

40TH ANNUAL REPORT 2013

STOVEC[®]
INDUSTRIES LIMITED

Core Activities

- Development and Production of Consumables for their use in Textile and Graphic Printing Industry.
- Printing Machines-Supply, Installation and after Sales Support

Core Competencies

- System and Application know-how in Printing for the Textile and Graphic Industries.
- Manufacturing and application know-how in Textile Consumables and Rotary Printing Machines

Technologies

- Metal Coating / Plating
- Electroforming

Products

- Rotary Printing Machines for Textiles
- Rotary Screens and Chemicals for Textile Printing
- Anilox and Screens for Graphic Printing
- Digital Ink
- Sugar Screens

Market/Customers

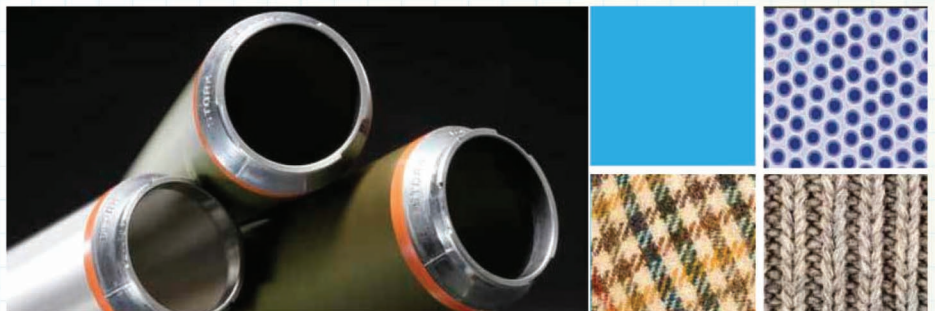
- Textile Printing and Processor
- Packaging and Label Printers and Converters
- Industrial/Security Printers
- Sugar Mills

Market Position

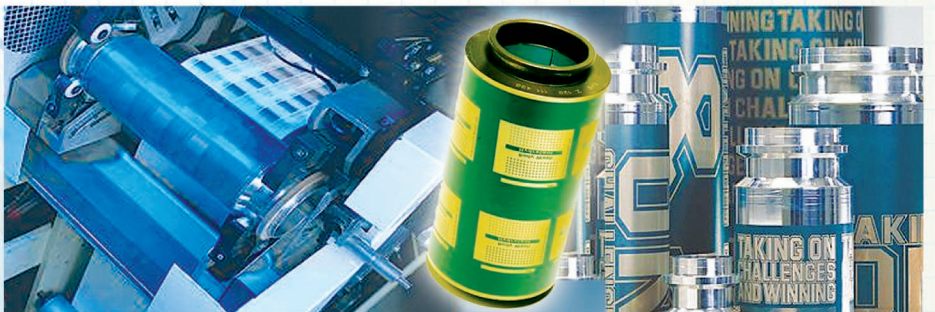
- Technology and Market Leadership in Rotary Screen and Printing Machinery



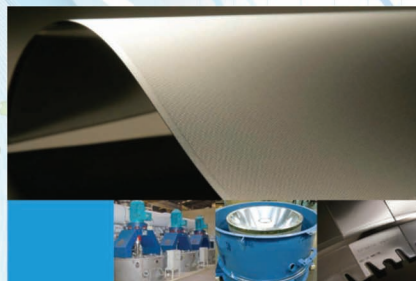
▲ Rotary Screen Printing Machine - STORMAC RDVI Gold



▲ Rotary Screens and Consumables for Textile Printing



▲ Anilox and Screens for Graphic Printing



▲ Sugar Screens



▲ Digital Textile Printing Ink

BOARD OF DIRECTORS

Mr. K. M. Thanawalla Chairman
Mr. Dirk W. Joustra
Mr. Aschwin N.R.M. Hollander
Mr. Joost Smits
CA. Girish C. Sharedalal
Mr. Marco Philippus A. Wadia
Mr. Shailesh Wani Managing Director

COMPANY SECRETARY

Ms. Varsha Adhikari

AUDITORS

Price Waterhouse
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
Unit No. 303, 3rd Floor, Shoppers Plaza - V,
Opp. Municipal Market, Behind Shoppers Plaza II,
Off. C.G. Road, Ahmedabad - 380 009

BANKERS

The Axis Bank Limited
The Karur Vysya Bank Limited

REGISTERED OFFICE AND FACTORY

N.I.D.C., Near Lambha Village,
Post Narol,
Ahmedabad - 382 405,
Gujarat, India.

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LETTER FROM CHAIRMAN



Dear Shareholders,

It is my privilege to present the 40th Annual Report of your company for the year ended December 31, 2013.

We have just traversed one of the challenging year for the Company in recent times. The Global economy had another difficult year in 2013. The advanced economies below-trend growth continued, with output rising at an average annual rate of about 1%; while many emerging markets experienced a slowdown to below trend growth of 4.8 %. However, there are now clear signs of a pick-up, driven by advanced economies, in particular United States of America with growth in emerging markets expected to continue to be weak.

For the first time in twenty years, India is witnessing two successive years of sub 5 % growth in F.Y. 2013-14. Even F.Y. 2014-15 offers the prospect of no more than 6 % growth, as other than agriculture and export growth all sectors of the economy remain depressed. Rarely has India seen a slowdown of such length and depth. Understandable, therefore, that all hopes are pinned on the results of the on-going General Elections. The International Monetary Fund believes, as per their latest report that the Indian economy will recover this fiscal year, enabled by a stronger world economy, improving export competitiveness and policies encouraging investments.

The Indian Textile Industry operated at around the same level of output as in 2012-13. Average capacity utilization hovered around 78 % with approximately 32 % reporting utilization higher than the previous year. Very few went in for capacity expansion due to: Rising cost of capital, Steep and frequent changes in raw material and final product prices, Shortage in power and high power tariff and subdued demand. The Government of India has extended the Textile Up-gradation Fund Scheme (TUFS) for 2013 -14 and further continuation of the scheme will positively impact the company's business particularly for printing machinery.

Despite this difficult environment, your company combined the strengths arrived out of our product portfolio and operational excellence to achieve a 5.7 % growth in revenue from operations of ₹ 772.76 million (previous year ₹ 730.90 million) and an outstanding profit before tax of ₹ 151.18 million (previous year ₹ 107.03 million). