	100.00%	994,942	3,397,617	4,392,559	100.00%	-

(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	01/04/2016		3,252,418	74.04%	3,252,418	74.04%
	Changes during the year			No Change		No Change	
	At the end of the year	31/03/2017		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.	Name of the Shareholder	Shareholding at the beginning of the year as at 01/04/2016		Cumulative Shareholding during the year as at 31/03/2017	
		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	SUBODH BHUPATRAI MODY	27,986	0.64%	23,112	0.53%
3	OM PRAKASH RAWAT	17,980	0.41%	18,000	0.41%
4	MAYA RAWAT	15,253	0.35%	15,253	0.35%
5	LAUREL SECURITIES PRIVATE LIMITED	13,989	0.32%	13,989	0.32%
6	VIJAY GUPTA (HUF)	12,919	0.29%	12,919	0.29%
7	MUSADDI LAL RAWAT	12,612	0.29%	12,612	0.29%
8	VIJAY PRAKASH GUPTA	11,226	0.26%	11,840	0.27%
9	LILAVATI MANAGEMENT SERVICES PRIVATE LIMITED	10,835	0.25%	10,835	0.25%
10	MINAL BHARAT PATEL*	-	N.A.	10,705	0.24%
11	BHAVANA GOVINDBHAI DESAI**	10,500	0.24%	10,500	0.24%
12	PARUL SHAH**	18,000	0.41%	-	N. A.

* 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.

Shareholding of Top-10 Shareholders is consolidated, based on Permanent Account Number of the shareholder. The date-wise increase or decrease in shareholding of Top-10 shareholders, is available on the website of the Company.

The above list is excluding the 11718 shares belonging to several shareholders, which were lying unclaimed/undelivered and were subsequently dematerialized by the Company in accordance with the requirements of erstwhile Listing Agreement, in consolidated form under "Voith Paper Fabrics India Limited - Unclaimed Shares Demat Suspense Account" as at 31/03/2016 as well as at 31/03/2017.

(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	Mr. Biren De, Director						
	At the beginning of the year	01/04/2016	-	1,370	0.03%	1,370	0.03%
	Changes during the year	-	-	-	0.00%	-	0.00%
	At the end of the year	31/03/2017	-	1,370	0.03%	1,370	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.

(Amount - Rupees in 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:**

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		
	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		13,545,231.00	13,545,231.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		179,112.00	179,112.00
	(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)		13,724,343.00	13,724,343.00
	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

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors			Total
1	Independent Directors	Mr. Biren De	Mr. Ravinder Nath	Mr. S. K. Nagpal	
	Fee for attending board and committee meetings	240,000.00	120,000.00	180,000.00	540,000.00
	Commission	-	-	-	-
	Others, please specify (Swachh Bharat Cess)	1,200.00	600.00	900.00	2,700.00
	Total (1)	241,200.00	120,600.00	180,900.00	542,700.00
2	Other Non-Executive Directors	Mr. Martin G. Scherrer	Ms. Shahana Basu		
	Fee for attending board and committee meetings	-	150,000.00	-	150,000.00
	Commission	-	-	-	-
	Others, please specify (Swachh Bharat Cess)	-	750.00	-	750.00
	Total (2)	-	150,750.00	-	150,750.00
	Total (B)=(1+2)	241,200.00	271,350.00	180,900.00	693,450.00
	Total Managerial Remuneration (A + B)				14,417,793.00
	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

(Amount in Rupees)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
	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	3,396,793.00	1,458,335.00	4,855,128.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	128,800.00	83,800.00	212,600.00
	(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	3,525,593.00	1,542,135.00	5,067,728.00

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For and on behalf of the Board of Directors

Biren De (DIN: 00011607)
S K Nagpal (DIN: 01171148)
Shahana Basu (DIN: 07137715)
Directors

R. Krishna Kumar (DIN:05344619)
Managing Director

Date : 25th May, 2017
Place : New Delhi

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY OF VOITH

“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.

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.

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.

The governance processes and systems of your Company have strengthened over a period of time resulting in constant improvisation of sustainable and profitable growth.

BOARD OF DIRECTORS

- Board's Composition – As at 31st March, 2017, the Board of Directors of the company comprised of six Directors including a Non-executive Chairman, a Managing Director, a Woman Director and three Non-executive Independent Directors. The Chairman of the Board is nominated by the holding company.

The Board has a balanced mix of persons, comprising of individuals possessing varied experience in areas like, finance, technical, legal & operations and is 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 is made available to the Board of Directors to ensure adequate disclosures and transparent decision making process.

- Details of Board Meetings – Between the period from 1st April, 2016 and 31st March, 2017, the Board met on 5 occasions as follows:
 - 7th May, 2016 in Quarter I
 - 8th July, 2016 & 11th August, 2016 in Quarter II
 - 11th November, 2016 in Quarter III
 - 31st January, 2017 in Quarter IV
- 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 31/01/2017, at which all Independent Directors were present.
- 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 31/03/2017, are as follows:

Name of Director	Category	Number of Board Meetings attended during the year	Attendance at the last AGM held on 08/07/2016	No. of Directorships held as on 31/03/2017 in other Indian companies (Public and Private)		No. of Committee Memberships, in other Public Companies as on 31/03/2017	
				As Chairman	As Director	As Chairman	As Member
Mr. Martin Gustav Scherrer (Chairman of the Board)	Non-executive, Non-independent Director (Nominee of the Holding Company)	1	Present	-	1	-	-
Mr. Biren De	Non-executive and Independent Director	5	Present	-	-	-	-
Mr. Ravinder Nath	Non-executive and Independent Director	2	Not Present	-	8	-	5
Mr. Surinder Kumar Nagpal	Non-executive and Independent Director	4	Present	-	2	1	4
Ms. Shahana Basu	Non-executive Woman Director	5	Present	-	-	-	-
Mr. R. Krishna Kumar	Managing Director	5	Present	-	1	-	-

- Details of shareholding by Directors and their relatives as on 31/03/2017

Name of Director	Shares held by director in the Company	Shares held by Relatives	Total Shares held
Mr. Martin Gustav Scherrer	NIL	NIL	NIL
Mr. Biren De	1370	NIL	1370
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, various updates about Companies Act, 2013, Listing Regulations, as well as changes in provisions or procedures under relevant legislations proposed by authorities through circulars and notifications, industry status, business model, etc. are presented to the Directors by Managing Director, Company Secretary and Statutory Auditors of the Company, on periodical basis. This way they devote adequate time to understand, familiarize and remain updated about the activities of the Company.

This is also disclosed on the website of the Company at link <https://voith.com/vpf-india-en/investors-corner.html>

- 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 - The Audit committee presently comprises of three Non-executive & Independent Directors and Mr. Surinder Kumar Nagpal is the Chairman of the Audit Committee.

Meetings and Attendance - Four meetings of the Audit Committee of the Board of Directors took place during the year under review.

As at 31/03/2017, the composition of the committee and the attendance details of Committee Members at the meetings held on 7th May, 2016, 11th August, 2016, 11th November, 2016 and 31st January, 2017, during the year under review is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Surinder Kumar Nagpal, Chairman	Non-executive & Independent Director	3
Mr. Biren De, Member	Non-executive & Independent Director	4
Mr. Ravinder Nath, Member	Non-executive & Independent Director	2

Mr. Surinder Kumar 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.

The policy is available on the website of the Company at the following link: <https://voith.com/vpf-india-en/investors-corner.html>

B. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

Terms of Reference - The salient functions of the Stakeholders' Relationship Committee (SRC) include, Overseeing the allotment/ approvals & rejection of transfer/transmission of shares etc.; issue of duplicate share certificates; review and redressal of investors' complaints; 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 the Listing Regulations, 2015, the Company has constituted SRC, comprising of two directors. A Non-executive & Independent Director, Mr. Ravinder Nath, an advocate by profession, Chairs the meetings of the Committee.

Meetings and Attendance - Two meetings of SRC of the Board of Directors took place during the year under review. As at 31/03/2017, the composition of the SRC and the attendance details of Committee Members at the Two Committee Meetings held on 11th August, 2016 and 31st January, 2017 during the year under review, is as follows:

Name & Designation of Director in the Committee	Category	No. of meetings attended
Mr. Ravinder Nath, Chairman	Non-executive & Independent Director	2
Mr. R. Krishna Kumar, Member	Managing Director	2

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 01/04/2016	0	1
Number of complaints received during the period from 01/04/2016 to 31/03/2017	0	0
Number of complaints disposed-off during the period from 01/04/2016 to 31/03/2017	0	1
Number of complaints pending as on 31/03/2017	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 - The CSR Committee presently comprises of three directors. Two of whom are Non-executive Directors. Mr. Martin Gustav Scherrer, 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. As at 31/03/2017, the composition of the CSR Committee and the attendance details of the Members at the Committee Meeting held on 31st January, 2017 during the year under review is as follows:

Name & Designation of the Director in the Committee	Category	No. of meeting attended
Mr. Martin Gustav Scherrer, Chairman	Non-executive & Non-Independent Director	0
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 - NRC of the Board of Directors comprises of three Non-executive Directors, two of whom are Independent Directors. Mr. Biren De, an Independent Director is the Chairman of NRC.

Meetings and Attendance - One meeting of the NRC of the Board of Directors took place during the year under review. As at 31/03/2017, the composition of the committee and the attendance details of members at the Committee Meeting held on 7th May, 2016 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. Martin Gustav Scherrer, Member	Non-executive & Non-Independent Director	0
Mr. Surinder Kumar Nagpal, Member	Non-executive & Independent Director	1

PERFORMANCE EVALUATION CRITERIA OF DIRECTORS

The Committee carries out the evaluation of performance of every Director on the basis of defined criteria, and forwards its report along with recommendation to the Board, on annual basis.

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.

Criteria for Appointment, Removal and Remuneration are as per the Remuneration Policy of the Company.

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, are paid only the sitting fee for attending the meetings of the Board and its Committee at the rate of Rs. 30,000/- and Rs. 15,000/- respectively, per meeting.

Name of the Director	Sitting Fees (in Rs.) paid, during the year under review, for attending the meetings of					*Total Sitting Fees Paid (Rs.)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	
Mr. Biren De	150,000	60,000	15,000	-	15,000	240,000
Mr. Ravinder Nath	60,000	30,000	-	30,000	-	120,000
Mr. S. K. Nagpal	120,000	45,000	15,000	-	-	180,000
Ms. Shahana Basu	150,000	-	-	-	-	150,000

* Excluding Swachh Bharat Cess amounting to Rs.3,450 for all the directors taken together, directly deposited by the Company.

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 31st March, 2017.

Particulars	Amount (in Rs.)
Basic	2,594,076.00
Performance Linked Reward	4,889,000.00
Allowances and perquisites	5,852,155.00
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
2016 (46 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Friday 08/07/2016	3:30 p.m.
2015 (45 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Sunday 31/05/2015	3:30 p.m.
2013 (44 th)	Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana	Tuesday 10/12/2013	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
2016 (46 th)	None
2015 (45 th)	Appointment of Auditors, Appointment of Managing Director & Alteration of Articles
2013 (44 th)	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

- i. During the year ended 31st March, 2017, 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.
- ii. During the last three years there has been no instance of non-compliance and no penalties or strictures imposed on the company by Stock Exchange or the SEBI or any other statutory authorities on any matter related to capital market.
- iii. In accordance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, 2015, 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.

DISCLOSURES OF ACCOUNTING TREATMENT

While preparation of Financial Statements, the Accounting Standards, issued by The Institute of Chartered Accountants of India (ICAI), have generally 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'.
- Website - The financial Results were also displayed on Company's website www.voithpaperfabricsindia.com The Company also keeps updating 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
Thursday 6 th July, 2017	3:30 p.m.	Maggie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16A, Mathura Road, Faridabad - 121002, Haryana.

