

Voith Paper Fabrics India Limited
Transcript of the 52nd Annual General Meeting

Day : Wednesday
Date / Time : 17th August, 2022 / From 3:30 p.m. (IST) to 4:45 p.m. (IST)
Deemed Venue : At the registered office of the company, through video-conferencing.

C.S. Gugliani - We are sorry actually, there is some problem with the Webex. So, it's taking a few minutes. Mr. Moderator please see that problem is resolved solved fast.

Moderator - Mr. Krishna Kumar is also joined in the meeting.

R. Krishna Kumar - I have joined the meeting I'm sorry for the same, hope it will work now. Are you able to hear me?

C.S. Gugliani - Yes sir, we are able to hear.

R. Krishna Kumar - Yes, I'm very sorry for the same.

Ravi Nath - Mr. Krishna Kumar are you able to hear me.

R. Krishna Kumar - Yes I am able to hear you.

Ravi Nath - Okay. Good. Are you able to see my image?

R. Krishna Kumar - No. Currently no, but I think if the Chairman is there, Company Secretary can start the proceedings.

C.S. Gugliani - Right Sir. I request the Chairman to please start the proceedings.

Benno Edmund Morlock - Good afternoon to ladies and gentlemen present for the meeting.

Ravinder Nath - Good afternoon.

Benno Edmund Morlock - My name is Benno Edmund Morlock. I am the Chairman of the Board of Directors as well as the Chairman of Corporate Social Responsibility Committee of your company, and I'm participating in this meeting from my office in Germany.

I welcome you all to the 52nd annual general meeting of your company. Now, it is 3:30 pm according to Indian standard times, and it is time to start the proceedings. I would like to let you know that the proceedings of this meeting are being recorded and during the meeting, the participants would remain on mute.

Before we start the proceedings of the meeting, I wish to introduce my other colleagues on the Board, Key Managerial Persons and Auditors of the company.

Mr. R. Krishna Kumar (Managing Director)

Mr. Ravinder Nath (Non-executive & Non-Independent Director)

Mr. S. K. Nagpal (Independent Director)

Dr. Deepti Gupta (Independent Woman Director)

Mrs. Pallavi Dinodia Gupta (Independent Woman Director)

Mr. Kalyan Dasgupta (Chief Financial Officer)

Mr. C.S. Gugliani (Company Secretary)

Mr. Ankush Goel, representative of Statutory Auditors; and

Mr. P.C. Jain, the Secretarial Auditor and Scrutinizer

I now request my colleagues participating in this meeting, to introduce themselves.

Mr. Krishna Kumar.

R. Krishna Kumar - Thank you. Mr. Morlock. Good afternoon everyone. I am R. Krishna Kumar, Managing Director of your company. Welcome to the 52nd Annual General Meeting of the Company from my side. I hope all of you are safe and well. I'm attending this meeting from Kolkata. Thank you. Over to Chairman.

Benno Edmund Morlock - Mr. Ravinder Nath

Ravinder Nath - Good afternoon Chairman and dear colleagues and shareholders present. I am Ravinder Nath, Director of your Company. I'm speaking from my office in New Delhi. I have the necessary papers with me and I'm alone in my room.

Benno Edmund Morlock - Mr. S.K. Nagpal.

C.S. Gugliani - I think Mr. Nagpal is having some connection error. He has not joined so far.

Benno Edmund Morlock - Okay.

C.S. Gugliani - May be, he can join later.

Benno Edmund Morlock - we will try to introduce him later.

C.S. Gugliani - Yes.

Benno Edmund Morlock - Dr. Deepti Gupta.

Dr. Deepti Gupta - Good afternoon. I am Dr. Deepti Gupta attending this meeting from my home in IIT Delhi. I am a director in the company and very happy to be present at the AGM. Thank you.

Benno Edmund Morlock - Mrs. Pallavi Dinodia Gupta.

Pallavi Dinodia Gupta - Good afternoon everyone. This is Pallavi Dinodia Gupta. I am Independent Director on your Board. Very happy to have joined this Board. I'm in my office in New Delhi and attending the meeting from there. I have all the necessary papers to attend this meeting. Thank you.

Benno Edmund Morlock - Thank you.

Benno Edmund Morlock - Mr. Kalyan Dasgupta.

Kalyan Dasgupta - Good afternoon everyone. I am Kalyan Dasgupta, CFO. I am attending this meeting from Company's registered office. Over to Chairman.

Benno Edmund Morlock - Mr. Gugliani.

C.S. Gugliani - Good afternoon everyone. I am C.S. Gugliani, Company Secretary. I am also attending this meeting from the Company's registered office at Faridabad. Over to Chairman.

Benno Edmund Morlock - Representative of Statutory Auditor, Mr. Ankush Goel.

Ankush Goel - Good afternoon everyone. My name is Ankush Goel, partner in B S R & Co. LLP, representing the Statutory Auditors of your Company, I am attending this meeting from my residence in New Delhi. Over to Chairman.

Benno Edmund Morlock - Representative of Secretarial Auditors and the Scrutinizer, Mr. P.C. Jain.

P.C. Jain - Good afternoon everyone. I am P.C. Jain, Partner of P.C. Jain & Co. I am the Secretarial Auditor as well as Scrutiniser for this meeting. I am attending this meeting from my office. Thank you. Over to Chairman.

Benno Edmund Morlock - Thank you.

We have the requisite quorum present to conduct the proceedings of this meeting and, I call this meeting to order.

Now I request the Company Secretary, Mr. Gugliani, to provide general instructions to the members regarding participation in this meeting.

C.S. Gugliani - Thank you, Sir. Good afternoon to all of you, once again.

Please note that in compliance with the guidelines issued by the Ministry of Corporate Affairs, applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the 52nd Annual General Meeting is being convened through video conferencing.

Before we proceed further, I would like to mention certain points for your information and effective participation in this virtual meeting.

