

## Voith Paper Fabrics India Limited

### Transcript of the 50<sup>th</sup> Annual General Meeting

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Day : Wednesday  
Date/Time : 30<sup>th</sup> September, 2020 / 3:30 p.m. (IST) to 4:18 p.m. (IST)  
Venue : At the registered office of the company, through video-conferencing.

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#### **Welcome note - Mr. R. Krishna Kumar:**

Good afternoon ladies and gentlemen. I am R. Krishna Kumar, Managing Director of your company, Voith Paper Fabrics India Limited.

Please be informed that, Mr. Benno Edmund Morlock, Chairman of the Board of Directors of your Company has communicated that due to some unavoidable circumstances, he would be unable to attend this AGM. Further, in terms of the provisions of Article 72 of the Articles of Association of the Company, the Chairman has authorized me, that is R. Krishna Kumar, to Chair this meeting on his behalf. I am participating in this meeting from the registered office of the company at Faridabad and also representing the Holding Company to attend this meeting on its behalf.

I welcome you all to the 50<sup>th</sup> Annual General Meeting of your Company. It is 3:30 p.m. Indian Standard Time and it's time to start the proceedings. This meeting is being held through video conferencing in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI.

I would like to let you know that the proceedings of this meeting are being recorded. During the meeting, the participants would be on mute.

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

- Mr. Ravinder Nath, Non-executive & Non Independent Director
- Mr. S. K. Nagpal, Independent Director
- Ms. Shahana Basu, Independent Woman Director
- Dr. Deepti Gupta, Independent Woman Director
- Mr. Kalyan Dasgupta, Chief Financial Officer; and
- Mr. C.S. Gugliani, who is Company Secretary

I now request my colleagues on the video conference to introduce themselves.

Mr. Ravinder Nath

**Ravinder Nath:**

Good afternoon everyone. I am Ravinder Nath. I am a Non-executive & Non Independent Director of your Company and I am also Chairman of Stakeholders Relationship Committee of the Board of the Company. I am attending this meeting from my office in New Delhi.

**R. Krishna Kumar:**

Thank you Mr. Nath.  
Mr. S.K. Nagpal.

**S.K. Nagpal:**

Good afternoon everyone. I am S.K. Nagpal, an Independent Director of your Company and also the Chairman of Audit Committee as well as Nomination & Remuneration Committee of the Board of the Company. I'm attending this meeting from my residence in Gurugram.  
Over to Chairman.

**R. Krishna Kumar:**

Thank you Mr. Nagpal.  
Ms. Shahana Basu.

**Shahana Basu:**

Good afternoon everyone. I am Shahana Basu, I am an Independent Woman Director of your company and I am attending this meeting from Washington DC, USA.  
Over to Chairman.

**R. Krishna Kumar:**

Thank you Ms. Basu.  
Dr. Deepti Gupta.

**Dr. Deepti Gupta:**

Good afternoon. I am Dr. Deepti Gupta, an Independent Woman Director of your company. I am attending this meeting from my residence in New Delhi.  
Over to Chairman. Thank you.

**R. Krishna Kumar:**

Thank you.  
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. Thank you.

**R. Krishna Kumar:**

Thank you.

Mr. C.S. 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.

Over to Chairman.

**R. Krishna Kumar:**

Thank you.

And now, representative of the Statutory Auditor, Mr. Anuj Gupta.

**Anuj Gupta:**

Good afternoon everyone. This is Anuj Gupta. I am representing M/s B S R & Co. LLP, your Statutory Auditors and, I am attending this meeting from my residence in New Delhi. Thank you.

**R. Krishna Kumar:**

Thank you.

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

**P.C. Jain:**

Good afternoon everyone. I am P.C. Jain, from P.C. Jain & Co., I am representing as a Secretarial Auditor, as well as Scrutinizer for the votes in this meeting.

Over to Chairman. Thank you.

**R. Krishna Kumar:**

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. C.S. Gugliani, to provide general instructions to the members regarding participation in this meeting.

**C.S. Gugliani:**

Good Afternoon to all of you once again.

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

The members who have not 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-votes is available during the currency of this meeting and would remain available for 15 minutes after the conclusion of this meeting. The relevant statutory registers of the company are also available for inspection by members electronically through the link on the 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 with mobile devices or tablets or through laptops connecting via a mobile hotspot may experience audio/video 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 to participation at the AGM 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 chairmen of the audit committee, nomination and remuneration committee, and stakeholders relationship committee as well as the auditors who are allowed to attend the AGM without any restrictions on account of first come first serve basis.

Subsequently, to the circular dated 8<sup>th</sup> April 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the body corporate is entitled to appoint authorized representatives to attend the AGM through video conferencing or other audio visual means and participate and cast their votes through e-voting. The registered office of the company situated at 113/114-A, Sector- 24 Faridabad 121005 (Haryana) shall be deemed as venue of this AGM and proceedings of the AGM shall be deemed to be made here at.

We have received requests from some members for registration as a speaker shareholder in the AGM today. 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 3 to 5 minutes only. Non-registered shareholders as speakers who are attending this meeting through video conferencing today may also express their views and raise questions, if they have any, through the chat box facility. The queries from shareholders, if any, would be responded towards the end of the meeting.

With this, I now hand over the proceedings to the Chairman.

Thank you. Over to Chairman.

**R. Krishna Kumar:**

Thank you, Mr. Gugliani.

“It gives me great pleasure to address you all at the 50<sup>th</sup> Annual General Meeting of your Company.

Considering the larger interest for safety of everyone and as recommended by the regulators, today, we are holding this Annual General Meeting in a virtual mode. This is a different set-up than what you are normally used to. However, this provides an opportunity for a wider participation from the shareholders and I thank each one of you for sparing the time to join us from different regions, in this changed scenario.

The past few months have been an enormous challenge for us all. The pandemic has caused great uncertainty and tension – in the markets, for your company and for each and every one of us – at professional as well as at personal levels. Further, during the current year 2020/21, your company lost more than a month’s operations due to complete closure of all non-essential economic activities in India.

So far, we have been able to hold on to the ground and remained stable while confronting the challenges that came our way. But not just in times of the coronavirus or any other crisis, we need to work consistently and continuously on improving our performance, in order to ensure our long-term competitiveness and future viability and sustainability. However, we need to be contented with the moderate growth that our company could achieve during the year under review.

I am pleased to share with everyone that despite the onset of pandemic and imposition of lockdown in the region towards the end of the financial year on account of COVID-19, the performance of your company has not only remained stable but also registered growth in the year 2019/20. This was made possible owing to the committed contributions and hard work of employees at all levels and continued support of other stakeholders.

Regardless of the impact of pandemic, I hope that India would retain its' position as the world's fastest growing paper market and expect that the domestic demand of paper will increase, considering keen focus of the government on improving the literacy rate and personal choices of lifestyle changes at individual level, including promotion of overall conditions of hygiene. The growth in imports of paper, compared to the increase in domestic production, is higher and is an indication of availability of market to grow further.

At the end, I also want to say that, the long-term impact of coronavirus remains unclear but, I strongly believe that every challenge and every adversity contains within it the seeds of opportunity and growth. At Group level, we have already initiated process of reorganization of our internal structures and systems, with a strong focus towards our markets and customers to garner the desired growth and market share.

I have no doubt that with the continued support from all the stakeholders in times of uncertainty; your company will successfully face all future challenges and emerge stronger in coming years.

I wish that you and your family members remain healthy and stay safe, as we all align ourselves with the norms of 'new normal' in our lives. We look forward to see you in the next AGM in person.

Thank you."

The Notice convening this AGM 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. C. S. Gugliani to provide a summary of the Auditors' Report.

Mr. Gugliani.

**C.S. Gugliani:**

Thank you Sir.

The Statutory Auditors, M/s B S R & Co. LLP and the Secretarial Auditor, M/s P.C. Jain & Co., have expressed unqualified opinion in the respective audit reports for the financial year 2019-2020. There were no qualifications, observations or adverse comments on the 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 39 to 45 of the annual report. Secretarial Auditor report is enclosed as Annexure IV to the Board's Report on Page number 14 and 15 of the Annual Report. Thank you.