Financial Calendar (From 1st April, 2017 to 31st March, 2018)

Results for quarter ending:

- 30th June, 2017 - By 14th August, 2017
- 30th September, 2017 - By 14th November, 2017
- 31st December, 2017 - By 14th February, 2018
- 31st March, 2018 - By 30th May, 2018

Book Closure and Dividend Payment date:

Book Closure: From Saturday, 24th June, 2017 to Thursday, 6th July, 2017

Dividend Payment Date: Dividend would either be credited in the account or dispatched to all eligible shareholders within thirty days of declaration at the Annual General Meeting.

Further, the amount of unpaid/unclaimed dividend for the year 2008-09, 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.

LISTING ON STOCK EXCHANGE

The Equity Shares of the Company are currently listed for trading under Group/Index 'XT' of the BSE Limited, Mumbai (BSE). Company confirms that it has paid the annual listing fees to BSE for the year 2017/18.

The Company also confirms that it has paid the annual custodial fees to the Central Depository Services (India) Limited (CDSL) and the National Securities Depository Limited (NSDL), for the year 2017/18.

STOCK CODE

BSE Limited (BSE) : 522122

ISIN for NSDL/CDSL : INE285C01015

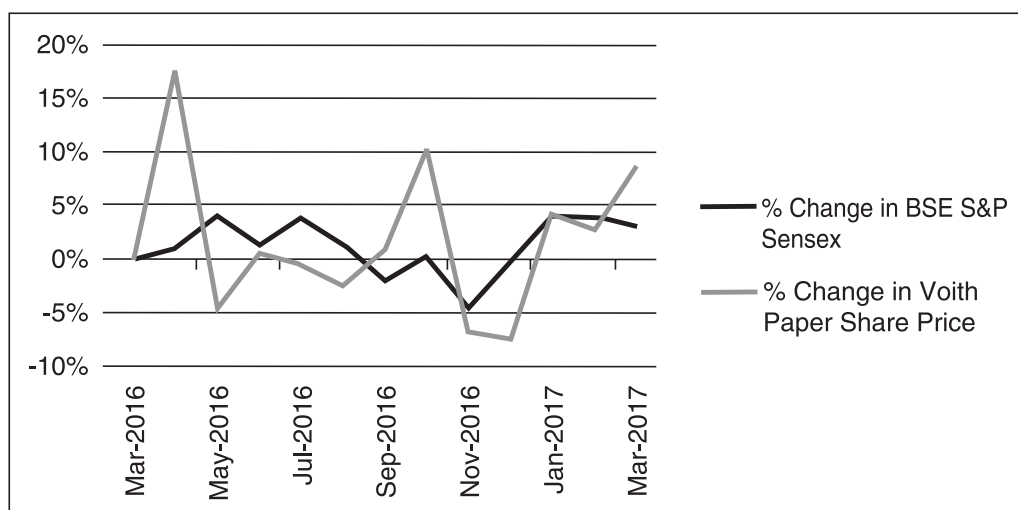
MARKET PRICE INFORMATION

The monthly 'high' and 'low' prices of the shares traded during the period from April, 2016 to March, 2017 on BSE are given below:

Month	High (in Rs.)	Low (in Rs.)
April, 2016	598	490
May, 2016	610	548
June, 2016	604	553
July, 2016	586	556
August, 2016	588	544
September, 2016	579	523
October, 2016	620	545
November, 2016	650	547
December, 2016	585	520
January, 2017	567	529
February, 2017	575	545
March, 2017	619	560

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

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, it shall be compulsory for the transferee(s) to furnish a copy of the PAN Card to the Company/RTA, together with the transfer documents for registering transfer of such shares.

MCS Share Transfer Agent Limited handles the investor services of the Company and also share transfer related work in respect of shares held in physical form. Such transfers are registered 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 31st March, 2017

Category code	Category of Shareholder/Member	Total No. of Members	Total No. of shares	No. of Shares held in dematerialized form	Total shareholding 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	Nil	74.044	74.044
	Sub Total (a)(2)	1	3,252,418	Nil	74.044	74.044
	Total Shareholding of Promoter & Promoters Group (a)=(a)(1)+(a)(2)	1	3,252,418	Nil	74.044	74.044
(b)	Public shareholding					
	(1) Institutions					
	Financial Institutions / Banks	5	706	432	0.016	0.016
	Insurance Companies	2	51,406	51,331	1.170	1.170
	Sub Total (b)(1)	7	52,112	51,763	1.186	1.186
	(2) Non-institution					
	a) Bodies Corporate	135	118,331	116,227	2.695	2.695
	b) Individuals					
	i. Individual shareholders holding nominal share capital up to Rs.2 Lakh	3,828	932,639	793,527	21.232	21.232
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 Lakh	1	23,112	23,112	0.526	0.526
	c) NBFC registered with RBI	1	448	448	0.010	0.010
	NRIs (with Repat)	35	6,014	4,670	0.137	0.137
	NRIs (without Repat)	23	7,485	5,195	0.170	0.170
	c) Any Other (Specify)	Nil	Nil	Nil	N.A.	N.A.
	Sub-Total (b)(2)	4,023	1,088,029	943,179	24.770	24.770
Total Public shareholding (b)=(b)(1)+(b)(2)	4,030	1,140,141	994,942	25.956	25.956	
TOTAL (a)+(b)	4,031	4,392,559	994,942	100.00	100.00	
(c)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	N.A.	N.A.
	Grand Total (a+b+c)	4,031	4,392,559	994,942	100.00	100.00

B. Shareholders with more than one percent holding as on 31st March, 2017

Sl. No.	Name of the Shareholder	No. of shares held	% of shares held
1.	VP Auslandsbeteiligungen GmbH	3,252,418	74.044
2.	The Oriental Insurance Company Limited	51,331	1.169

Distribution of Shareholding as on 31st March, 2017

No. of Shares held (Range)	No. of Shareholders	% to total Shareholders	No. of Shares	% to total Shares
1 - 500	3,635	90.17	348,816	7.94
501 - 1000	223	5.53	161,886	3.69
1001 - 2000	89	2.21	124,649	2.84
2001 - 3000	28	0.69	70,222	1.60
3001 - 4000	15	0.37	51,278	1.16
4001 - 5000	8	0.20	37,152	0.85
5001 - 10000	18	0.45	123,062	2.80
10001 - 50000	13	0.32	171,745	3.91
50001 - 100000	1	0.03	51,331	1.17
100001 and above	1	0.03	3,252,418	74.04
Total	4031	100.00	4,392,559	100.00

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 physical mode.

Out of remaining 1,140,141 equity shares; 994,942 equity shares of the company forming 22.65% of the total shareholding, stand dematerialized as on 31st March, 2017.

LIQUIDITY OF SHARES

The Equity shares of the Company have been included in the 'XT' 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 (dedicated e-mail 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 01/04/2016	107	11,718
2	Total request received during the year, from shareholders for dispatch of shares to them.	0	0
3	Shares dispatched in pursuance of valid requests received from shareholders	0	0
4	Undelivered / unclaimed shares lying with the Company as on 31/03/2017	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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 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

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

For Voith Paper Fabrics India Limited

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 Qualifications - The Company does not have any qualifications from the Auditors in its Financial Statements as on 31st March, 2017.
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)

I have reviewed the implementation of Corporate Governance procedures by **VOITH PAPER FABRICS INDIA LIMITED** for the financial year ended on 31st March, 2017, with the relevant records and documents maintained by the Company, furnished to me for my review and the report on Corporate Governance as approved by the Board of Directors.

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.

I 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 my review and according to the information and explanation provided to me, 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

Place: New Delhi
Dated: May 25, 2017

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The paper Industry of India has evolved to a great extent. The industry which once faced the famine situation in 1970s has now emerged as self-sufficient to meet its domestic demand as well as export the products outside India.

Currently there are over 750+ pulp and paper mills in India. One of the major characteristics of the paper industry of India is high presence of small and medium sized paper mills in India. Some big corporates are also engaged in the paper industry of India, which is a good sign as this would bring the required investment to upgrade the technology used in the industry and increasing the efficiency.

However, the Indian paper industry is currently passing through somewhat difficult times, caught between global raw material shortage and rising prices of local wastepaper. As per the Industry sources situation took a turn for the worse after demonetization, as old paper collection is largely dealt in cash and the waste paper collection is unorganized. Waste paper availability has fallen by about 30 per cent and, rising cost of imported waste paper has started to push the mills to source more quantities from the domestic market. The consequent increase in domestic demand has made local wastepaper more expensive forcing kraft mills to either shut or reduce production by 30-35 per cent.

OUR STRENGTHS

Your company is a part of the Paper Division of the Voith Group, Germany. Further, as a part of Voith Group, the Company has access to the latest technological developments, thereby having an edge over the competitors. Our innovative fabric designs help papermakers apply the best machine clothing solutions that enhance sheet properties and profitability for paper mills.

Your Company is the only Indian manufacturer producing the entire range of paper machine clothing and caters to the domestic as well as overseas customers. The Company's products enjoy high standing in the market due to constant enhancement in quality and efficient after sales services, provided by a dedicated and experienced technical support team. Hence, it shares a major part of the total market size and has continued to progress steadily, due to dedicated employees at all levels.

OUR WEAKNESSES

The major consumer of the Company's products is the Paper Industry and the Fibre-cement Industry. Therefore, the prospects of the Company are mainly dependent on the growth of these Industries. Further, a major part of the raw materials is imported and is subject to the policies of the Government in force from time to time.

THE OPPORTUNITIES

India continues to be the fastest growing paper market globally and is projected to grow at over 4 per cent per annum till 2030. Particularly, the demand for packaging material has skyrocketed in recent years; paper is also used in glass-making, packing food products, etc.

There are various reasons which have made the paper industry of India more promising and attractive than ever before. The population of India has been growing at a significant pace which has led to the increase in the paper consumption as each individual utilizes paper and other related products on daily basis. The growth in the GDP of India has helped the paper industry significantly. Growth in economy has led to the increase in the manufacturing activities which has further led to the increase in the demand for paper products specially the paperboard as the paperboard are extensively utilized by the manufacturing sector for carrying out wide range of activity ranging from packing to storage and transportation, etc.

Also, the per capita consumption of India is only 11 kgs., as compared to 26 kgs. in Asia and 56 kgs. globally. Hence, it appears that the pulp & paper industry in India has a tremendous growth potential and the growth in Paper Industry shall be a good opportunity for your Company, as it shall result in increased demand for the products of your Company.

THE THREATS

There has been increase of 25 to 35 per cent in the input cost of mills due to the rise in cost of imported waste paper, local waste, coal, chemicals, wages, power etc. In the last 3 years, the Indian paper mills had to reduce prices by 12 to 15 per cent in spite of increasing cost and paper mills will need to increase the prices, if they have to survive. The company would also need to realign itself in wake of development that would unfold in future.

SEGMENT WISE REPORTING

The Company is mainly in the business of manufacturing and selling of felts i.e. paper machine clothing. Hence, there is no separate reportable segment as per Accounting Standard - 17 issued by the Institute of Chartered Accountants of India.

OUTLOOK

Paper and paperboard packaging are thick paper based materials used for wrapping and packing products. It can easily be cut, molded and shaped and is highly light in weight. Growing demand from food industry is the major driving factor of the paper & paperboard market. Additionally, growing consumer awareness for sustainable packaging techniques and recyclability of paper and paperboard packaging are also another major driving factor of this market. However, availability of other cheaper alternatives may hamper this market. Yet, the Paper & paperboard packaging market is expected to grow at CAGR of 6% by 2022.