In accordance with the provisions of Companies Act and SEBI Listing Regulations, the members have been provided with the facility to exercise their right to vote by electronic means both through Remote E-voting facility and E-voting at the Annual General Meeting. The members who have not yet casted their vote through Remote E-voting, on the business items mentioned in the Notice of this AGM, and who are attending this meeting, the facility to cast the E-vote is available during the meeting and would remain available for fifteen minutes after the conclusion of this meeting. The Remote E-voting for members began at 9.00 a.m. on Sunday, 14th August, 2022 and ended on 5.00 p.m. on Tuesday, 16th August, 2022. Members may please note that there will be no voting by show of hands and the proceedings of this meeting are being recorded for compliance purpose.

The relevant statutory registers of the company are also available for inspection by the members electronically, through the link on CDSL E-voting portal.

Members are encouraged to join the meeting through their laptops and use headphones for a better experience. Use of internet with a good speed is also recommended to avoid any disturbance during the meeting. Participants connecting from mobile device or tablets or through laptops connected with a mobile hotspot may experience audio/visual loss due to fluctuation in their respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

As mentioned in the Notice, the facility of participation at the Annual General Meeting through video conferencing or other audio/visual means has been made available for at least 1000 members on first come first serve basis, except for Large Shareholders, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairman of the Audit Committee, Nomination & Remuneration Committee, and Stakeholders Relationship Committee as well as Auditors, who are allowed to attend the AGM without any restrictions on account of first come first serve basis.

As the AGM is being held through video conferencing, the facility for appointment of proxies was not available, and hence the proxy register for inspection is not available. However, a body corporate is entitled to appoint authorized representative to attend the AGM through video conferencing or other audio-visual means and participate and cast the vote. The registered office of the company situated at 113/114-A, Sector-24, Faridabad-121005 (Haryana) shall be deemed as the venue for this AGM and proceedings of the AGM shall be deemed to be made here at.

We have received requests from some shareholders for registration as 'Speaker Shareholders' at the meeting. All such shareholders who are present today shall be allowed to speak sequentially once the Chairman directs the same. We request speakers to limit their speech to about five minutes only. The queries from shareholders, if any, would be responded towards the end of the meeting.

With this, I now request Mr. Benno Morlock, Chairman, to continue with the proceedings of the meeting. Thank you.

Benno Edmund Morlock - Thank you, Mr. Gugliani.

Before we take up the items of the Notice, I would like to share with the shareholders, the performance of our Company during the financial year ended March, 2022, and the general outlook of the sector.

Benno Edmund Morlock - Well, Good Afternoon Ladies & Gentlemen, once again.

It gives me great pleasure to address all our present shareholders. First of all, I want to thank you for joining us today. Your presence here is a testimony to your interest and support to the company. Your trust and support always give us the confidence to push ourselves to work for the better future of the company. The starting phase of the financial year gone by, was somewhat tough for all of us due to ongoing Covid-19 pandemic condition. The effects of the Covid-19 pandemic were felt by the company and by most of us personally also. Despite the challenging environment, however, we still managed to improve our business figures. Thankfully, now the situation seems to be under control and economic revival has stabilized in many parts of the world.

In the given scenario, it is a matter of satisfaction that your company has continued to make steady progress and has reached another milestone by crossing the threshold of One Thousand and Five Hundred Million Indian Rupees of 'Total Income' during the year under review. The company owes

this achievement to the dedicated hard work put in by each & every employee of the company. It is appreciable that your company has emerged stronger and healthier and is scaling new heights. I have full confidence in the ability of our team and their dedicated efforts to create more milestones in the future.

The company enjoys the position of 'First-choice supplier of paper machine clothing' amongst various paper mills across the country. The products and related after-sales services provided by the company meet the high quality and customer satisfaction, for which brand Voith is globally known. It emphasises to consistently maintain and further improve the Quality of products, for which company is planning to add one new equipment in its operations in coming years.

The company is also committed to maintain the standards of Corporate Governance and adhere to the Corporate Governance requirements set out in this regard by SEBI. Good governance, itself is a sign of effective management and enables the company to maintain a high level of business ethics.

On the CSR front, it gives me immense pleasure to share that the company is discharging its duty towards the society not only for the sake of compliance, but by taking it as a responsibility towards the community development and helping underprivileged people by promoting healthcare, employment enhancing vocation skills and promoting education.

The paper industry has been shifting from labour intensive manufacturing processes to automated production facilities. Automation has enabled paper product companies to enhance productivity and reduce production costs. These technologies are also saving energy cost. Consequently, a campaign titled, "Papermaking 4.0 - Paper is ON" was initiated in Germany during the year under review. The focus topics of the campaign were, full-line supplier, efficiency, sustainability, cloud solutions, automation and innovation. With the digitalization and automation portfolio Papermaking 4.0, Voith has emerged as an international pioneer and innovation driver in paper production and have many digital installations worldwide.

At the Group level, Voith's bundled know-how and specially-focused innovation on the paper industry are unique in the market. For each initial situation, Voith experts offer paper manufacturers customized complete solutions consisting of digitalization, automation and expert knowledge. The paper products manufacturing market is expected to benefit from steady economic growth forecasted for many developed and developing countries. However, there is still some uncertainty prevailing regarding the ongoing development of the pandemic - with unknown implications for the economy and consequently, for business performance.

Before concluding, I once again wish to convey my gratitude to the dedicated employees of the Company. Without their efforts and commitment, the Company could not have performed so well and sustained itself during the challenging business environment during these challenging business environments. I would also like to thank local management, for their support. In light of the continuing but not yet comprehensive recovery of the economic environment, I believe that the current fiscal year would be a year of growth. However, we must continue to navigate the uncertainties and keep working hard on the future viability of the company.

I extend my gratitude to all the stakeholders for their continued cooperation and trust in the company. Thank you!

Benno Edmund Morlock - The Notice convening this Annual General Meeting and the Audited Financial Statements together with the Board's Report and Auditors' Report thereon, have already been circulated to the members electronically and I take the same as read. However, I request the Company Secretary, Mr. Gugliani to provide a summary of the Auditors' Report.

Benno Edmund Morlock - I think Mr. Gugliani, you're muted. You have to unmute.

C.S. Gugliani - I'm sorry. Thank you.

The Statutory Auditors, B S R & Co. LLP and the Secretarial Auditors, P.C. Jain & Co., have expressed unqualified opinion in their respective audit reports for the financial year 2021/22. There were no qualifications, observations or adverse comments on financial statements and allied matters, which have any material bearing on the functioning of the Company.

The Statutory Auditors' Report on the financial statements are available on Page numbers 32 to 39 of the 52nd Annual Report. The Secretarial Auditor Report is available as Annexure IV to the Board's Report on page numbers 15 & 16 of the 52nd Annual Report. Thank you.

Over to the Chairman.

Benno Edmund Morlock - Thank you, Mr. Gugliani.

We shall now take up the business items as set forth in the Notice. I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you all the facility to cast your vote electronically, on all resolutions set forth in the Notice.

We will open the floor for questions by members after the business items are taken up and I request the Company Secretary to brief the same to everyone and also to invite the registered members to express their views.

C.S. Gugliani - Thank you again, Sir.

Members may please note that the following business items are to be transacted at this AGM:

Item No. 1 of the Notice - Adoption of Financial Statements.

The Audited Financial Statements of the Company for the year ended 31st March 2022, together with the reports of the Board of Directors and Auditors thereon.

Item No. 2 of the Notice - Declaration of Dividend.

The Board has recommended a final dividend @ 60%, i.e., of Rs.6/- per equity share of Rs.10/- each fully paid-up, for the year ended 31st March 2022.

Item No. 3 of the Notice - To reappoint the Director who retires by rotation.

Mr. R. Krishna Kumar, who retires by rotation and, being eligible, seeks re-appointment.

Item No. 4 of the Notice - Approval of Material Related Party Transactions

Approval is required to ratify/approve all existing contracts or arrangements and to enter all future contracts or arrangements with related parties.

In accordance with the provisions of Companies Act, 2013 and SEBI Regulations, the Holding Company is ineligible to vote on this item, being a related party.

Item No. 5 of the Notice - Appointment of Ms. Pallavi Dinodia Gupta as an Independent Director

Approval for appointment as an Independent Director of the company for a term of one-year effective 29th May 2022.

The text of the resolution for respective items, is available at the E-voting platform of CDSL.

Members are requested to keep their questions in brief and specific. The moderator will facilitate the questions. To avoid repetition, the answers of all the questions will be provided at towards the end.

Now I request, I would call upon the names of persons who have pre-registered themselves as 'Speakers' for speaking at this AGM and would request the moderator to unmute them, one-by-one. Mr. Moderator, first is Mr. Ajay Kumar Jain from Delhi.

Moderator - Ajay ji, boliye aap.

Ajay Kumar Jain - Haan. Namashkar Chairman saheb. Mein Delhi se, Ajay Kumar Jain, Company ka shareholder bol raha hoon aur aaj kafi harsh or garv mahsoos kar raha hoon ki aaj mein, is meeting mein bhag le pa raha hoon. Chairman saheb ne jo apni Chairman Speech mein hamey bataya, us-sey Company ke future aur working, financials or uski working ke bare mein pata chala, jo kafi prabhavshali thay. Chairman saheb ne har point ko bilkul spasht or clear bataya, jis-se jo mere mann mein prashn thay, unka jawab un questions mein cover ho gaya. Question nahin poochunga, mereko Company vaise bhi financial aur working ke mamle me kafi majbut dikhai deti hai, kyunki apke netratva or anya jo Board mein Directors hain, unka sahyog hamari company ko hamesha unchai pe le jata hai.

Mein ek bar prashn poochna chahata hoon, kya company bhavishya mein koi buyback yaa bonus ke liye soch rahi hai? Ho, toh bataya jaye or jitne aaj prastav rakhe hain, kafi achhe hain, jis-se hamari Company ko aage bhavishya mein kafi fayda milega.

Aaj mein, hamare MD saheb ka re-appointment or mam ka appointment ke liye vishesh khushi mahsoos kar raha hoon. Baaki, unka appointment hamari Company ko achha nirdesh de. Aapka netratva toh badhiya hai hi, aur sir hamare experts ke roop mein hamare CS be hain, jo hamesha hamare liye favour karte hai or reply dete hai. Ek poori team work ke roop mein hamari Company kaam kar rahi hai bhavishya bhi hamari Company ka achha hai or shareholder ka achha hai. Namashkar. Jai Hind.

C.S. Gugliani - Thank you Mr. Jain. Next is Mr. Sarvjeet Singh.

Moderator - Sir, Sarvjeet Singh has not joined the meeting.

C.S. Gugliani - Okay. Then next is Mr. Himanshu Upadhyay from Bombay.

Mr. Himanshu Upadhyay, Mumbai.

Moderator - Himanshu ji, aap live hain.

Himanshu Upadhyay - Yes, good afternoon. Am I audible?

C.S. Gugliani - Yes please.

Himanshu Upadhyay - I had sent a list of questions. Do you have it or would you like me to repeat?

C.S. Gugliani - We have received your questions will reply towards the end all questions.

Himanshu Upadhyay - Okay. Just one request, if you can answer them on a per question basis. So, it will be helpful to understand the Company a lot better. Thanks a lot.

C.S. Gugliani - Thank you. Next is Mr. Aspi Bhesania from Mumbai.

Moderator - Mr. Aspi, *aap live hain*.

Aspi Bhesania - Can you hear me and see me sir?

C.S. Gugliani - Yes sir.

Aspi Bhesania - Hello.

C.S. Gugliani - Yes sir.

Aspi Bhesania - Okay. Yes, I'm Aspi from Bombay. Sir, I am attending your AGM for first time since I am from Bombay. Sir, I welcome Pallavi Gupta as director and I'm sure she'll contribute to our company. Sir, please request CDSL to send the link to attend the meeting, they are sending link to everybody in every company. I don't know why in our company only they didn't send a link to go into the e-voting site. Sir, when I dialled 4292200, I have to wait for 15 minutes still won't talk to anybody in share department.

So now questions, so how much percentage of our income comes from paper? Are there plans to reduce our dependence on paper?

Is the Parent in business other than paper? Our annual report is very plain, please give pictures of our products even if they are not purchased by individuals. Then, I would like you to continue with the hybrid AGMs, so that next year also I can attend. When the physical AGM starts, I should be able to attend, and sir do not split the shares - let the share price go up. Although just now our share price is only thousand, but I would like it to go up just like MRF went up to 80-90 thousand. Sir, thank you very much and all the best for the future.

C.S. Gugliani - Thank you. The next is Mr. Praveen Kumar.

Moderator - Mr. Praveen Kumar has not joined the meeting.

C.S. Gugliani - Okay. Mr. Dipankar Purkayastha.

Moderator - Mr. Dipankar *aap live hain*.

Dipankar Purkayastha - Can you hear me?

C.S. Gugliani - Yes please.

Dipankar Purkayastha - Okay. Good afternoon to everybody and thank you for the opportunity. My First question is that during the last 10 years, the revenues have grown from 58 crores to 145 crores, which is a figure of approximately 10% per annum, which is good, but I would just like to know what is the total addressable market which this company has to attend to? That would give us an idea of how much we have catered to.

Then the paper industry is divided into two segments. You know, you have the Newsprint, Printing and Writing segment and, then you have the Wrapping and Packaging segment so, what is the

split of our turnover? How much is accounted for by the Writing & Printing segment and how much is accounted for by the Wrapping and Packaging segment and are these segmental shares in sync with the total split between these two segments in the paper industry? So that is my next question.

My third question is, the cash and bank balances on the balance sheet is constantly increasing. It was 71 crores in 2012; every year it is increasing and now it has reached the level of 180 crores. This question has been asked, I think in every AGM and the reply of the management always has been that we need the money for capex. So, if I look at capex, your net block has gone up from 21 crores to 72 crores in these 10 years. So, even if I accept that argument, you can clearly see that the cash and bank holdings are far in excess of what is required for your capex programs and because of this excess cash, your return ratios are being depressed and moreover, if you look at it from the point of view of the parent promoter, this balance in Indian rupees becomes less and less valuable over the period of time, because of the depreciation of the rupee. So, from all stand points why don't you return the excess cash to the shareholders after ascertaining and determining whatever your requirements for capex are.

My Fifth question is that out of your total capital work in progress of 7.5 crores more than 4 crores is capital is work in progress for a period of more than 3 years. So just want to understand, why does it take so much time to complete such a small capex program, if you could tell us this. Then, in your MD's message addressed to the shareholders, he has written that your company has become the only full range paper machine clothing supplier in the Indian subcontinent. I did not get this sentence in any of the previous annual reports. So, when did this happen and what does this imply? If you could just elaborate the meaning of this statement. Finally, my last question is that, the parent gets a dividend of about 1.6 crores from this company as against royalty and technical knowhow fees of around 6 crores. So, it is roughly 4 or 5 times of the dividend. So, this asymmetry of incentives to the parent company, it will always be focused on the royalty and technical knowhow fees, rather than this measly dividend of 1.6 crores. So, why don't you increase the dividend payout, which has remained at around 9% for the last 3 years? That's all. Thank you for the opportunity and good day.

C.S. Gugliani - Thank you. Next is Mr. Chetan Chadha.

Moderator - Mr. Chetan Chadha and Mr. Ankur Chadha is not in the meeting.

C.S. Gugliani - Next is Mr. Om Prakash Sharma from Jaipur.

C.S. Gugliani - Om Prakash Sharma.

Moderator - Mr. Om Prakash Sharma *aap live hai*.

C.S. Gugliani - Is he live please?

Moderator - Though he has joined the meeting, but not responding.

C.S. Gugliani - Mr. Om Prakash Sharma. okay. I'll go to the next person. Mr. Nand Kishore Sharma.

Moderator - Mr. Nandkishore you are live now.

Nand Kishore Sharma - Yes. Thank you for this. I have sent in my list of questions as well. Mr. Gugliani, do you want me to repeat?

C.S. Gugliani - We have received. Will reply towards the end.

Nand Kishore Sharma - Okay, I, have two requests, rather observations. I think the Annual Report has tried to explain the business, so appreciate that; and second is, in 2021 we had a good AGM. I expect that we also try to attempt and extend the goodness in this AGM as well. Thank you so much and would look forward to the replies.

C.S. Gugliani - Thank you Sir. Thank you Mr. Nand Kishore Sharma. Now I request Mr. Varun Bang from Ahmednagar.

Moderator - Mr. Varun, you are live now.

Meenal Bang - Hello, am I audible?

C.S. Gugliani - Please.

Meenal Bang - I am on behalf of Varun Bang. Thank you for the opportunity. I have submitted my list of questions. I'll just read a few of them. Question number one, can you please provide one-year, three-year and five-year volume growth number?

Question number second, our Managing Director is also on the board of a Voith Paper Technology Private Limited and Voith Digital Solutions India Private Limited. Can you please briefly explain about businesses of these companies and does it have any relationship with the Voith Paper, which is the listed entity?

Question number third, what is the nature of our exports business? Is it similar to select imports that we do for goods that are not manufactured in our looms?

Question number fourth is, we have reportedly seen increasing our cash position over last many years. Our business is very high margin business. It is not very capital intensive, and we also have a lot of surplus land in Faridabad. So, could you share a few reasons, which makes you conservative on the business front and accumulate so much cash?

Question number five is, are we open for acquisitions? What would be primary reasons for acquisition? What it would be market share, access to customers, manufacturing or technology? Can you please elaborate? And last question is, in the above context, what are the 2-3 important parameters that would drive our decision making on the acquisition side? There are four more questions. In the interest of time, I will not read them. Just request you to answer all my questions one by one. Thank you.

C.S. Gugliani - Okay. Thank you.
Mr. Kinner Dhansukhlal Mehta from Mumbai.

Moderator - Sir Mr. Mehta's device is not supported for the video.

Kinnar Mehta - Am I audible sir?

Moderator - Yes, Mr. Mehta you are live.

Kinnar Mehta - Okay. Fine. Sir my first question is about the CWIP. What was the machine which has remained pending, was it a Warping Machine, loom? I don't understand how any textile simple machine can remain uninstalled for three years.

My second question is about our Annual Report. Sir, when I read the annual report, I feel more bullish on paper companies, rather than Voith. I mean, it induces me to buy paper companies. How we ensure that our product remains critical to paper industries and we remain the sole supplier to paper industries?

My third question is, sir, can we become part of export from India for globe? That's the story, which is prevalent in India. Can we become part of that? Some MNCs have a tendency to float the private limited company and do business from there. So, are we planning to add business here as well? That's another question.

My one suggestion is to change our company name to Voith Limited, so that we can think beyond paper fabric at some point of time. I guess, it's a horse's eyes. So, it would allow us to think beyond it. Sir our December-19 sales, I'm talking of pre-covid era, was quarterly 35 crores; our June-22, again a normal quarter, is 38 crores. So, we have not even gained inflation growth in last 3 years, practically it's hardly 1-2% growth. How can we get the growth back? There are many questions for cash in hand and the same question.

And my last question is on the technical textile. Technical textile is a buzzword, all the company in technical textiles are growing at tremendous speed and there are hundreds of technical textile products where India would gain. So, do we intend to enhance our umbrella into much wider range of technical textile or we will remain a paper supplier product. Thank you, sir.

C.S. Gugliani - Thank you Mr. Mehta. Mr. Mahesh Chand Aggarwal from Jaipur.

Moderator - Mr. Mahesh is not in the meeting.

C.S. Gugliani - Okay. And the last one is Mr. R.P. Tulsian from Delhi.

Moderator - Mr. Tulsian you are live now.

R.P. Tulsian - Hello.

C.S. Gugliani - Sir please.

R.P. Tulsian - *Aawaj aa rahi hai apko?*

C.S. Gugliani - *Haan ji, Sir.*

R.P. Tulsian - *Welcome to the meeting of Voith Paper. Sabse pahle toh mein apko badhai dunga Chairman sir, aapke through, ki aapne result bahut achha diya hai. Ki, iss covid ki duniya se nikal kar bhi apne result bahut achha diya aur shareholder ko toh payout ki hoti hai aur payout aapne more than 35% diya hai, of your income. Aur, itna acha payout mein soch raha tha ki 20% se upar bhi payout hota hai toh woh achha hota hai, lekin aapka toh around 40% ke kaareb pahunchne vala hai. Aisa lag raha hai aage chal ke ye pahunch jayega. Aisa mein umeed karta hoon.*

Baki sab kuch acha hai. Question toh koi nahin hai, lekin ek suggestion hai. Suggestion yeh hai ki, hamare bank mein paisa pada hai, deposit badhta ja raha hai. Can we make better use of it, in a

win-win situation for both the management and the shareholders? This is one suggestion. Can we do so? Next, can we use this money for buy back of shares or to distribute more dividend or to declare bonus shares. All these situations is a win-win situation for management as well as shareholders. *Mera request yeh hai ki jab bhi aap next board meeting mein milen, in baton pe vichar karen or ispe bhi vichar karen*, how we can develop and grow with the growth in industry, paper industry? *Baki maine aapki speech suna, Chairman sir covid ke dauran bhi jo samasya unka apne poori tarah dhyan rakha*, employees are very happy. *Shareholders bhi bahut khush hai, lekin hum yahi chahenge ki jo bhi hamare pass resources hain, unka agar better utilisation ho to yeh company or shareholders dono ke liye win-win situation hogi. In shabdon ke sath meri aapko hardik shubhkamnayen. Dhanyavad.*

C.S. Gugliani - Thank you Mr. Tulsian. That's all.

R. Krishna Kumar - Mr. Gugliani.

C.S. Gugliani - Yes.

R. Krishna Kumar - Shareholders completed?

C.S. Gugliani - Yes shareholders have completed their questions.

R. Krishna Kumar - Okay. Chairman may I try to answer those questions and if you think some addition is needed, you can add on to that.

Benno Edmund Morlock - Okay absolutely. Please answer the questions accordingly.

R. Krishna Kumar - Yes, thank you shareholders for asking these questions. First of all, I apologize for the technical glitch at my end, the video is not active.

But I could see some of you, felt happy. Some of the shareholders told that the hybrid AGM should continue. But sometimes we also would like to meet you, maybe in the future would like to interact with you in person. I will take the questions one by one.

Ajay K Jain as well as other shareholders, some asked about future buyback or bonus. Currently, we are not discussing that, but the suggestion is in our mind. As and when the time comes, we will take an appropriate decision.

Mr. Himanshu Upadhyay has sent in a questionnaire, and I will try to answer one by one based on his request. His first question was, last year there was significant increase in revenue from exports. Is it sustainable? Our response is that, yes, it is sustainable. Because we are reaching out to other markets through our group companies so that we don't have to establish a new sales channel in those markets, which is pretty expensive. So, what we have agreed with our group companies is that we will use the same sales channel and reach out to the end customer who will need the products, which are manufactured by your company. So that is a very effective approach and we find the initial benefits of the same. So, that is why the export business is growing and that these are sustainable in nature. That is my response. So, some of the other shareholders also asked about export. So, I will collectively answer, yes in export we are keenly addressing this and the results are visible.

Second question was, last year the traded goods value also increased to 22 crores from 15 crores. Once this capex happens will the value of traded items will reduce. We cannot predict because we

are trading goods, which are not manufactured by company, but needed by our customers, depending on the customer's expansion plans. The right products are to be supplied to them. So, based on that it may or may not increase in future.

In the previous AGM we said that the capex is not just for increase in capacity, but also quality. Can you elaborate on the quality aspects? Does it mean that we will be adding new products for manufacturing capacity, or some high quality products? Or it will be to improve the quality of the products? It is to improve the quality of the products, so that in a given position at the customer's machine, it will perform better. Giving more value to the customer, so that we can share the value with our customers. So that is what we mean by quality improvement. It is not that otherwise we produce sub quality products, but customer's expectations are growing year on year. So we would like to meet those expectations or further surpass those expectations. That is our endeavour. That is why we talk about innovation. So, all these installations are not only to enhance capacity, but also, for quality improvement.

There is a disposal or adjustment of 5 crores and 15 crores in CWIP in last 2 years respectively. Can you elaborate? It is not disposal or adjustment. The capital work in progress was the machines which are under installation, so these expenses are under capital work in progress. As and when these are capitalized, that means those machines started producing, it gets shifted into the gross block that is the change. This happens from time to time, so there is no write-off. I hope that question is answered. And for an outsider, it is difficult to understand the cash we hold in balance sheet. Yes, but I request your trust on us. We have the right Business mindset with improving shareholder value. As I mentioned, I will collectively answer to all this cash in hand, or cash in bank question.

Just as an example, we implemented a full line of forming fabric manufacturing with a certain expense, which is already in the annual report. If we consider that full line expenses and one of that machine now, means that the value chain has many machines. If we have to purchase one new machine now, the whole of that capex is not enough. That means, if we go for 'state of the art' current machines, our capex will be what we have kept in bank. So, we need to really see that what is the future growth potential? Do we have efficient machines in the market available already or we need to order and wait for new machines? Depending on that, we will be needing the cash. That is our consideration while keeping this money in bank, because we don't need to depend on banks for our future expansion, because the way they treat our deposits and when we approach them for loan, it will be totally different. So, I hope that answers, even though you are all right that it might bring some ratios down. But these are artificial in nature, but we are running the business as a going concern. So, we need your trust and support to continue running this business in the same efficient manner.

Then on the next question, what percentage of business is through direct sales and through distribution channel? In our own market, which is South Asia, India and the neighbouring countries excluding Pakistan, because currently there is no trade possible with Pakistan; we do directly. So, it is now, there is no distribution or agency channel, but as I explained in a previous question, in the export market beyond our territory, we are working through our group companies using their own sales channel.

What percentage of business is from customized products and standard products? Most of our products are customized to a specific customer position, made to order. Very few products are there which are standard. So, mainly these are customized products.

From getting order to delivery how much time it takes? So, it depends, that is the answer I can give. It is different for different products and product positions and customer sometimes plan well, and they give us long term orders; some customers are doing short term planning and they want emergency supplies, so we try to accommodate it. Because our focus is on the customer value.

Do we have annual contracts with the clients, or they are all short-term delivery contracts? Most of our orders are short term delivery contracts, because the large groups only plan long term, it means long term means even one year, you know. It is not that, five years. So, we have annual contracts with very few customers. Otherwise, it is case-to-case, short term, tactical orders.

From the annual report, we seem to be quite confident on the growth in demand of paper in the market. That is a question. Are we seeing significant capex happening by the paper manufacturers in India, to fulfil this demand? Yes, major groups are planning for investment and based on that we are quite confident that we will grow in line with our customer growth. So, these are the questions Mr. Himanshu Upadhyay asked and we have answered it all one by one.

Then the next shareholder was Mr. Aspi Bhesania. Thanks for your question, how much dependence on paper? Actually, we are serving the customers in the paper industry whether it is we or our Voith paper group companies, our focus is on paper. So, your company, Voith Paper Fabrics India Limited is specifically looking into a consumable in paper industry, which are paper machine clothings. So, our focus will continue on that, therein lies our know-how. And we would like to utilize those know-how and gain market share. If the same value chain is being used for other industries, we will also look into it, but that will not be our major revenue generator. It is only for certain asset utilization during our growth phase. There was no other question, other than a comment, that do not split the share. Yes, we keep that in mind.

Parent company in different fields? Yes, our parent company Voith is into Hydro, Paper, Turbo these are the three fields, plus other digital vertical is also there, which is looking into new business areas. But, we as an entity is only on paper. We are not into Hydro or Turbo, so no concern about that industries' fluctuations. So, we are focusing only on paper.

Then this next question was from Mr. Dipankar Purkayashta 10% CAGR. Yes, our CAGR follows our customer CAGR. So overall in India there are around 600 odd paper mills - small, medium, globally there is nobody relevant and still we are the most preferred consumable supplier to that segment, so we grow in line with that. All the customers are looking for extracting more life from our products. That means, when the life it gets is improved our consumption gets reduced, but from that product's life customer gets more value, so maybe we will get better price. So that is how value sharing we do. It is always an innovation game, which we are playing.

Cash and bank balance constantly increasing. Understood, you're right. But that cash is needed for future business that is our assumptions and in the earlier question, I have already answered why we feels so. So, we need your support in continuing the same way. But this time we have increased the dividend compared to the last year. And it is not because our major shareholder is interested to keep that money based on exchange rate or something. That is not the view. It is purely a business decision.

Total capital work in progress 7.5 crores, why does it take so much time? Yes, it is abnormal because most of our machines are not simple, locally available machines. These are of imported origin with highly automated systems, wherein specialists are needed to commission. Because these machines come with certain warranty conditions and when commissioning is involved, these are with foreign specialists. So, during the pandemic phase as you all know, foreign specialists

were not permitted to travel to India and some of the specialists had concern about their health, so they were not willing to travel. So, both combined we had a delay. But we could manage bringing those specialists in the recent quarter and some of the machines got capitalized. So, the delay is not planned, but it was due to the pandemic situation when travel was not allowed. So, it is abnormal, but that has not negatively influenced much of our production plan because these are for growth scenarios, and it has a certain time-frame to fully utilize those new capacities.

Then MD message, full line PMC supplier, and thank you for asking this question; because in a paper machine consumable, we have Press and Dryer, but the major first element is Wire. So, this Forming Fabric was never produced in our entity, in your company. But we started a new line for producing Forming Fabric and in initial years we captured a certain market share, which is quite promising. So now a paper maker in our customer location needs all three consumable and in those kinds of opportunities we are pitching in with a full solution, not as a piecemeal supplier, so that we can generate more value for the customer and get a better pricing. From this point of view, full line supplier in paper machine clothing, we are the only one in the Indian subcontinent. That is what I meant with my message. Hope it is now clarified.

And 1.6 crores dividend, 6 crores for know-how, increase the dividend pay-out. This is not the way we look at it. The know-how is the key for our success, and we do not need to spend too expensive R&D resources in India to generate revenue from new products. We get, as a kind of open book, the global research, what our parent company is doing, or our major shareholder is doing, and against that very nominal fee is only what the company is paying. Otherwise imagine Forming Fabric was a new product for our company. But, as soon as the machine started operating we produced quality products, because during the implementation phase there was already a know-how transfer by sending people for training, bringing in specialists for training our peoples, standard operating procedure establishment. This was possible only since the know-how was available from Voith Group companies. So, my explanation to the shareholders is that we pay a very minimum know-how fee, but we get maximum benefit out of it.

Then, Mr. Nandkishore Sharma asked a separate questionnaire, with many questions. I'll try to answer one-by-one. What has been the growth of felt industry in past three years and do we believe that due to changes in consumption pattern, growth rates and consumption of felts will be different in the next 3-5 years? I would like to point out again that last 2-2½ years was not the best for the Indian economy, in the sense that the consumption pattern changed due to schools, colleges and offices were not in normal operation mode. The consumption of graphic paper, which is the white grade, one of the shareholders pointed out, printing and writing - this got substantially reduced, whereas the packaging and board grades got substantial increase. So, our company shifted our focus; because before that, it was 60% graphic and 40% board & packaging was our customer base; and we had to immediately shift because for a certain time frame graphic was non-operational. Then some of them started but you can see that this dip has not reflected in our top-line as well as the bottom-line. That is how innovatively we worked. Within the available space and continue to maintain as well as capture more market share in the relevant custom segments. Okay. We expect this to continue, but exact prediction is not possible.

We have talked about our ability to provide products which lead to efficiencies? How has our market share evolved in the past 3 years? Our market share has improved, that only I can comment. We are the most preferred supplier in our relevant markets.

How important is innovation in this industry? Are innovative products incremental in nature or there could be significant improvement in productivity? We as a Voith group of companies is focusing on both incremental as well as breakthrough innovations. And being part of the Group and paying

the know-how fee, we have immediate access, as an when a new product or technology or a solution is introduced into the market. So, from that point of view both are there; innovative as well as, means incremental as well as breakthrough. And what premium we get in newer innovative products? Of course, we are a value supplier, so we generate value at customer end and we try to explain and realize that value and ask for a share of that. So that is how we price our products and customers are convinced with that approach, that is how our market share is increasing.

In annual report, we had talked about making the business more innovative and reinventing the way the Company operates? As I mentioned, innovation is a continuous process. And we have many ideas, some of them works out and realized into a customer opportunity with that we try in the market, but I cannot, at this juncture, give specific examples of this model. I hope you understand. This is business sensitive in nature.

Could you talk about the capacity expansion size either in terms of volume or capacity or in terms of revenue potential? Since when the new capacity operational and how much time the new capacity takes to ramp to full potential? As we have explained in the past, while taking approval for the capex, we expected a 30% capacity increase, means our installed capacity increase, which we are realizing, the last machines are in the commissioning phase. We expect across 3-year time frame to utilize this complete capacity in the market.

We have talked about being the only full range machine clothing supplier in Indian subcontinent. Does this lead to strong export potential in Indian subcontinent? Yes, we are exporting in the Indian sub-continent as well as outside. So, since we have introduced new products, the export market potential has improved. That is what I explained in the previous questions. We are also seeing strong export growth trends.

Our exports grew by 80% in financial year 2022, this is the question. Is there any one-off export order or that we have created export opportunities? These are not one-off, we have created customer value in outside markets through our Group companies, and this is going to continue. So, this is sustainable.

Next one is, what determines the fabric realization for us, which kind of end products typically gives higher realization? These are business sensitive information. I would like to refrain from answering specific to this. Request your understanding.

The next question was on cash. I already explained it why we need cash in hand or in bank for future growth opportunities.

Are you open for acquisitions? I think this question was from another shareholder. Next question was, do we have annual contracts with the clients or they all are short term? I think I have answered this, all these.

Then, next question was from Ms. Meenal, I think on behalf of Mr. Varun Bang. She has sent a questionnaire as well as, asked some questions. Some or some of these questions are part of it. I would answer one by one. How do we decide on per meter cost of fabric to our customers? Is it the fixed absolute spread that we charge or fix percentage over raw material cost? This is a very specific question, I would like to answer it this way. We have a market price based on the customer value it generates. It is neither on per meter cost or something. We have a unit price, market price, accepted at customer end, based on the benefit we give to customer by using that product. That is how we decide on the price.

Second question was our Managing Director is also on the board of Voith Paper Technology India Private Limited and Voith Digital Solutions India Private Limited. Can you please explain briefly about businesses of these companies? And does it have any relationship with Voith Paper, the listed entity. The listed entity is not Voith Paper, the listed entity is Voith Paper Fabrics India Limited. This is separate entity. Similarly, all the Voith Group companies are having own entities in India, whether it is Hydro, whether it is Turbo and these two companies, which is Voith Paper Technology - Voith Paper Technology India Private Limited is a separate operating unit which is in the field of new lines as well as upgrade of new lines, rebuilds etc. It has nothing to do, as a product, with Voith Paper Fabrics India Limited, which is the listed entity, but all our products go into the lines, which other entity supplies or any competitor of that entity supplies. That's how it is, it can go and work in any machine. So these are two different business verticals. I am in the board of that company as a director that's the only relation. There is nothing else, but collaborating with those colleagues add value to Voith Paper Fabrics India Limited so that we share the know-how we have, and try to create more customer value and Voith Digital Solutions India Private Limited is a different vertical. When it was formed, they were servicing automation solutions for the paper industry as well. Then the business model changed. The automation solutions got reintegrated into Voith Paper Technology India Private Limited. So now they are only an IT company, giving internal as well as external resources. So, now there is no link with paper business in that entity. So, in the recent month I excluded myself, while I left the board of that company because there is no value addition I can provide. So, I am no more a director of Voith Digital Solutions India Private Limited from last month.

Then, can you please provide a one-year, three-year and five-year volume growth numbers? Sorry, we do not provide any guidance and you can look back into the past years and we expect that with customer support similar growth is possible in future.

What is the nature of the export business? Is it similar to select imports that we do? No, the export business what we do and the import business what we do, there is no commonality. These are different products and so these are two different products, so we produce certain products which has market elsewhere and we use the channel of our group companies to serve them. Similar way, other companies produce certain products which has customer base in India so they route it through us. This is just the same business model.

What is the long-term strategy with respect to exports business? What opportunities do you see in growing business in key markets where we sell products through our sister companies, especially if you can comment on the sale of goods to J M Voith SE & Co KG Germany? J M Voith SE & Co KG which is having an operating unit or an establishment VPFE, which serves the whole of European market. So, if we are doing a related party transaction to them, means that we are selling our product in the European market through them, that is what it is. The European export is growing, does that means that related party transaction will also grow. So, this is the most economic and effective model which we can establish so fast, because establishing our own sales channel in all of those EU countries is pretty difficult and very expensive. So, we could enter into this agreement with our Group companies and realize that export potential so fast, immediately after establishing this new Forming line. So that is the background of the sale of goods to J M Voith SE & Co KG.

Next question was with increase in capacity, can we have a lower share of traded goods and have better profitability? No, the increase in capacity may not be serving to those positions where customer need the product from Europe or North America or even China, so that will be parallel. These are two different channels. So, one cannot substitute the other.

Then, what determines the fabric realization for us, which I was trying to answer earlier, was asked by Ms. Meenal. As I mentioned, this is business sensitive information I would refrain from this question. Next question was on cash. I already answered.

The last two questions were combined topic of merger and acquisition or mainly acquisition. Currently, there are no such topics on the table of Board to consider. As and when, a good opportunity comes we are open to it, but currently there is nothing, no discussion. And what are the important parameters? It is value accretion to our shareholders and our stakeholders if there is an opportunity, why not? But currently there is nothing on those cards.

So, I answered all the questions raised by Ms. Meenal on behalf of Mr. Varun Bang, and the last one was from Mr. Kinner Mehta. He was asking about what was the machine which has remained pending installation? Is it a Warping Machine? How come simple textile machine can remain uninstalled for three years? What is the CWIP? No, these are not simple machines like Warping Machine. This was installed much earlier. These were, as I mentioned, automated, critical, high technology machines wherein a specialist from the OEM is needed, who is sitting in a foreign country and was not able to travel to India. Those elements delayed the project, but now we have crossed that hurdle and we have already brought in the specialists and the project is fully commissioned in the recent months. Or maybe one or two machines are left, which will be done in the next quarter.

How to remain sole supplier of PMC to customers? No, we are not sole suppliers, let me be very clear. But we are the most preferred supplier in our relevant market. But always customers try to balance it out by getting an alternative source, they try this and we cannot stop it. But, we are the most preferred and, from a market share perspective, we are the single largest in the country.

Export for global, this question was already answered in the previous answers. His question for the name change of the company to Voith Limited. Unfortunately, we cannot implement it. We are serving to a specific market of fabrics in paper industry as part of the Voith Group companies. So, Voith Paper Fabrics India Limited is the right name for our entity. And other than paper related segment if our products can serve, nothing stops us from serving those customers but there is no need for a name change.

How to get growth back? We are growing. Please bear in mind, last two and half years was not the most friendly one for our industry. Despite that we grew. That shows the capability of our team as well as our products. Continue to have your trust on us, thank you for the same. Technical textile. Yes, you are right, growing at speed, but the scale of those businesses are not that high. So, if there are common resources using which we can address those markets, we will always consider, but currently there is industrial fabrics. We are not into any other technical textile as of now.

These were the questions I noted Mr. Gugliani and Chairman. I hope, I didn't miss any one of those. I took a fast note on key part of the questions. So, in case you have some open questions, you can still approach us. We will try to respond it in a timely manner. Thank you, all of you for contributing to this Annual General Meeting. Back to Chairman and Company Secretary.

C.S. Gugliani - Sir, I think now we can propose a vote of thanks.

Krishna Kumar - Sure. I now propose a 'Vote of thanks' to the Chair and request the Chairman to formally close the meeting.

Benno Edmund Morlock - Thank you everyone for your participation in this virtual Annual General Meeting.

Members attending the Annual General Meeting today, who have not already cast their vote by Remote E-voting may cast their vote on the E-voting platform now. The platform for E-voting shall remain open for further period of fifteen minutes after conclusion of this meeting.

The Board of Directors has appointed M/s P. C. Jain & Co, Practicing Company Secretaries, as the Scrutinizer, to compile the results of votes cast by Remote E-voting as well as votes cast by E-voting during this Annual General Meeting.

Further, I hereby individually authorize the Managing Director, Mr. R. Krishna Kumar and the Company Secretary, Mr. Gugliani, to receive the Scrutinizer's Report and declare the result of voting in accordance with the requirements of applicable statutory provisions in this regard.

On behalf of the Board of Directors, I convey our sincere thanks to all the Members for attending and participating in this meeting. Stay healthy, stay safe. I hereby declare the Proceedings as closed. Thank you.

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