Over to the Chairman.

**R. Krishna Kumar:**

Thank you, Mr. Gugliani.

Before we proceed, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided to the members, facility to cast the vote electronically, on all resolutions set forth in the Notice. The Remote E-voting for members began at 9.00 a.m. on Sunday, 27<sup>th</sup> September, 2020 and ended at 5.00 p.m. on Tuesday, 29<sup>th</sup> September, 2020.

Members who have not casted their vote through Remote E-voting and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by CDSL. Members may please note that there will be no voting by show of hands.

We shall now take up the business items as 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, Sir.

Members may please take note of the following business items to be transacted at this AGM:

**1. Item No. 1 of the Notice – Adoption of Financial Statements.**

The Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the reports of Board of Directors and Auditors thereon.

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

The Board has recommended a final dividend @ 50%, i.e., of Rs.5/- per equity share of Rs.10/- each fully paid-up, for the year ended 31<sup>st</sup> March, 2020.

**3. Item No. 3 of the Notice - To appoint a Director who retires by rotation.**

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

**4. Item No. 4 of the Notice – Reappointment of Statutory Auditor.**

M/s B S R & Co. LLP, Chartered Accountant as Statutory Auditors of the Company, for another term of five years.

**5. Item No. 5 of the Notice – Appointment of Independent Director.**

To appoint Ms. Shahana Basu as an Independent Woman Director of the Company, for a term of five years, effective 1<sup>st</sup> April, 2020.

**6. Item No. 6 of the Notice – Appointment of Non-Executive Director.**

To appoint Mr. Ravinder Nath as a Non-Executive Director of the Company, effective from 1<sup>st</sup> April, 2020, whose term of office shall be subject to retirement by rotation.

**7. Item No. 7 of the Notice – Appointment of Independent Director.**

To appoint Dr. Deepti Gupta as an Independent Woman Director of the Company, for a term of five years, effective from 30<sup>th</sup> July, 2020.

The text of the resolutions for the respective item is available at the E-voting platform of CDSL.

If any member desires to ask any question pertaining to any item on the Notice, he or she may do so now, using the Chat box feature.

Members are requested to keep their questions brief and specific. The moderator will facilitate the questions. To avoid repetition, answers to all the questions will be provided at the end. Members may please note that the Company reserves the right to limit the number of members asking the questions.

Now I would call upon the name of the persons who have pre-registered themselves as ‘Speakers’ for speaking at this AGM and would request the moderator from CDSL to unmute them one-by-one.

To start with, Mr. Avinash Agarwal from Chennai.



Moderator please unmute them. Mr. Avinash Agarwal from Chennai.

**Avinash Agarwal:** Yes sir. Am I audible?

**C. S. Gugliani:** Yes please.

**Avinash Agarwal:** Yes sir. So I had sent the list of questions. Do you want me to repeat them.

**C. S. Gugliani:** If you can ask them, it will be better.

**Avinash Agarwal:** Sure sir, sure.

**C. S. Gugliani:** In brief please.

**Avinash Agarwal:** Yes please. Good afternoon to all the directors and thank you for this opportunity. Sir, I had a few questions. I will just read them out. First one is, what is the total capex that we are planning to incur and what would be our capacity addition post this and what would be the potential peak sales post this capacity expansion? Second, what are your thoughts on M&A? Number of our competitors seems to be, you know a bit of bad financial shape, so could we sort of you know, look for acquisition, if they are up for sale? The third question is, we have substantial cash balance of almost 1/3<sup>rd</sup> of our market-cap, what do we plan to do with this and you know what are the, is there any buy-back under consideration? Fourth question is which segment of paper industry are we, amongst the sectors that we cater to? The fifth question is how much of our output goes for packaging material and what is the growth rate of this segment? And you know, whether there is potential of this even in more other FMCG and dairy products? Sixth question is, what is the export potential and could this be a major growth driver for us in the future? And the last question is what is the customer concentration, if you could give, may be say top-10 customers, how much do they contribute to our sales, that can you give me the number? Thank you.

**C.S. Gugliani:** Thank you Mr. Agarwal.

And the next is Mr. Satyender Kumar from Gurugram. Mr. Satyender Kumar from Gurugram.

Moderator please unmute them.

**Moderator/Event Host:** Sir, I have unmuted him.

**C.S. Gugliani:** Moderator, please unmute.

**Moderator/Event Host:** Already unmuted him.

**C.S. Gugliani:** Okay. I think we are not in connection with him. Next is Mr. Varun Anil Bang from Ahmednagar.

**Varun Anil Bang:** Yeah, am I audible?

**C.S. Gugliani:** Yes please.

**Varun Anil Bang:** Yeah, I have sent a list of questions, I will briefly summarize them. I hope that it's fine with you. So first question was, our export sales have more than doubled during last year. However, base still remains low. How do you see the potential in exports segment for next three

to five years? Second, Europe business has seen sharp jump during the year, were there any one-offs and what is the outlook? How is the exports business managed, like do we have separate account managers for export business who manage specific paper mills, or we have appointed agents in markets like South East Asia and other markets? Can you talk about the opportunities in South East Asia and South Africa markets for our products? What is the medium to long-term outlook? Next, we have appointed sales agent in Bangladesh and Pakistan in FY 12 for five years. Has this helped us in doing business in those regions and can we potentially think of targeting other markets in the same way? Next, as Voith has acquired BTG, can this acquisition help us in growing business in India and other markets? Next question is, how does the sales team manage your troubleshooting at the client's site, as most of the paper plants are remotely located? How have we distributed the after sales team and how do we differentiate with competition in this segment? I think this is an important question you can elaborate. Over 75% of raw material used to manufacture paper machine clothing are still imported. This also exposes us to currency fluctuation. Can we look at indigenization of raw material sourcing? Next, when you look at our group companies or, peers; is there any project product gap is there and how do you plan to overcome such a product gap? In your old annual reports, you have stated that we have the widest portfolio and our product portfolio covers, all requirements of paper customer. How large is our SKU bucket? How easy or difficult is it to manage and maintain such a large SKU, or what is it that restricts our competitors from widening portfolio and what would be the pricing difference between our and competitor products? Can you also give a sense of market opportunity and as a market leader what is our market share in paper felts industry? How has our market share changed in the last 5 years? Next, what is the share of imports in PMC for paper industry? Is there presence of dumping from neighboring countries like China and if yes, what would be the price difference and do you see it as a threat? And the last 2, 3 questions, would you say the demand of paper manufacturing clothing is directly related to paper production or if there are more designs at the end product different felts will be required. Do felts have anything to do with the end product design? In the last 10 years we have seen that Voith has increased its dominance and it has now, not only gained market share, but today is the most efficient and profitable company in the industry. However, we are seeing that a couple of domestic felt manufacturers are undertaking technological upgradation and expanding capacities and product portfolio. Do you see competitive pressure increasing in medium term? In last, how are we in comparison to Valmet, in terms of product portfolio, presence and after sales services.

**C.S. Gugliani:** I think we lost connection with Mr. Bang.

Next is Mr. Mahendra Shah.

Moderator, please unmute them. Mr. Mahendra Shah.

**Moderator/Event Host:** Unmuted.

**C.S. Gugliani:** Mr. Shah, please speak your question.

**Mahendra Shah:** Hello.....

**C.S. Gugliani:** I think we are unable to connect with. Mr. Shah also.

Mr. R.P. Tulsian

Moderator, please unmute Mr. R. P. Tulsian

**Moderator/Event Host:** Unmuted

**C.S. Gugliani:** Thank you. Mr. R.P Tulsian

**R.P.Tulsian:** Yes, meri awaz aa rahi hai aapko?

**C.S. Gugliani:** It's clear, sir, please.

**R.P.Tulsian:** Adhyaksh ji, main toh yeh chahoonga ki, mein hindi mein bolun aur mujhe aisa lagta hai ki aap sabko samajh mein aayega. Aur, mera koi irada nahi hai, bahut lambe sawaal poochne ka aapse, kyunki kaam apne bahut lajawaab kiya hai. Sabse pehle, badhaai doonga apko ki aapne bahut achhi annual performance diya hai. Pachpan rupay ki EPS di hai, 55 rupees ki. Jo ki bahut hi marvelous hai aur agar mein zara akheer se baat shuru karoon, toh Q1 ke result bahut hi fantastic hain. Un halaat mein, jab worldwide pandemic ki sthiti rahi ho, aur ek maheene se zyada bahut saari factoryyan band rahin hain. Aur aapne apney bhashan mein bataya tha ki apney, meri awaaz aa rahi hai apko?

**C.S. Gugliani:** Yes please, yes please. Go ahead.

**R.P.Tulsian:** Toh, maine dekha ki aapne toh bahut hi marvelous Q1 ka result diya hai. Apney toh pandemic mein bhi dus rupay se upar ki EPS de di, jo mein samajhta hoon, bahut achhi hai. Yeh kabiley tareef hai aur meri taraf se aap poori apni team ko, apne employees ko badhaai dijiye. Mein itni performance ki ummeed nahi kar raha tha. Frankly bata raha hoon aapko, yeh baat. Aur mein ummeed karta hoon, ki aapne bhi, to commensurate with the performance, in sabka dhyaan rakha hoga pichle Covid mein. Employees ko hamare koi pareshani aayi nahin hogi, kunki aisa mujhe sunne mein aaya hai ki woh, aapne unka bahut dhyaan rakha hai. Poora sanitize karaya gaya hai. Yeh nischit roop se bahut hi kabiley tareef baat hai, company ke liye. Kyunki jo company apne employees ka dhyaan rakhti hai, woh shareholders ki sabse madadgaar company hoti hai. Toh Chairman sahib, mein aapko badhaai dena chahoonga aur apke through mein chahoonga ki

aap employees ko bhi, is baat ke liye hamari taraf se dhanyawaad Karen ki unhon ne hamara dhyaan rakha. Sir, iske baad mein is baat par aaunga ki hamari company virtually debt-free hai. Iska poora credit aur cash dono aapke paas hai. Toh ab kyun naa thodi si baat, mein thodi namkeen baatein kar loon, tareef karne ke baad. Ek-do baatein aisi hain, jo aapko, lekin bilkul aap comfort zone mein rahiyega, mein joh bhi baat karoonga, aapko bahut achhi lagegi. Ek toh mein kehnaa chahoonga ki pachpan rupay ka EPS praapt karne ke baad, aur jisme 75% holding aapki hai, promoter ki holding hai. Agar aap dividend thoda badhaa dete, koi nuksaan nahi hone wala tha. Mein chahoonga ki agli board meeting mein aap iss par zaroor roshni dalen aur meri baat-cheet ke baad aap is par jawab de payenge, ki yeh mera suggestion hai. Jitna sharing-caring hoga, utna faydaa hoga. Halaanki company ke paas agar rupaya rakha hai to mujhe koi takleef nahin hai. Humein toh faidaa hi hai. Value hamari badh rahi hai. Number one point toh dividend ka hai Ek MNC aur badhiya company se main judaa hua hoon, toh mujhe dividend bhi world-class milna chahiye. Kyunki company global hai hamari. Toh dividend ke mamle mein, aur mera koi suggestion nahin hai, ki kitna dena chahiye. No sir, three minutes nahin hue hain, please-please-please. Mujhse, aisa mat kijiye aap. Next baat yeh hai, kyunki humein ek hi baar milta hai naa aapse baat karne kaa. Aur mein koin baat repeat nahin karoonga, chintaa mat kijiye aap. Aur mein kahoonga, aap is maukey par humen zaroor bataa ke jayen, ki current year ka outlook kya rahega/ Kaisi performance rahegi? Next muddey par mein ataa hoon, jo bahut important hai, apkey liye bhi. Hamare paas bahut cash padaa hai, liquidity excellent hai hamare paas. Bhagwaan kare bani rahey. Lekin janaab, iska faydaa tab hoga, jab hum liquidity ka kuch istemaal karen. Yaa toh aap ise kahin invest kijiye, expansion mein. Mujhe koi aitraaj nahin hai. Aap iski value addition kijiye. Yaa iska buy-back kar lijiye. Share kaa buy-back kar lijiye. Buy-back nahin karna chahtey, toh aap split kijiye. Kyunki, share ki liquidity, bazaar mein nahin hai. Achhe fund houses se meri baat hoti hai kai jagah. Who kahte hain, Tulsianji share hi available nahin hain. Kahan se invest karen company mein? Meri request hai, aap share ka split kijiye. Agar aap right issue yaa bonus issue nahin lana chahtey hain toh. Lekin, kai shareholder mujhe kahenge, sahib maine mana kyun kiya. Lekin mein, manaa nahin kar raha. Mein kah raha hoon agar bonus issue bhi aap lana chahen, toh aap layiye. Woh toh no-cash, paperless kaam hai. Aap usse kabhi bhi kar saktey hain. Yeh sab baatein mein isliye raise kar raha hoon ki hum ek saal mein dubaraa milenge aur mein sochtaa hoon ki hamare kahne se aapko himmat padegi, ke aap Board ke paas ja ke yeh baat kar saken, ki shareholder aisi baatein kar rahen hain. Humein unke liye kya karna hai? Kaam se mujhe koi shikayat nahin hai. Aap jo bhi kaam kar rahe hain, achha kaam kar rahe hain. Factriyan achhi chal rahin hain hamari. Haan, yeh mein zaaroor chaahoonga ki agar parent se humko kuch help mil sakey, kyunki 'aatmnirbhar' bharat ki hamaari baat hai, aap usme mera saath denge, kyunki aadhunik bharat yeh chahta hai, ki is factory ka expansion ho. Bharat ke zyada log usme lag saken, production zyadaa ho, aur benefit humko zyadaa ho. Toh mein samajhta hoon in sab baaton se mein aapka dubaaraa dhanywad karta hoon aur aapney bharat ke logon ke liye jo donation diya,

sahyog diya, sahayataa ki, uska meri taraf se aapko kar-badhh prarthna hai, bhagwaan aapko banaye rakhe. Thank you very much.

**C.S. Gugliani:** Thank you sir. Thank you Mr. Tulsian and now I request Mr. Sandeep Kumar Jain. Mr. Sandeep Kumar Jain. Moderator please unmute them.

**Sandeep Jain:** Yeah. Am I audible sir?

**C.S. Gugliani:** Yes sir, please.

**Sandeep Jain:** Yeah. Thanks for giving me an opportunity first of all. I am Sandeep Jain and I am holding shares of Voith Paper for the last ten years. And I am attending this AGM for the first time. Congrats on the good set of numbers in these unprecedented time of Covid. I have sent my queries on mail also through mail. I hope you have already received it. In case my line is disconnected or I am not audible, please address those queries that will be enough. Now, I would request you to please upload the proceedings of this AGM on our website so that we can refer it in future. Now my queries are on, sir, broadly on divided distribution, on surplus cash in the balance sheet, on royalty and technical know-how fees, on expansion. Now, on dividend distribution sir, the company has been conserving almost 90% of the profit it is earning. And, I hope this should be increased to 50 or 75% if not, you can at least increase it to 30-35%. And this year, we have got bonanza on account of corporate tax deduction, as well as abolition of dividend distribution tax. This has not been shared with the shareholders, sir. Please note that the effective tax rate has been significantly reduced from 34.61% to 29% in 2019 and 25% in 2020. I hope this saved the company 25 million rupees in the form of tax cut and in the form of DDT around four and a half million. So the total saving on both the account we are making is around three crore. I would request you, this is the Fiftieth AGM we should surprise the shareholders by giving some bonanza as we have got in the tax side. Now, coming next on the surplus in the balance sheet, cash surplus. Sir, in this year, we had net-worth of two thousand three hundred million, on that we have earned a profit of two-fifty million, which comes to around 10-12% of, I mean return on capital employed of 10-12%. The return on capital employed is depicting a very poor picture. Though we have huge cash in our balance sheet, if we deduct that balance, we are earning 20-25%. Moreover, the balance in the bank is giving us 5-6% return per annum and the inflation rate is also 5%. In effect we are destroying by keeping cash in our balance sheet. I would request you to look once more into the possibility of giving a larger payout. Now, my humble request will there before for the Board will be to give a roadmap on how the extra cash or surplus cash you are going to utilize in next few years and moreover as a good corporate practice we must formulate a dividend policy also, which we don't have now. On royalty and technical know-how sir, this year the company has paid forty eight million rupees as compared to forty five million last year, towards royalty and technical know-how.

I would request you to please share the break-up of royalty and technical know-how in both the years. Moreover, if you can explore the possibility of paying royalty to parent by way of dividend. I hope royalty is being taxed under the parents end by 20-25%, so in that case also by giving that 25% to minority shareholders, you will not be losing any money. There will be no cash outflow on account of this. You can explore the possibility. I don't know what is the tax angle and all. I urge the Board to look into this. Now, on expansion sir, my request will be to please explain in some more detail whatever expansion we have achieved as of now. How much the same has contributed to the topline and in this year and in the next year how much you feel that it is going to be contributing. One more thing sir, if you can give us the contribution in terms of square meters according to the announcement to the BSE in the last say December 2018, you had installed capacity of 496000 square meters. Please share current installed capacity of the company, if it is not giving any wrong message to your competitor and all. So one more thing, like, please explain how much in percentage of capacity will increase.

**C.S. Gugliani:** Now I request Mr. Pramod Kumar Jain from Delhi. So moderator, please unmute Mr. Pramod Kumar Jain.

**Pramod Jain:** Namashkaar, Sir meri awaaz aa rahi hai?

**C.S. Gugliani:** Ji-ji.

**Pramod Jain:** Mein, Pramod Kumar Jain, Delhi se. Good afternoon. I am grateful the Management, Board of Directors, Company Secretary and Voith Paper Team for making well draft Annual Report, also with full detail, with fact & figure. I also want to congratulate the Company Secretary for giving the details of CDSL E-voting process. It is too easy to understand. Hope company management will further improve the same profit and performance of the company. No more view over financial aspect. I have full faith on the Board of Directors and the respected Chairperson. The thing as to act. Thank you Sir. Namashkaar.

**C.S. Gugliani:** That's all we have the speakers. Now I request the Managing Director to please kindly give in brief the answers.

**R. Krishna Kumar:** Thank you everyone for asking questions and first of all thank you for those who have spoken in appreciation of the team's contribution during last year and in this year during the time of pandemic. We will communicate your message to the team, which would be a great motivation to the team in the coming days. Generally all of you have asked lot of generic questions about the industry, about the market, about the future. I may not be able to give you a clear answer on the future, exact utilization of cash, exact peak of sales, etc. This depends heavily on our

customers and their demand pattern. How they adapt to the 'new normal'. So we follow our customers and their needs and we adapt ourselves focused on their needs and that is how we are successful in the market. So, some of the answers I will give as a cluster, I cluster your queries into segments and then I will try to answer. If something is unanswered, then our team will be addressing your queries in due course.

M&A, there was a question about M&A – currently there is no such M&A on our table. This is not in discussion. But if there is a situation which is developing, which will be helping us to take care of our stakeholders and our customers, this is not out of bounds for us. But currently, there is no such things in discussions. Lot of you asked about cash and surplus, cash lying with us and one of you rightly pointed out that return on net worth is only 10 to 12.5% only when you add that cash, otherwise the normal business is generating more return on the capital employed. But in this hour of troubled times, all of you agree that 'Cash is king' and let me tell you we have taken a lot of capital expansion and we have also introduced a new product-line. And this product-line we have utilized certain assets of our Group Company with limited cash outgo and we could start on time this project and start addressing our customer needs. This was only possible because a group like Voith is with us, sharing their know-how on time and also sharing their resources. That is why we have an agreement with them for Royalty as well as know-how combined together. So this is as per the agreement and we must be one of the lowest know-how and royalty payers in the market in India. So since I mentioned that the 'Cash is king', if we really go for a new line with the latest manufacturing machines from OEMs, the cash lying with us is not enough, even to take up one project. That is why, we are conservative in our approach and I am telling that, yes, we will definitely give dividend for the stakeholders but we request you to remain invested in the normal business, which is remunerative in the normal course of business. And one shareholder asked about sales agent in Pakistan and Bangladesh etc., as you know India and Pakistan currently doesn't have business relationship. There is no trade possible between India and Pakistan. So, Pakistan cease to be our market. We are no more selling in the Pakistan market and Bangladesh, we are selling directly. And one shareholder asked about European sales, is it one-off? No, it is not one-off. But our business is not only supplying a product and then forget about it. We have to give after-sales care, we have to optimize the product, we have to work with machine settings, so the after sales service is very important. We can only take care of Indian market that is our core market, rest of the market what we are trying to do off-late, is to utilize resources available with our Group Company and service those customers through them. We have accelerated this Group activity that is why off late we are able to sell to Europe or any other market through the Group Company, not directly. Directly, we will not be able to sustain. One shareholder asked about BTG, yes it is a Voith Group acquisition, it is not part of our vertical. This is one brand addition in our network but there is no direct business benefit other than may be just collegueship. There is no product link between

BTG and Fabrics. And, which segment of paper is bullish, yes? We are bullish in all segments. In India, unfortunately currently the schools, universities and colleges are not in regular operations and the graphic segment is affected, but nothing to do with us – it is for our customers. Whatever products our customers need, we produce, sell. And one shareholder asked for SKUs. Our lion's share of the product is 'Made to order'. It is not that we have SKUs to keep, but we have the order based on variety of the needs of the customers, whether it is raw material, product manufactured, the speed of the machine, design of the machine etc. Do not want to go into technical details, but I can tell you that we take care of the whole segment of the Indian Paper Industry, whether it is a tissue machine, board and packaging, graphics, newsprint, banknote, are our customers. We have products for each one of them. And market share, we are not talking on the market part and let me tell you that we have, on our core products, we have very high market share compared to competition. We are not seeing any dumping on our products in the market but our customers are complaining that certain segments of the paper are being dumped from nearby countries. But we do not see similar thing in our products, which is designed to order. And, what else, yeah competition pressure. Definitely, if the competition adapts to the changing needs of the customers, definitely they will continue to put pressure on us. But we are not preparing our strategy based on competition, our strategies are based on customers' growth plan and their needs. We are not concerned about that part of the competition.

I take note of the shareholders demand of higher dividend distribution, but as I mentioned that 'Cash is king' and we would like to preserve it for the normal organic growth of the company, for which it is absolutely necessary. But in the future meeting we will definitely discuss this part in our regular course of action. And, that is what I would like to answer to the queries.

Seventy-five percent of the raw material is imported, yes, but we have no plans for starting any raw material production, but we, time to time, test probable raw material. If they qualify the test criteria, what we have set - it is stringent, we try this, while it is on trial basis, but we are not finding suitable raw material for several products. In certain products we have developed indigenous substitutes. And, dairy and FMCG, packaging growth etc. is plastic substitution is the thing with respect to sustainability and future. Beyond helping our customers, but it is not our core, it is our customers, who produce those products. But our product development team as well as R&D team in Germany are working in those client's sustainability and we are educating our customers, helping our customers set it up, but that is not directly linked with our company, Voith Paper Fabrics India Limited. But, as and when those technologies are developed, because of our royalty and know-how agreement we will get benefit of that and we will be able to redirect our resources towards that. I hope I could answer some of the topics raised. Thank you very much for your active participation and that is what Mr. Gugliani, I have as answers, based on my notings. Thank you.



**C.S. Gugliani:** Thank you Sir. If someone has any further queries, which we are unable to respond today we will be happy to address them in due course. Now I propose a 'Vote of thanks' to the Chair, with a request to formally close the meeting.

**R. Krishna Kumar:** Thank you all for participating in this virtual AGM. Members attending the AGM today who have not already casted 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 a further period of 15 minutes after conclusion of this AGM. 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 AGM. The results of the voting along with the scrutinizer's report thereto would be declared and made available in accordance with the requirements of applicable statutory provisions in this regard. Once again, I thank you everyone for attending this AGM and I hereby declare the proceedings as closed. Thank you.

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