Also, the Government's recent move to continue to keep school education out of the service tax net under the new GST regime and to tax essential commodities at the lowest rate has been welcomed by the paper industry which expects a lower tax incidence in the upcoming new indirect tax regime. Increasing population, literacy rate, growing GDP, improvement in manufacturing sector and changing lifestyle in the country will spur the demand of paper and paperboard. Accordingly, your Company's outlook for the coming years seems to be encouraging.

RISKS & CONCERNS

The Company has a Risk Management Team that meets periodically to analyze and minimize the potential risks to the Company.

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. as its internal auditors and they periodically test the efficacy of the prevailing 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

Higher profits, despite nominal growth in sales, have been possible due to operational excellence (OPEX) initiatives by way of controlled raw-material inventory and other cost reduction measures, which has resulted in improved Return on Capital Employed (ROCE).

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT

The existing human resource of the company is most important element of its' competitive advantage. A mix of experience and youth brings in the required flexibility and has resulted in formation of a skillful team which ensures to deliver value to all stakeholders most of the times. The industrial relations in the Company continue to remain healthy, cordial and harmonious.

There were 104 permanent employees on the rolls of the Company as on 31st March, 2017.

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 9001:2008, ISO 14001:2015 and OHSAS 18001:2007 certifications by TUV.

CAUTIONARY STATEMENT

Statements in the forgoing 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Voith Paper Fabrics India Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Voith Paper Fabrics India Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

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 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 2017, and its profit and its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure A, a Statement of the matters specified in paragraphs 3 and 4 of the Order.
- (ii) 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) 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 on its financial position in its financial statements – Refer Note 29 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; and
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on audit procedures and relying on the Management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer note 37 to the financial statements.

For B S R & Co. LLP

Chartered Accountants

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

Vikram Advani

Partner

Membership No: 091765

Place: New Delhi

Dated: 25th May, 2017

Annexure A referred to in paragraph 5 (i) of the Independent Auditor's Report to the Members of Voith Paper Fabrics India Limited on the financial statements for the year ended 31 March 2017

- (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 year and no material discrepancies were noticed on such verification. 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 9 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, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues have been regularly deposited during the year by the Company with the 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, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March 2017 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 excise, sales tax, duty of customs, service tax, value added 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.)	Amount paid under protest (Rs.)	Amount not paid (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of repair expenses on Machinery and others	6,614,020	6,614,020	-	AY 2007-08	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of repair expenses on Machinery and others	1,715,600	1,715,600	-	AY 2008-09	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how, repair expenses on Machinery and others	6,385,564	-	6,385,564	AY 2009-10	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	10,169,127	-	10,169,127	AY 2010-11	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	11,756,960	-	11,756,960	AY 2011-12	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	11,845,150	36,11,900	8,233,250	AY 2012-13	Income tax Appellate Tribunal
Income Tax Act, 1961	Disallowance of technical know-how	8,393,370	-	8,393,370	AY 2013-14	Income tax Appellate Tribunal

- (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 give 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 give 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

Place: New Delhi

Dated: 25th May, 2017

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Voith Paper Fabrics India Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ('ICAI'). 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting 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.

For B S R & Co. LLP

Chartered Accountants

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

Vikram Advani

Partner

Membership No: 091765

Place: New Delhi

Dated: 25th May, 2017

BALANCE SHEET AS AT 31 MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	43,925,590	43,925,590
Reserves and surplus	4	1,735,397,810	1,559,564,865
		<u>1,779,323,400</u>	<u>1,603,490,455</u>
Non-current liabilities			
Deferred tax liabilities (net)	5	7,944,375	9,343,107
Long-term provisions	6	21,875,950	16,795,256
		<u>29,820,325</u>	<u>26,138,363</u>
Current liabilities			
Trade payables	7		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		71,601,541	78,147,306
Other current liabilities	8	37,011,094	37,311,536
Short-term provisions	6	25,254,185	43,190,612
		<u>133,866,820</u>	<u>158,649,454</u>
		<u>1,943,010,545</u>	<u>1,788,278,272</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	9	415,983,818	460,357,990
Capital work-in-progress	9	12,019,865	13,949,890
Long-term loans and advances	10	28,618,330	30,625,954
Other non-current assets	11	-	-
		<u>456,622,013</u>	<u>504,933,834</u>
Current assets			
Inventories	12	99,967,573	92,314,951
Trade receivables	13	203,332,081	190,475,244
Cash and bank balances	14	1,132,468,554	951,290,283
Short-term loans and advances	10	19,689,874	19,188,785
Other current assets	11	30,930,450	30,075,175
		<u>1,486,388,532</u>	<u>1,283,344,438</u>
		<u>1,943,010,545</u>	<u>1,788,278,272</u>

Significant accounting policies

2.1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLPICAI 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**

Biren De (DIN: 00011607)

Director

S.K. Nagpal (DIN: 01171148)

Director

Shahana Basu (DIN: 07137715)

Director

R. Krishna Kumar (DIN: 05344619)

Managing Director

Kalyan Dasgupta (CMA No. 25152)

Finance Controller

C.S. Gugliani (FCS No. 4301)

*Company Secretary*Place : New Delhi
Date: 25 May, 2017Place : New Delhi
Date: 25 May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
REVENUE FROM OPERATIONS			
Sale of products (gross)	15	853,261,167	822,187,877
Less : Excise Duty		85,550,123	86,353,304
Sale of products (net)		767,711,044	735,834,573
Sale of services	15	40,148,269	9,151,698
Other operating revenues	15	7,236,284	10,281,833
Other income	16	79,112,549	79,943,668
Total revenue		894,208,146	835,211,772
EXPENSES			
Cost of materials consumed	17	169,422,692	178,288,572
Purchases of stock-in-trade	18	51,308,776	9,939,245
Changes in inventories of work-in-progress, finished goods and stock-in-trade	19	(6,475,920)	11,097,803
Employee benefits	20	110,814,337	104,189,868
Depreciation expenses	21	59,570,342	51,368,103
Other expenses	22	239,104,628	244,687,030
Total expenses		623,744,855	599,570,621
Profit before taxes		270,463,291	235,641,151
Tax expense			
Current tax		95,874,236	76,082,583
Income tax relating to earlier years		154,842	(1,441,130)
Deferred tax (credit)/charge		(1,398,732)	6,304,889
Total tax expense		94,630,346	80,946,342
Profit after taxes		175,832,945	154,694,809
Earnings per share			
[Nominal value of shares Rs 10 (previous year Rs. 10)]			
Basic	23	40.03	35.22
Diluted	23	40.03	35.22
Significant accounting policies	2.1		

The notes referred to above 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**

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (CMA No. 25152)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

Place : New Delhi
Date: 25 May, 2017

Place : New Delhi
Date: 25 May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	270,463,291	235,641,151
Adjustments for:		
Depreciation expense	59,570,342	51,368,103
Loss on sale of fixed assets (net)	185,939	(1,065,076)
Provision for contingencies written back	-	-
Provisions no longer required written back	(1,575,559)	(657,419)
Provision for doubtful debts written back	-	(2,182,237)
Provision for doubtful advances written back	-	(1,147,164)
Provision for doubtful debts charged	280,896	-
Provision for doubtful advances charged	-	-
Bad debts written off	252,423	22,127
Unrealised foreign exchange gain (net)	(61,271)	(943,658)
Interest income on fixed deposits	(72,636,978)	(72,789,922)
Interest income - others	-	(152,730)
Interest expense	-	-
	(13,984,208)	(27,547,976)
Operating profit before working capital changes	256,479,083	208,093,175
Movements in working capital :		
(Increase) in trade receivables	(13,859,876)	(20,821,145)
(Increase)/decrease in inventories	(7,652,622)	7,791,454
(Increase) in loans and advances	(1,285,520)	(5,874,552)
Decrease in other current assets	87,315	6,313,263
Increase in trade payables	(6,014,774)	(22,417,527)
Increase in current liabilities	6,984,656	18,386,586
Increase in provisions	4,876,064	2,718,551
	<u>(16,864,757)</u>	<u>(13,903,370)</u>
Cash generated from operations	239,614,326	194,189,805
Income tax paid	(92,458,910)	(81,264,585)
Net Cash flow from operating activities (A)	<u>147,155,416</u>	<u>112,925,220</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(16,680,451)	(94,668,234)
Proceeds from sale of fixed assets	142,081	1,167,556
Interest received	71,694,388	74,678,976
Fixed deposits made	(1,632,010,530)	(1,597,011,126)
Fixed deposits matured	1,463,316,773	1,367,600,000
Net cash used in investing activities (B)	<u>(113,537,739)</u>	<u>(248,232,828)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
C. Cash flows from financing activities		
Dividend paid on equity shares	(17,556,276)	(19,651,549)
Tax paid on dividend	(3,576,887)	(4,023,998)
Interest paid	-	-
Net cash used in financing activities (C)	<u>(21,133,163)</u>	<u>(23,675,547)</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	12,484,514	(158,983,155)
Cash and cash equivalents at the beginning of the year	31,625,038	190,608,193
Cash and cash equivalents at the end of the year	44,109,552	31,625,038

Notes to cash flow statement

Components of Cash and Cash Equivalents

	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash on hand	21,983	20,459
Balances with banks:		
- Current accounts/ EEFC accounts	42,593,402	30,124,372
- Unclaimed dividend accounts*	1,494,167	1,480,207
- Deposit accounts	<u>1,088,359,002</u>	<u>919,665,245</u>
Cash and bank balance as per note 14	<u>1,132,468,554</u>	<u>951,290,283</u>
Less: Fixed deposits not considered as cash equivalents	<u>1,088,359,002</u>	<u>919,665,245</u>
Cash and cash equivalents in Cash Flow Statement	<u>44,109,552</u>	<u>31,625,038</u>

* The company can utilise these balances only towards settlement of the respective unpaid dividend liabilities.

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**

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (CMA No. 25152)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

Place : New Delhi
Date: 25 May, 2017

Place : New Delhi
Date: 25 May, 2017

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate information

Voith Paper Fabrics India Limited ('the Company') is a public limited company incorporated, domiciled and headquartered in India. The Company's shares are listed on BSE Ltd., Mumbai. The Company is a subsidiary of VP Auslandsbeteiligungen GmbH which holds 74.04% paid up equity share capital of the Company. The Company is mainly in the business of manufacturing and selling of paper machine clothing for pulp, paper and board industry.

2. Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and other accounting pronouncements of the Institute of Chartered Accountants of India.

Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabilities.

2.1 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is charged on straight-line basis as per the useful life of the assets specified in part 'C' Schedule II of the Companies Act 2013, which are as follows:

Class of Assets	Useful life
Buildings (including temporary structure)	3-30 Years
Plant & Machinery *	10-15 Years
Furniture and fixtures	10 Years
Office Equipment	5 Years
Computers	3-6 Years
Vehicles	8-10 Years

*For the following assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given below best represent the period over which the management expects to use these assets. Hence, the useful lives of these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013:-

Class of Assets	Useful Life of Asset
4 looms and 2 pre-tackers	10 Years
Needle loom, weaving loom, 1 oil heated cylinder, 1 chiller and 1 thermax heater	12 Years
1 oil heated cylinder, 1 loom and 1 warping machine	13.48 Years

Depreciation on additions or deletions is charged based on pro-rata basis.

For significant modifications capitalized, depreciation is charged over the remaining useful life out of the originally assessed useful life of such assets. Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular are capitalized and are depreciated over the residual useful life of the respective assets.

Assets costing individually Rs.5,000 or less are depreciated fully in the year of purchase.

Component Accounting

Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

d) Inventories

Inventories are valued as follows:

Raw materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.
Work-in-process and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on weighted average basis.
Traded goods	Lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
Stores and Spare parts	Lower of cost and net realizable value. Cost is determined on First in First Out (FIFO) basis.

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

e) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:-

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of services (Commission)

Commission is recognized as and when these services are rendered and it is probable that economic benefits will flow to the Company as per the terms of the agreement.

Interest

Interest is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in statement of profit and loss.

Export Benefits

Export benefits are accrued when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist and all the conditions attached to export benefits have been complied with.

f) Foreign currency translation

Foreign currency transactions and balances

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

ii. Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

g) Retirement and other employee benefits

i. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

ii. Long term service award and other retirement benefit is provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss and are not deferred.

iii. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented substantially by creation of a separate fund. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss and are not deferred.

iv. A retirement benefit in the form of superannuation fund is a defined contribution scheme. The company recognizes contribution payable to the scheme as expenditure, when an employee renders the related service. There are no other obligations other than the contribution payable to the respective fund.

v. The Provident Fund (where administered by a Trust) is a defined benefit scheme whereby the Company deposits amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employee is adjusted on an annual basis to conform to the interest rate declared by the government for the Employees Provident Fund. The Guidance Note on implementation of Accounting Standard -15 Employee Benefits (Revised 2005), issued by the Institute of Chartered Accountants of India states that provident fund set up by employers, which requires interest shortfall to be met by the employer, need to be treated as defined benefit plan. There is no deficit in the fund at the year end.

h) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

i) Provisions

A provision is recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required

to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Warranty provisions

Provision for warranty related costs are recognized when the product is sold or service provided. Provision is based on historical experience.

j) 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 because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

k) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

l) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

m) Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in profit & loss except that tax expenses related to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

n) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

o) Operating leases

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased assets is diminished. Costs, including depreciation, incurred in earning the lease income are recognized as expenses. Initial direct costs incurred specifically for an operating lease are deferred and recognized in the Statement of Profit & Loss over the lease term in proportion to the recognition of lease income.

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

3. Share Capital

	As at 31 March 2017	As at 31 March 2016
Authorised		
25,000,000 (previous year 25,000,000) equity shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and fully paid-up shares		
4,392,559 (previous year 4,392,559) equity shares of Rs. 10 each	<u>43,925,590</u>	<u>43,925,590</u>

a. Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2017	As at 31 March 2016
At the beginning and at the end of the year	<u>43,925,590</u>	43,925,590
4,392,559 (previous year 4,392,559) equity shares of Rs. 10 each fully paid		

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended 31 March 2017, the amount of per share dividend paid as distributions to equity shareholders and pertaining to the year ended 31 March 2016 is Rs. 4.0 (previous year Rs. 4.5)

The Board of Directors, in its meeting held on 25 May, 2017, have proposed a final dividend of Rs. 4.00 per equity share for the financial year ended 31 March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 6th July, 2017 and if approved would result in a cash outflow of approximately Rs. 21,147,123 including corporate dividend tax.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive 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

	As at 31 March 2017	As at 31 March 2016
VP Auslandsbeteiligungen GmbH, Germany		
3,252,418 (previous year 3,252,418) shares of Rs. 10 each	<u>32,524,180</u>	32,524,180

d. Particulars of shareholders holding more than 5% shares in the Company

	As at 31 March 2017		As at 31 March 2016	
	No. of Equity shares	% holding in the class	No. of Equity shares	% holding in the class
VP Auslandsbeteiligungen GmbH	<u>3,252,418</u>	<u>74.04</u>	3,252,418	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.

4. Reserves and Surplus

		As at 31 March 2017	As at 31 March 2016
General reserve			
Balance at the commencement of the year		577,529,654	566,874,099
Amount transferred from surplus balance in the statement of profit and loss		-	15,469,481
Adjusted for depreciation#		-	(7,361,643)
Adjusted for deferred tax#		-	2,547,717
Closing balance	I	<u>577,529,654</u>	<u>577,529,654</u>
Surplus in the statement of profit and loss			
Balance at the commencement of the year		982,035,211	864,028,863
Add: Profit for the year		<u>175,832,945</u>	<u>154,694,809</u>
	II(a)	<u>1,157,868,156</u>	<u>1,018,723,672</u>
Less: Appropriations:			
Transfer to general reserve		-	15,469,481
Proposed equity dividend		-	17,570,236
Tax on proposed equity dividend		-	3,648,744
Total appropriation	II(b)	<u>-</u>	<u>36,688,461</u>
Net Surplus in the statement of profit and loss	III[II(a)-II(b)]	<u>1,157,868,156</u>	<u>982,035,211</u>
Total Reserves and Surplus	I+III	<u>1,735,397,810</u>	<u>1,559,564,865</u>

Due to applicability of Companies Act 2013 w.e.f. 01 April, 2015, the opening balance of retained earnings as on 01 April, 2015 is adjusted by Rs. 4,813,926 (net of deferred taxes of Rs. 2,547,717) for tangible fixed assets where the remaining useful life of assets has expired.

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

5. Deferred tax liabilities (net)

	As at 31 March 2017	As at 31 March 2016
Deferred tax liabilities		
Excess of depreciation on fixed assets under income-tax law over depreciation charged in accounts	27,666,902	27,933,228
Others	321,791	202,760
Total (I)	27,988,693	28,135,988
Deferred tax assets		
Provision for gratuity and other retirement benefits	1,826,455	677,623
Provision for expenses	7,181,354	7,541,405
Expenditure covered by section 43B of the Income-tax Act, 1961	9,335,754	8,776,790
Provision for doubtful trade receivables	1,700,755	1,797,063
Total (II)	20,044,318	18,792,881
Net deferred tax liability# (I)-(II)	7,944,375	9,343,107

Refer note above

6. Provisions

	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Provision for Employee benefits				
Provision for gratuity (refer note 24)	3,464,701	-	-	-
Provision for leave encashment	16,903,399	15,312,262	1,553,634	1,337,195
Provision for other retirement benefits	121,472	191,065	100,000	25,000
Provision for long service award	1,386,378	1,291,929	205,000	450,000
	21,875,950	16,795,256	1,858,634	1,812,195
Other provisions				
Provision for taxation (net of advance tax of Rs. 92,458,910; (previous year Rs. Nil))	-	-	4,336,763	921,437
Provision for warranties#	-	-	11,912,119	12,163,188
Provision for contingencies##	-	-	7,146,669	7,146,669
Proposed equity dividend	-	-	-	17,570,236
Tax on proposed equity dividend	-	-	-	3,576,887
	21,875,950	16,795,256	23,395,551	41,378,417
	21,875,950	16,795,256	25,254,185	43,190,612

Additional disclosures relating to certain provisions (as per AS 29)

	Warranties#		Contingencies##	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
At the commencement of the year	12,163,188	11,253,812	7,146,669	7,956,614
Provision made during the year	5,521,092	5,203,601	-	-
Provision utilised during the year	(5,772,161)	(4,294,225)	-	(40,256)
Unutilised provision written back during the year	-	-	-	(769,689)
At the end of the year	11,912,119	12,163,188	7,146,669	7,146,669

Provision for warranties

A provision is recognized for expected warranty claims on products sold during the year, based on past experience of level of claim settlement. It is expected that the most of this cost will be incurred within one year of the balance sheet date. Assumption used to calculate the provision for warranties were based on current sales level and current information about claims settlement based on the five year warranty period for all products sold.

Provision for contingencies represents the following:-

- Potential tax liability estimated through various notices issued by sales tax department towards differential amount of sale tax applicable on products sold - Rs. 2,707,113 (previous year : Rs. 2,707,113)
- Estimated contingencies in respect of Local area development tax, applicability of which is not certain on the Company - Rs. 4,439,556 (previous year : Rs. 4,439,556)

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Above represents provisions 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.

7. Trade payables

	As at 31 March 2017	As at 31 March 2016
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 36)	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	71,601,541	78,147,306
	<u>71,601,541</u>	<u>78,147,306</u>

8. Other current liabilities

	As at 31 March 2017	As at 31 March 2016
Creditors for purchase of capital goods	300,315	6,023,814
Employee related payables	16,894,291	17,243,632
Other payables:-		
Unclaimed dividend (Investor Education and Protection Fund will be credited by following amounts as and when due)	1,494,167	1,480,207
Statutory liabilities	3,489,101	5,117,432
Advances from customers	13,333,220	5,946,451
Security deposit received (refer note 26)	1,500,000	1,500,000
	<u>37,011,094</u>	<u>37,311,536</u>

9. Fixed assets

	Freehold Land*		Buildings	Plant and machinery	Furniture and fixtures	Office equipments (including Computers)	Vehicles	Total
	Owned	Given on lease						
Gross block as on 31 March 2015	1,809,080	93,963,573	-	608,392,434	5,178,462	30,801,538	4,070,216	744,215,303
Additions during the year	-	2,958,291	13,967,871	139,408,790	3,073,918	5,272,005	-	164,680,875
Less : Deletions during the year	-	-	-	6,049,668	28,814	1,286,469	-	7,364,951
Gross block as on 31 March 2016	1,809,080	96,921,864	13,967,871	741,751,556	8,223,566	34,787,074	4,070,216	901,531,227
Additions during the year	-	-	-	14,263,546	25,354	1,235,290	-	15,524,190
Less : Deletions during the year	-	-	-	13,183,314	-	1,909,774	321,823	15,414,911
Gross block as on 31 March 2017	1,809,080	96,921,864	13,967,871	742,831,788	8,248,920	34,112,590	3,748,393	901,640,506
Accumulated depreciation as at 31 March 2015	-	42,263,898	-	326,711,374	3,860,356	14,278,472	2,591,861	389,705,961
Depreciation for the year	-	2,067,731	426,369	41,286,419	360,253	6,271,611	955,720	51,368,103
Depreciation for the year - transferred to Reserves	-	3,797,341	-	691,487	459,726	2,413,090	-	7,361,644
Less : Depreciation on deletions during the year	-	-	-	5,974,943	28,814	1,258,714	-	7,262,471
Accumulated depreciation as at 31 March 2016	-	48,128,970	426,369	362,714,337	4,651,521	21,704,459	3,547,581	441,173,237
Depreciation for the year	-	2,399,599	465,603	49,510,235	639,048	6,296,647	259,210	59,570,342
Less : Depreciation on deletions during the year	-	-	-	12,896,244	-	1,868,824	321,823	15,086,891
Accumulated depreciation as at 31 March 2017	-	50,528,569	891,972	399,328,328	5,290,569	26,132,282	3,484,968	485,656,688
Net block as at 31 March 2016	1,809,080	48,792,894	13,541,502	379,037,219	3,572,045	13,082,615	522,635	460,357,990
Net block as at 31 March 2017	1,809,080	46,393,295	13,075,899	343,503,460	2,958,351	7,980,308	263,425	415,983,818

Capital work-in-progress

Balance as at 31 March 2015	75,696,307
Additions	70,540,669
Assets Capitalised during the year	(132,287,086)
Balance as at 31 March 2016	13,949,890
Balance as at 1 April 2016	13,949,890
Additions	10,998,876
Assets capitalised during the year	(12,928,901)
Balance as at 31 March 2017	12,019,865

* 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 2017

(All amounts are in Indian Rupees, unless otherwise stated)

10. Loans and advances

	Long-term		Short-term	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Capital advances				
<i>Unsecured, considered good</i>	-	2,637,213	-	-
Security deposits				
<i>Unsecured, considered good</i>	4,417,217	3,980,217	1,325,000	1,375,000
Advance recoverable in cash or kind				
<i>Unsecured, considered good</i>	-	-	-	-
Other loans and advances (Unsecured, considered good)				
Advance to employees	-	-	201,500	604,837
Advance to suppliers	-	-	4,362,481	4,569,251
CENVAT credit receivable	-	-	1,035,384	3,986,049
Service tax credit receivable	-	-	517,278	1,396,721
Advances income tax (net of provision for tax Rs. 224,094,410; (previous year Rs. 224,094,410))	23,289,020	23,443,862	-	-
Prepaid expenses	-	-	8,710,587	2,279,861
Balances with government authorities	-	-	559,162	540,978
Advance to VPFIL provident fund trust	-	-	-	2,000,000
SVB claim recoverable	-	-	1,257,359	1,257,359
Lease equalization reserve receivable	912,093	564,662	-	-
Other advances *	-	-	1,721,123	1,178,729
Unsecured, considered doubtful				
SVB claim recoverable	-	-	416,509	416,509
	28,618,330	30,625,954	20,106,383	19,605,294
Provision for doubtful SVB claim recoverable	-	-	(416,509)	(416,509)
	28,618,330	30,625,954	19,689,874	19,188,785

* includes travel advance of Rs. 556,944 to Managing Director. (refer note 26)

11. Other current assets

Unsecured, considered good unless stated otherwise

	Current	
	As at 31 March 2017	As at 31 March 2016
Interest accrued but not due on fixed deposits	30,930,450	29,987,860
Gratuity fund (refer note 24)	-	87,315
	30,930,450	30,075,175

12. Inventories

(Valued at the lower of cost and net realisable value)

	As at 31 March 2017	As at 31 March 2016
Raw materials (including goods in transit Rs. 6,475,124; (previous year Rs. 9,280,728))	57,618,447	61,907,510
Work-in-progress	12,700,405	12,681,582
Finished goods	13,608,149	10,868,525
Stock-in-trade (including goods in transit Rs. 4,723,600; (previous year Rs. 1,006,127))	4,723,600	1,006,127
Stores and spare parts (including goods in transit Rs. 176,103; (previous year Rs. Nil))	11,316,972	5,851,207
	99,967,573	92,314,951

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

13. Trade receivables

	Current	
	As at 31 March 2017	As at 31 March 2016
Receivable outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	11,323,625	7,282,711
Doubtful	4,914,342	5,192,622
	16,237,967	12,475,333
Provision for doubtful receivables	(4,914,342)	(5,192,622)
	11,323,625	7,282,711
Other receivables		
Unsecured, considered good	192,008,456	183,192,533
Doubtful	-	-
	192,008,456	183,192,533
Provision for doubtful receivables	-	-
	192,008,456	183,192,533
	203,332,081	190,475,244

14. Cash and bank balances

	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalents		
Cash on hand	21,983	20,459
Balances with banks:		
- On current accounts/ EEFC account	42,593,402	30,124,372
- Deposits with original maturity of less than 3 months	-	-
- On unclaimed dividend account (also refer note 8)	1,494,167	1,480,207
	44,109,552	31,625,038
Other bank balances		
Deposits with original maturity for more than 12 months	-	-
Deposits due to mature within 12 months of reporting date	1,086,692,706	918,100,000
Margin money deposits*	1,666,296	1,565,245
	1,088,359,002	919,665,245
	1,132,468,554	951,290,283

*Against bank guarantee of Rs. 1,400,000 to Haryana Pollution Control Board

15. Revenue from operations

	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products (I)		
Finished goods (felts)#	792,825,309	805,690,532
Traded goods	60,435,858	16,497,345
Sale of products (gross)	853,261,167	822,187,877
Less: Excise duty##	85,550,123	86,353,304
Sale of products (net)	767,711,044	735,834,573
Sale of services (II)		
Commission	40,148,269	9,151,698
Other operating revenues (III)		
Scrap Sales	2,584,300	5,516,481
Less : Excise duty on scrap sales##	99,733	414,377
	2,484,567	5,102,104

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Export incentive - duty drawback	78,323	-
Liabilities/provisions no longer required, written back	1,575,559	657,419
Provision for doubtful debts written back (net)	-	2,182,237
Provision for doubtful advances written back (net)	-	1,147,164
Foreign exchange fluctuation gain (net)	1,274,139	-
Miscellaneous income##	1,823,696	1,192,909
Other operating revenues	7,236,284	10,281,833
Total revenue (I)+(II)+(III)	815,095,597	755,268,104

The company manufactures only felts and thus the details of sale of finished goods under broad heads is not applicable.

Excise duty on sales amounting to Rs. 85,649,856 (previous year : Rs. 86,767,681) has been reduced from sales in statement of profit and loss and excise duty on decrease in inventory of finished goods amounting to Rs. 445,583; (previous year : Rs. 1,612,307) has been considered as expense (income in previous year) in note 22 of financial statement.

16. Other income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income on		
- Deposits with banks	72,636,978	72,789,922
- Others	-	152,730
Profit on sale/discard of fixed assets	-	1,065,076
Rent income	6,475,571	5,935,940
	79,112,549	79,943,668

17. Cost of materials consumed

	For the year ended 31 March 2017	For the year ended 31 March 2016
Inventory of materials at the beginning of the year	61,907,510	55,903,275
Add: Purchases	165,133,629	184,292,807
Less: Inventory of materials at the end of the year	57,618,447	61,907,510
Cost of materials consumed	169,422,692	178,288,572
Break-up of materials consumed		
Yarn	109,139,294	111,826,185
Fibre	50,226,870	57,678,387
Fabric	10,056,528	8,784,000
	169,422,692	178,288,572
Break-up of materials inventory		
Yarn	20,994,376	32,111,585
Fibre	13,994,783	10,189,705
Fabric	22,629,288	19,606,220
	57,618,447	61,907,510

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

18. Details of purchase of traded goods

	For the year ended 31 March 2017	For the year ended 31 March 2016
Balancing Element	-	83,576
Doctors Blade	-	759,575
Fabrics	24,710,994	4,989,050
Qualiflex Sleeves	26,597,782	2,897,044
Rolls	-	1,210,000
	<u>51,308,776</u>	<u>9,939,245</u>

19. (Increase)/decrease in inventories

	For the year ended 31 March 2017	For the year ended 31 March 2016
Inventories at the end of the year		
Work-in-progress	12,700,405	12,681,582
Finished goods - Manufactured	13,608,149	10,868,525
Finished goods - Traded	4,723,600	1,006,127
	<u>31,032,154</u>	<u>24,556,234</u>
Inventories at the beginning of the year		
Work-in-progress	12,681,582	14,101,709
Finished goods - Manufactured	10,868,525	16,914,313
Finished goods - Traded	1,006,127	4,638,015
	<u>24,556,234</u>	<u>35,654,037</u>
	<u>(6,475,920)</u>	<u>11,097,803</u>
Details of inventory		
Work-in-progress		
Felts	12,700,405	12,681,582
Finished goods (including traded goods)		
Fabrics	566,333	1,006,127
Qualiflex Sleeves	4,157,267	-
Felts	13,608,149	10,868,525
	<u>18,331,749</u>	<u>11,874,652</u>

20. Employee benefit expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	91,711,503	87,770,561
Contribution to provident and other funds	4,032,597	3,314,415
Contribution to superannuation fund	2,412,552	2,323,986
Gratuity (refer note 24)	3,799,036	891,109
Compensated absences	2,489,183	2,637,823
Other retirement benefit (refer note 24)	30,407	28,003
Long service award	269,449	1,600,122
Staff welfare expenses	6,069,610	5,623,849
	<u>110,814,337</u>	<u>104,189,868</u>

21. Depreciation expense

	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation on tangible fixed assets	59,570,342	51,368,103
	<u>59,570,342</u>	<u>51,368,103</u>

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

22. Other expenses

	For the year ended 31 March 2017	For the year ended 31 March 2016
Consumption of stores and spares	36,294,522	37,534,084
Contract labour cost	32,753,620	32,952,883
(Increase)/decrease of excise duty on inventory of finished goods	445,583	(1,612,307)
Power and fuel	37,493,453	38,156,258
Freight and forwarding charges	3,947,002	3,821,434
Rates and taxes	10,348,314	5,546,127
Insurance	1,825,552	1,752,092
Repairs and maintenance		
- Plant and machinery	18,712,697	20,439,182
- Buildings (owned)	5,554,660	12,914,911
- Others	7,215,275	7,731,843
Sales commission	631,148	1,268,782
Travelling and conveyance	10,184,574	9,270,863
Communication expenses	4,395,716	4,251,984
Legal and professional fees	5,814,790	4,840,180
Directors' sitting fees	693,450	826,125
Payment to auditor (refer details note below)	2,467,282	2,322,470
Warranty expense (refer note 6)	5,521,092	5,203,601
Bad debts written off	811,599	463,640
Less : Provision utilized	<u>(559,176)</u>	<u>(441,513)</u>
Provision for doubtful debts (net)	280,896	22,127
Loss on sale of fixed asset (net)	185,939	-
Technical know how fees/Royalty	35,387,001	36,048,535
Foreign exchange fluctuation loss (net)	-	14,864
Advertising and sales promotion	121,802	2,259,591
Security charges	3,182,726	2,452,278
Corporate social responsibility expenditure (refer note 35)	5,100,000	4,813,000
Training and development charges	553,552	1,056,931
Miscellaneous expenses	9,741,559	10,799,192
	<u>239,104,628</u>	<u>244,687,030</u>
Payment to auditor (excluding service tax)		
As auditor:		
Statutory audit	1,050,000	1,050,000
Tax audit	150,000	150,000
Limited reviews	750,000	750,000
In other capacity:		
Group audit	324,000	324,000
Certification fee	25,000	25,000
Out of pocket expenses	168,282	23,470
	<u>2,467,282</u>	<u>2,322,470</u>

23. Earnings per share (EPS)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Net profit for the year	175,832,945	154,694,809
Weighted average number of equity shares in calculating basic and diluted EPS	4,392,559	4,392,559
Earnings per share - Basic	40.03	35.22
- Diluted	40.03	35.22

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

24. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. These benefits are funded with Life Insurance Corporation of India.

The Company has also agreed to pay Rs. 25,000 at retirement to all the workers (Other Retirement Benefit). These benefits are un-funded.

The following tables summarize the components of net benefit expense recognized in the statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employment cost

	Gratuity (Funded)		Other Retirement Benefit (Non-funded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Current service cost	1,893,039	1,732,749	7,723	9,231
Interest cost on benefit obligation	1,847,354	1,775,539	15,980	17,594
Expected return on plan assets	(2,101,343)	(2,062,214)	-	-
Net actuarial loss/(gain) recognized in the period/year	2,159,986	(554,965)	6,704	1,178
Net expense	3,799,036	891,109	30,407	28,003

Balance sheet

Benefit asset/liability

	Gratuity (Funded)		Other Retirement Benefit (Non-funded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Present value of defined benefit obligation	28,248,985	24,474,438	221,472	216,065
Fair value of plan assets	24,784,284	24,561,753	-	-
Plan (liability)/asset	(3,464,701)	87,315	(221,472)	(216,065)

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity (Funded)		Other Retirement Benefit (Non-funded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Opening defined benefit obligation	24,474,438	23,995,516	216,065	263,062
Current service cost	1,893,039	1,732,749	7,723	9,231
Interest cost	1,847,354	1,775,539	15,980	17,594
Benefits paid	(1,882,544)	(2,464,380)	(25,000)	(75,000)
Actuarial losses/(gains)	1,916,698	(564,986)	6,704	1,178
Closing defined benefit obligation	28,248,985	24,474,438	221,472	216,065

Changes in fair value of plan assets are as follows:

	Gratuity (Funded)		Other Retirement Benefit (Non-funded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Opening fair value of plan assets	24,561,753	24,626,769	-	-
Expected return	2,101,343	2,062,214	-	-
Contributions by employer	247,020	347,171	-	-
Benefits paid	(1,882,544)	(2,464,380)	-	-
Actuarial (losses)/gains	(243,288)	(10,021)	-	-
Closing fair value of plan assets	24,784,284	24,561,753	-	-

The Company expects to contribute Rs.3,856,297 to gratuity in the next year (Previous year Rs.1,735,692).

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-

	Gratuity (Funded)	
	31 March 2017	31 March 2016
Investment with insurer	100%	100%

The principal assumptions used in determining gratuity and post-employment other retirement benefit obligations for the Company's plans are shown below:

Particulars	Gratuity (Funded)		Other Retirement Benefit (Non-funded)	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Discount rate	7.30%	7.85%	7.30%	7.85%
Expected rate of return on assets	8.35%	8.85%	-	-
Employee turnover	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%	Upto 30 years -3% 31- 44 years -2% Above 45 years -1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amount for the current and previous four periods are as follows:-

Gratuity (Funded)

	31 March 2017	31 March 2016	31 March 2015	30 September 2013	30 September 2012
Defined benefit obligation	28,248,985	24,474,438	23,995,516	23,889,422	28,981,808
Plan assets	24,784,284	24,561,753	24,626,769	26,338,684	26,458,801
(Deficit)/Surplus	(3,464,701)	87,315	631,253	2,449,262	(2,523,007)
Experience adjustment on plan liabilities	597,061	(454,399)	(427,982)	(1,028,163)	2,135,881
Experience adjustment on plan assets	(243,288)	(10,021)	(139,544)	(103,299)	52,295

Other retirement benefit (Non-funded)

	31 March 2017	31 March 2016	31 March 2015	30 September 2013	30 September 2012
Defined benefit obligation	221,472	216,065	263,062	427,766	729,844
Experience adjustment on plan liabilities	3,093	1,553	-	-	-

Super Annuation Plan

	31 March 2017	31 March 2016
Charged to Statement of Profit and Loss	2,412,552	2,323,986

25. Segment Reporting

(a) Geographical Segments

The following is the distribution of the company's consolidated sales (including other operating revenue) by geographical market, regardless of where the goods were produced:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Domestic market	738,522,802	711,928,086
Overseas market	76,572,795	43,340,018
Total	815,095,597	755,268,104

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

The following table shows the carrying value of trade receivable (net) as per geographical market:

Particulars	As at 31 March 2017	As at 31 March 2016
Domestic market	184,214,010	179,954,980
Overseas market	19,118,071	10,520,264
Total	203,332,081	190,475,244

All the assets of the Company except trade receivables (disclosed above) are located in India, therefore, separate figures for fixed assets/additions to fixed assets and other assets have not been furnished.

26. Related party disclosures

a. List of related parties :

Names of Related Parties where control exists irrespective of whether transactions have occurred or not:

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

Names of Related Parties with whom transactions have occurred during the period

(A) Fellow subsidiaries	Syn Strand Inc., United State of America Voith Paper Fabrics Stubbins Ltd., United Kingdom Voith Digital Solutions GmbH, Germany (Formerly known as Voith IT Solutions GmbH, Germany) Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia Voith Paper Fabrics GmbH & Co. KG, Germany Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany J.M. Voith GmbH & Co. Beteiligungen KG, Germany Voith Paper Technology (India) Private Limited, India Voith Hydro Private Limited, India Voith GmbH, Germany Voith Paper Fabric & Roll Systems Inc., United State of America Voith Turbo Private Limited, India Voith Paper GmbH & Co. KG, Germany Voith Paper Rolls GmbH & Co KG, Germany Voith Paper Fabrics GmbH, Austria Voith Paper GmbH, Austria Voith Paper Fabrics Högsjö AB, Sweden Voith Paper Fabrics Waycross, LLC PT. Voith Paper Rolls Indonesia Voith Paper (China) Co., Ltd.
(B) Key Management Personnel	R. Krishna Kumar, Managing Director

b. Transactions with Related Parties :

Nature of transaction	For the year ended 31 March 2017	For the year ended 31 March 2016
i. Transaction with Holding Company		
Payment of Dividend (also refer note no. 33)	13,009,672	14,635,881

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Nature of transaction	For the year ended 31 March 2017	For the year ended 31 March 2016
ii. Transactions with Fellow Subsidiaries		
Sale of goods		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	277,631	1,529,551
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	3,841,152	-
Voith Paper GmbH & Co. KG, Germany	377,225	-
Voith Paper Fabrics Waycross, LLC	191,872	-
	<u>4,687,880</u>	<u>1,529,551</u>
Sale of services (Commission income)		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	10,934,810	3,577,622
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	6,189,901	5,184,006
Voith Paper Rolls GmbH & Co. KG, Germany	1,330,883	390,070
PT. Voith Paper Rolls Indonesia	13,778,057	-
Voith Paper (China) Co., Ltd.	7,914,619	-
	<u>40,148,270</u>	<u>9,151,698</u>
Lease rent income (excluding lease equalisation reserve)		
Voith Paper Technology (India) Private Limited, India	6,128,140	5,371,278
Purchase of materials		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	-	1,707,863
Voith Paper Fabrics GmbH, Austria	6,730,539	12,337,404
Syn Strand Inc., USA	22,801,307	25,120,320
Voith Paper Fabrics Stubbins Ltd., United Kingdom	7,474,498	2,654,704
Voith Paper (China) Co., Ltd., China	2,956,448	6,487,760
Voith Paper Fabrics Högsjö AB, Sweden	334,558	-
Total	<u>40,297,350</u>	<u>48,308,051</u>
Purchase of traded goods		
Voith Paper (China) Co., Ltd., China	16,134,120	4,877,193
Voith Paper GmbH, Austria	-	83,576
Voith Paper Rolls GmbH & Co KG, Germany	-	746,618
Voith Paper GmbH & Co. KG, Germany	24,569,446	2,788,077
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	9,708,505	-
Total	<u>50,412,071</u>	<u>8,495,464</u>
Purchase of stores & spares		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	-	76,626
Technical know-how fees/Royalty		
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany (formerly known as Voith Paper Fabrics GmbH & Co. KG, Germany)	35,387,001	36,048,535

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Nature of transaction	For the year ended 31 March 2017	For the year ended 31 March 2016
Communication expenses		
Voith Digital Solutions GmbH, Germany (Formerly known as Voith IT Solutions GmbH, Germany)	3,428,533	3,239,856
Voith Hydro Private Limited, India	186,020	254,860
	3,614,553	3,494,716
Reimbursement of expenses from related parties		
Voith Paper Technology (India) Private Limited, India	1,878,755	1,573,487
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	-	7,640
Voith Paper GmbH & Co. KG, Germany	-	9,233
	1,878,755	1,590,360
Reimbursement of expenses to related parties		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	-	8,219
Voith Paper Fabrics GmbH & Co. KG, Germany	-	-
Voith Paper Fabrics Stubbins Ltd., United Kingdom	-	-
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	-	-
Voith Paper GmbH & Co. KG, Germany	-	-
Voith Paper Technology (India) Private Limited, India	1,853,231	1,432,535
Voith Hydro Private Limited, India	-	-
Voith GmbH, Germany	-	253,795
J.M. Voith GmbH & Co. Beteiligungen KG, Germany	-	18,168
Voith Turbo Private Limited, India	-	-
R. Krishna Kumar	309,128	368,028
Total	2,162,359	2,080,745
Remuneration Paid:-		
R. Krishna Kumar	14,035,632	12,857,917
c. Year end balances		
Nature of Balances	As at 31 March 2017	As at 31 March 2016
Trade Receivables		
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	1,289,610	1,653,310
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	2,079,948	2,414,397
Voith Paper (China) Co., Ltd., China	4,997,311	-
Voith Paper Fabrics Waycross, LLC	186,944	-
Voith Paper GmbH & Co. KG, Germany	-	9,890
Voith Paper Technology (India) Private Limited, India	858,658	522,277
Voith Paper Rolls GmbH & Co KG, Germany	134,699	130,934
PT. Voith Paper Rolls Indonesia	7,472,371	-
Total	17,019,541	4,730,808
Trade Payables		
Voith Paper Fabrics Ipoh Sdn. Bhd., Malaysia	634,912	56,400
Voith Paper (China) Co., Ltd., China	3,849,705	1,245,381

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Nature of Balances	As at 31 March 2017	As at 31 March 2016
Voith Digital Solutions GmbH, Germany (Formerly known as Voith IT Solutions GmbH, Germany)	253,160	251,603
Voith Hydro Private Limited, India	26,566	43,848
Voith Paper Technology (India) Private Limited, India	-	925,818
Voith Paper GmbH & Co. KG, Germany	6,487,866	-
Voith Paper Fabrics Asia Pacific Sdn. Bhd., Malaysia	-	14,576
Voith Paper Fabrics GmbH, Austria	-	6,571,951
Voith Paper Fabrics & Rolls Systems GmbH & Co. KG, Germany	15,967,787	16,527,782
Syn Strand Inc., United State of America	10,625,086	13,840,856
Total	37,845,082	39,478,215
Advances receivable		
Voith Digital Solutions GmbH, Germany (Formerly known as Voith IT Solutions GmbH, Germany)	-	15,576
Other liabilities (Security Deposit)		
Voith Paper Technology (India) Private Limited, India	1,500,000	1,500,000
Remuneration payable		
R. Krishna Kumar	408,699	441,322
Reimbursement of expenses		
R. Krishna Kumar	-	162,314
Travel advance		
R. Krishna Kumar	556,944	-

d. Other transactions

During the year ended 31 March 2017, the amount of per share dividend paid as distributions to equity shareholders and pertaining to the period ended 31 March 2016 is Rs.4 (previous year Rs.4.5)

27. The company used forward exchange contracts to hedge its exposure in foreign currency. The information on forward contract is as follows:

a) Forward contracts outstanding:

Purpose	Currency hedged	As at 31 March 2017		As at 31 March 2016	
		(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Trade payables	EUR	-	-	87,126.72	6,571,951
Trade payables	USD	207,367.18	13,460,432	-	-

b) Foreign currency exposure not hedged by forward contracts:

Purpose	Currency	As at 31 March 2017		As at 31 March 2016	
		(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
Trade payables	USD	100,419.38	6,518,332	267,092.67	17,695,878
	EUR	66,630.50	4,623,923	3,335.59	251,603

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

Purpose	Currency	As at 31 March 2017		As at 31 March 2016	
		(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
	GBP	-	-	312.60	29,789
	NOK	17,260.00	130,644	-	-
Creditors for capital goods	EUR	-	-	4,532.59	341,892
	NOK	-	-	216,000.00	1,730,614
Trade receivables	USD	177,209.32	11,502,852	112,964.50	7,484,316
	EUR	103,923.94	7,211,958	33,875.48	2,555,221
Cash & cash equivalent	USD	13,923.20	903,771	40,212.61	2,664,234
	EUR	61,102.34	4,240,289	2,598.98	196,041

28. Capital and other commitments

At 31 March 2017, the Company has capital commitments of Rs. Nil (Previous year Rs. 4,190,412) net of advances.

29. Contingent liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
a) Income tax demand*	10,966,764	14,715,184
b) Bank guarantees given by the Company	6,609,027	5,253,346

* Income tax demand consists of:-

- (a) Rs. 2,637,144 (Previous year - 6,385,564) as 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. (previous year shifting expenses, repair building and technical know-how fees).

The assessing officer disallowed in his assessment order expenses on shifting, repair building, provision for leave encashment & warranty and technical know-how fees/royalty. 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 have filed cross appeals in Income Tax Appellate Tribunal.

- (b) Rs. 1,715,600 (Previous year - Rs. 1,715,600) as the amount of demand raised by the assessing officer for assessment year 2008-09 on account of shifting expenses.

The assessing officer disallowed in his assessment order expenses on shifting, repair, forex expenditure on capital assets, legal expenses and additional depreciation. The Company had filed an appeal with the Commissioner (Appeals) - Income Tax against said order. The Commissioner (Appeals) had allowed only repair expenses in favour of the company. Aggrieved by the order, the Company had preferred its appeal to Income Tax Appellate Tribunal. Department has also filed an appeal in Income Tax Appellate Tribunal against one ground allowed in favour of the company.

The amount disclosed above is raised on account of shifting expenses.

- (c) Rs. 6,614,020 (Previous year - Rs. 6,614,020) as the amount of demand raised by assessing officer for assessment year 2007-08 on account of repair expenses.

The assessing officer re-opened the assessment u/s 147/148 and disallowed all the repair expenditure claimed in the Statement of Profit & Loss account. Aggrieved by the order, the Company filed an appeal with Commissioner (Appeals) which was allowed in favour of the Company. Pursuant to this order, the department has filed an appeal in the Income Tax Appellate Tribunal.

In all of the above cases, the management is confident of a favorable outcome from higher appellate authority.

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. In this scenario, the company's exposure in this case is still not finally ascertainable.

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

30. Value of imports calculated on CIF basis

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Raw material	109,634,894	117,262,667
Stores and spares (including those for repairs)	9,641,721	7,534,963
Capital goods	3,475,492	50,927,871
Total	122,752,107	175,725,501

31. Expenditure in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Traded goods	46,947,101	8,001,387
Travelling	1,546,384	1,195,242
Sales commission	631,148	1,268,782
Communication expenses	3,428,533	3,239,856
Training cost	-	253,795
Total	52,553,166	13,959,062

32. Imported and indigenous raw material and spare parts consumed

	For the year ended 31 March 2017		For the year ended 31 March 2016	
	% of total Consumption	Value	% of total Consumption	Value
Raw materials				
Imported	72.49	122,818,640	72.74	129,689,717
Indigenous	27.51	46,604,052	27.26	48,598,855
Total	100.00	169,422,692	100.00	178,288,572
Spare parts				
Imported	5.26	1,909,218	9.99	3,749,676
Indigenous	94.74	34,385,304	90.01	33,784,408
Total	100.00	36,294,522	100.00	37,534,084

33. Net dividend remitted in foreign exchange

Year of remittance ending on	For the year ended 31 March 2017	For the year ended 31 March 2016
Period to which it relates	1 April 2015 to 31 March 2016	1 October 2013 to 31 March 2015
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due (out of total equity shares of 4,392,559 i.e. 74.04%)	3,252,418	3,252,418
Amount remitted (in Rs.)	13,009,672	14,635,881

34. Earnings in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
FOB value of exports*	28,905,307	30,570,830
Sale of service	40,148,269	9,151,698
Total	69,053,576	39,722,528

*excludes export to Nepal of Rs.4,996,975 (Previous year : Rs.3,347,146)

Notes to Financial Statements for the year ended 31 March 2017

(All amounts are in Indian Rupees, unless otherwise stated)

35. Corporate social responsibility expenditure

Particulars	For the year ended 31 March 2017			For the year ended 31 March 2016		
	In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
a) Gross amount required to be spent by the company during the year			5,098,379			4,812,629
b) Amount spent during the year on:						
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	5,100,000	-	5,100,000	4,813,000	-	4,813,000

36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	For the year ended 31 March 2017	For the year ended 31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts 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 have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

37. Vide notification no. F. No. 17/62/2015-CL-V (Vol.I) dated 30th March 2017, issued by Joint Secretary, Ministry of Corporate Affairs, the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016 is provided as below:-

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	90,500	14,256	104,756
(+) Permitted receipts/withdrawal from bank in new currency	-	85,802	85,802
(-) Permitted payments	-	76,616	76,616
(-) Amount deposited in Banks	90,500	-	90,500
Closing cash in hand as on 30.12.2016	-	23,442	23,442

38. Figures have been regrouped/rearranged wherever necessary to confirm to the classification adopted for the current year.

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

Biren De (DIN: 00011607)
Director

S.K. Nagpal (DIN: 01171148)
Director

Shahana Basu (DIN: 07137715)
Director

R. Krishna Kumar (DIN: 05344619)
Managing Director

Kalyan Dasgupta (CMA No. 25152)
Finance Controller

C.S. Gugliani (FCS No. 4301)
Company Secretary

Place : New Delhi
Date: 25 May, 2017

Place : New Delhi
Date: 25 May, 2017

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

Regd. Office: 113/114A, Sector-24, Faridabad (Haryana) - 121 005

Phone: +91-129-4292200 Fax: +91-129-2232072

Website: <http://www.voithpaperfabricsindia.com>

E-mail: voithfabrics.faridabad@voith.com

FORM NO. MGT-12 POLLING PAPER

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1) (c) of the Companies
(Management and Administration) Rules, 2014]

BALLOT PAPER		
Sr. No.	Particulars	Details
1.	*Name of Sole/First Shareholder OR Proxy Holder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No. or DP ID No. & Client ID No.	
4.	Class of Share	Equity Shares

*Please strike-off which-ever is not applicable OR select the appropriate option by ticking it.

I hereby exercise my vote in relation to each business item enumerated below, for the proposed Ordinary Resolutions, by recording my assent or dissent to the respective resolution in the following manner:

Item No.	Description	No. of shares held	I assent (agree) to the Resolution	I dissent (disagree) from the Resolution
	Ordinary Business (Ordinary Resolutions)			
1.	To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31 st March 2017, together with the Board's Report and Auditor's Report thereon.			
2.	To declare a dividend.			
3.	To consider reappointment of Mr. R. Krishna Kumar as Director who retires by rotation.			
4.	To ratify the appointment of Statutory Auditors.			

Place: _____

Date : _____

(Signature & Name of Sole/First Shareholder or Proxy)*

*Please strike-off which-ever is not applicable.

FORM NO. MGT.11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L74899HR1968PLC004895

Name of the Company: Voith Paper Fabrics India Limited

Registered office: 113/114-A, Sector-24, Faridabad - 121005, Haryana.

Name of the member(s):

Sole/First

Second

Third

Registered Address:

E-mail ID:

Folio No./Client ID:

DP ID:

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name:

Address:

E-mail ID:

Signature: _____, or failing him

2. Name:

Address:

E-mail ID:

Signature: _____, or failing him

3. Name:

Address:

E-mail ID:

Signature: _____

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the Forty Seventh Annual General Meeting of the company, to be held on Thursday, the 6th day of July, 2017 at 3:30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana, and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my proxy to vote in the manner as indicated in the box below:

RESOLUTIONS	FOR (Approved)	AGAINST (Rejected)
1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31 st March 2017, together with the Board's Report and Auditor's Report thereon.		
2. To declare a dividend.		
3. To consider reappointment of Mr. R. Krishna Kumar as Director who retires by rotation.		
4. To ratify the appointment of Statutory Auditors.		

**This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed this _____ day of _____, 2017

Sign of the Member(s):

Sole/First

Second

Third

Affix Revenue Stamp

Sign of Proxy holder(s):

Sole/First

Second

Third

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 113/114-A, Sector-24, Faridabad - 121005, Haryana, not less than 48 hours before the commencement of the Meeting.
- Appointing a proxy does not prevent a member from attending the meeting in person if he/she so desires.

NOTICE

Notice is hereby given that the Forty Seventh Annual General Meeting of the members of **Voith Paper Fabrics India Limited** will be held on **Thursday, 6th July, 2017 at 3:30 p.m.**, at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector 16-A, Matura Road, Faridabad - 121002, Haryana, to transact the following business:

ORDINARY BUSINESS

- To consider and adopt the Audited Financial Statements for the financial year ended 31st March, 2017, together with the Board's Report & Auditor's Report thereon.
- To declare a dividend.
- To consider re-appointment of Mr. R. Krishna Kumar (DIN: 05344619) as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
- To consider and if thought fit, to pass the following resolution as an Ordinary Resolution to ratify the appointment of Statutory Auditors of the Company and to fix their remuneration:

"RESOLVED THAT, pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time, and in continuation of the resolutions passed by the members at 45th and 46th Annual General Meetings (AGMs) in this regard; the appointment of M/s B S R & Co. LLP, Chartered Accountants (Registration No. 101248W/W-100022), having their office at Building No. 10, 8th Floor, Tower B, DLF Cyber City, Phase II, Gurgaon - 122002, Haryana, as statutory auditors of the Company from the conclusion of this AGM until the conclusion of 50th AGM of the Company be and is hereby ratified and confirmed, at such remuneration as may be mutually acceptable and decided by the Board of Directors, from time-to-time, and that such remuneration may be paid on a progressive billing basis."

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, E-mail: investorcare.vffa@voith.com
Place: New Delhi
Date: 25th May, 2017

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED/ELIGIBLE TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS OF THE COMMENCEMENT OF THE MEETING.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company.

A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.

- Corporate members are requested to send a duly certified copy of the resolution passed by their Board of Directors authorizing their representatives to attend and vote at the Annual General Meeting.
- Members/Proxies for members should bring with them the duly filled in Attendance Slip along with their copy of the Annual Report. Members/Proxies for members holding shares in dematerialized form should bring their latest statement of account with the concerned Depository Participant, for attending the meeting.
- The details of the shareholding of Directors who are proposed to be reappointed at the Forty Seventh Annual General Meeting of the Company are as follows:-

Name of the Director	Shares of the Company held in own name	Shares of the Company held by relatives	Shares of the Company held by/for any other person on a beneficial basis	Aggregate share-holding in the Company
Mr. R. Krishna Kumar	NIL	NIL	NIL	NIL

- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th June, 2017 to Thursday, 6th July, 2017 (both days inclusive) in terms of the provision of Section 91 of the Companies Act, 2013.
- The dividend as recommended by the Board of Directors, if declared at the meeting, would be paid to those members whose name would appear in the Register of Members as at Thursday, 6th July, 2017. In respect of shares in dematerialized mode, dividend would be paid to the beneficial owners of shares as at the end of business hours on Friday, 23rd June, 2017, as per details furnished by the depositories for this purpose.

7. In accordance with a circular issued by SEBI, the NECS facility should be mandatorily used by a company for distribution of dividend to its members. Accordingly, the company has sent required forms and other details to the members on several occasions in the past. Members who have still not begun to avail the benefits of NECS facility are once again requested to complete the formalities for the same at the earliest, to receive direct credit of dividend in their designated bank account.
8. **Members holding shares in physical form** are requested to promptly **notify the change** in their respective address and/or their NECS/ bank details to the Registrar & Share Transfer Agent (RTA), MCS Share Transfer Agents Limited, New Delhi.
9. **Members holding shares in electronic / dematerialized mode** are requested to **notify the change, if any**, in their respective addresses and/or their NECS/bank details, to their respective Depository Participant (DP) and not to the company or RTA.
10. Members are requested to note that the equity shares of the company are compulsorily traded in dematerialized form. Members are therefore advised to immediately dematerialize their shareholding to avoid any inconvenience in future.
11. In order to render better and efficient service, we request you to consolidate the multiple folios existing in the same 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.
12. Pursuant to the applicable provisions of the Companies Act 2013, unpaid/unclaimed dividend for the financial year 2008-09, has been transferred to the Investor Education & Protection Fund (IEPF) during the year under review. However, as per the applicable provision of the Companies Act 2013 and relevant Rules made thereunder in this behalf, shareholders whose dividend has been transferred to IEPF can reclaim such dividends, only from the Authority established for this purpose, viz., IEPF Authority, by following the prescribed procedure in this regard. For more details in this regard, members are advised to refer the website www.iepf.gov.in
13. The securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. 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 and update their PAN details with the RTA.
14. Electronic copy of the Annual Report for the year ended 31st March, 2017 along with the Notice of the 47th Annual General Meeting of the Company (including Ballot Form, Attendance Slip and Proxy Form) is being sent to all the members whose email IDs are registered with RTA/Depository Participants. Physical copy of the Annual Report is being sent to Members who have not yet registered their email addresses, by other permissible means.
15. Members may further note that the Notice of 47th Annual General Meeting and the Annual Report for year ended 31st March, 2017 will also be available on the company's website www.voithpaperfabricsindia.com and on the website of CDSL, www.evotingindia.com for their download. Even after registering for e-communication, members are entitled to receive the Annual Report in physical mode free of cost, through any permissible mode, upon making a specific request for the same.
16. Members are requested to kindly bring their own copy of Annual Report to the Meeting, as the Annual Report will not be distributed at the AGM.
17. Briefcase, Bag(s), Carry Bag(s), Helmets, Eatables, Drinks, etc. will not be allowed inside the Meeting Hall. **Members will have to make their own arrangements for safekeeping of such of their belongings, if they choose to bring such items at the meeting venue.**
18. Members may kindly note that no 'gifts' will be distributed at the Annual General Meeting.
19. Members / Proxy coming to attend the Annual General Meeting are requested to carry their original photo ID (Passport / Driving License / Voter's Card / PAN Card / Aadhaar Card) proof with them for the purpose of verification at the venue.
20. 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 10 days before the date of the meeting, addressed to the Company Secretary at the registered office of the company.
21. Members must always mention their Folio Number or DP-ID & Client ID Number in all correspondence with the Company or the RTA.
22. **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, 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 as the Authorized Agency to provide E-voting facility. E-voting is optional and members may physically vote at the Annual General Meeting at their discretion.
 - b. The Board of Directors has appointed Mr. P.C. Jain, (FCS-4103, Partner of M/s. P.C. Jain & Co.) Company Secretaries, Faridabad as the Scrutinizer for conducting the E-voting process in fair and transparent manner.
 - c. 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 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	Monday, 3 rd July, 2017, 9:00 a.m.
End of remote E-voting	Wednesday, 5 th July, 2017, 5:00 p.m.

- d. The cut-off date (record date) for the purpose of E-voting is 30th June, 2017. 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 the cut-off date.
- e. The results of remote E-voting and physical voting at the Annual General Meeting along with the scrutinizers' report shall be communicated to the Stock Exchange and shall also be placed on the website of the company viz., www.voithpaperfabricsindia.com

The Instructions for shareholders voting electronically are as under:

- i. The voting period begins on 03/07/2017 at 09:00 a.m. and ends on 05/07/2017 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 30th June, 2017, may cast their vote electronically during this period. The remote E-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders, who have already voted prior to the meeting date, may attend the meeting but, would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-Voting website www.evotingindia.com
- iv. Click on Shareholders / Members
- 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.
- 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 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	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (as mentioned on the address label of the envelope of this Annual Report) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. IF your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details	<p>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.</p> <ul style="list-style-type: none"> • 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)

- 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 the notice.
- xii. Click on ESVN for 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 to decide 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 the print of the voting done by you by clicking on “Click here to print” option on the voting page.
- xviii. If demat account holder has forgotten the changed 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 available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- 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 and register themselves as corporates.
 - A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to 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 should be mailed to 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.

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. 30th June, 2017, may follow the same instructions as mentioned above for e-voting.

In case you have any query or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and Voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

The result declared, along with the Scrutinizer's Report shall be placed on Company's website, www.voithpaperfabricsindia.com and on the website of CDSL e-Voting, www.evotingindia.com within two days of passing of the resolutions at the 47th AGM of the Company and shall also be communicated to BSE Limited - where shares of the company are listed.

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, E-mail: investorcare.vffa@voith.com
Place: New Delhi
Date: 25th May, 2017

By Order of the Board
For Voith Paper Fabrics India Limited

C. S. Gugliani
Company Secretary
FCS No. 4301

FORM NO. SH-13

Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014]

To

Voith Paper Fabrics India Limited
113/114A, Sector - 24,
Faridabad - 121005, Haryana.

I/We _____ the holder(s) of the securities, particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made), HELD IN PHYSICAL MODE:

Nature of securities	Folio Number	Number of Shares	Certificate Numbers	Distinctive Numbers
Equity Shares				

2. PARTICULARS OF NOMINEE/S -

- Name:
- Date of Birth:
- Father's/Mother's/Spouse's name:
- Occupation:
- Nationality:
- PAN:
- Address:
- E-mail id:
- Relationship with the share-holder:

3. IN CASE NOMINEE IS A MINOR -

- Date of Birth:
- Date of attaining majority:
- Name of guardian:
- Address of guardian:

4. PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY -

- Name:
- Date of Birth:
- Father's/Mother's/Spouse's name:
- Occupation:
- Nationality:
- PAN:
- Address:
- E-mail id:
- Relationship with the share-holder:
- Relationship with minor nominee:

Name of Sole/First Shareholder:

Registered Address:

Name of the Share-holder(s)	Signature	Witness (Sign with name and address)
1.		
2.		
3.		

FORM NO. SH-14

CANCELLATION OR VARIATION OF NOMINATION

[Pursuant to sub-section (3) of Section 72 of the Companies Act, 2013 and Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014]

Voith Paper Fabrics India Limited

113/114A, Sector - 24,
Faridabad - 121005, Haryana.

I/ We _____ hereby cancel the nomination(s) made by me/us in favour of:

_____ (name and address of nominee) in respect of below mentioned securities.

Or

I / We _____ hereby nominate the following person in place of _____, as nominee in respect of the below mentioned securities in whom shall vest, all the rights in the event of my / our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied), HELD IN PHYSICAL MODE:

Nature of securities	Folio Number	Number of shares	Certificate Numbers	Distinctive Numbers
Equity Shares				

2 (I) PARTICULARS OF THE NEW NOMINEE:

- a. Name:
- b. Date of Birth:
- c. Father's / Mother's /Spouse's name:
- d. Occupation:
- e. Nationality:
- f. PAN:
- g. Address:
- h. E-mail id:
- i. Relationship with the share-holder:

(II) IN CASE NEW NOMINEE IS A MINOR -

- a. Date of Birth:
- b. Date of attaining majority:
- c. Name of guardian:
- d. Address of guardian:

3 PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY -

- a. Name:
- b. Date of Birth:
- c. Father's / Mother's /Spouse's name:
- d. Occupation:
- e. Nationality:
- f. PAN:
- g. Address:
- h. E-mail id:
- i. Relationship with the share-holder:
- j. Relationship with the minor nominee:

Name of Sole/First Shareholder:

Registered Address:

Name of the Share-holder(s)	Signature	Witness (Sign with name and address)
1.		
2.		
3.		

ATTENDANCE SLIP

Voith Paper Fabrics India Limited

(CIN: L74899HR1968PLC004895)

Registered Office: 113/114-A, Sector-24, Faridabad - 121 005, (Haryana), Delhi NCR, India

Folio No.(s) :

Client ID No.:

No. of shares held :

DP ID No. :

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional slip on request in advance or they may use a copy of this Attendance Sheet.

Name and Address of the Shareholder :

.....

.....

.....

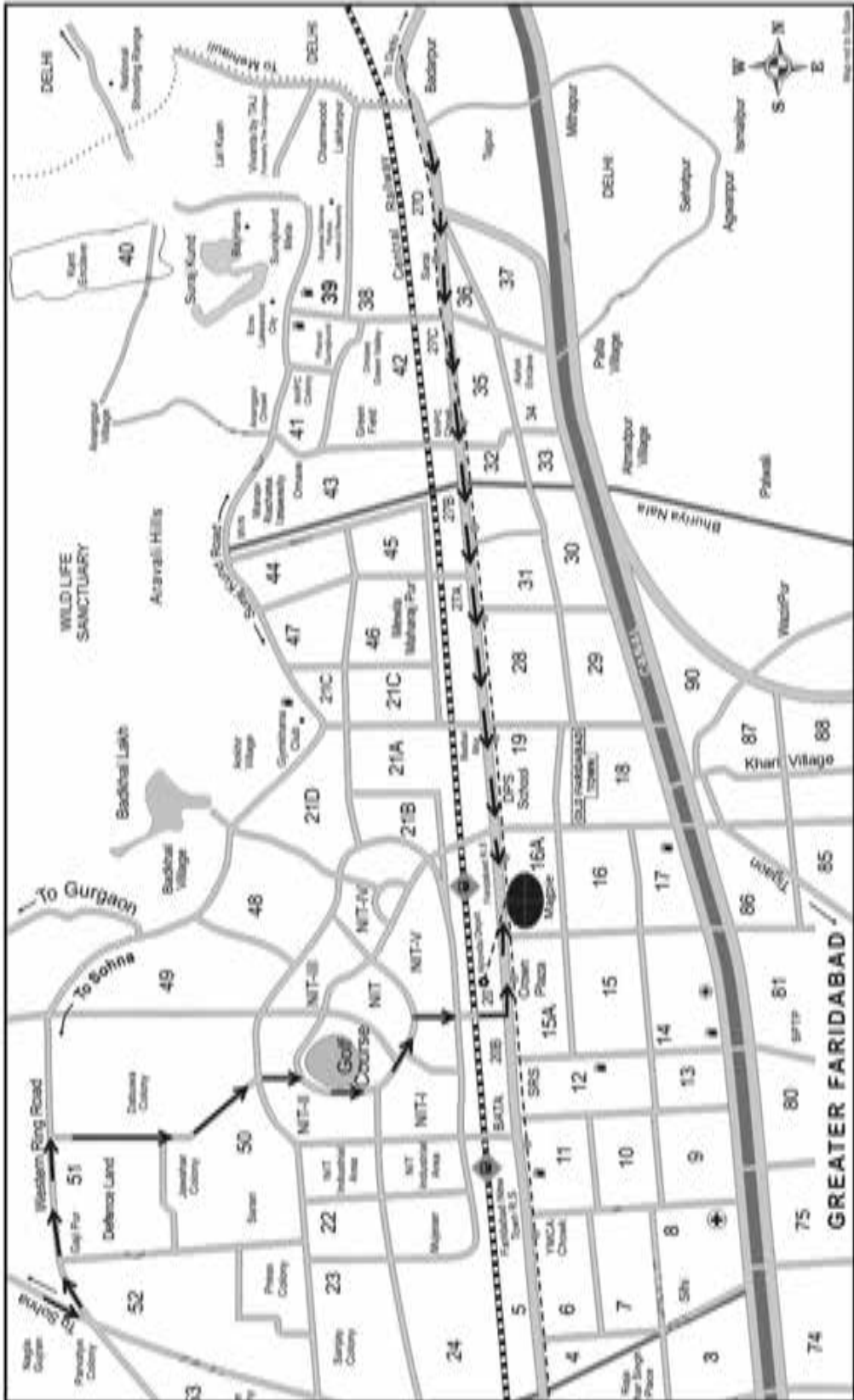
I/We hereby record my presence at the 47th Annual General Meeting of the Company, held on Thursday, 6th July, 2017, at 3:30 p.m. at Magpie Tourist Complex of Haryana Tourism Corporation Limited, Sector - 16A, Mathura Road, Faridabad - 121002, Haryana.

Signature of the Shareholder/Proxy*

*Strike-out whichever is not applicable and also write the name in legible Capital Letters.

AGM VENUE MAP

LOCATION MAP



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

email: voithfabrics.faridabad@voith.com

VOITH

Inspiring Technology
for Generations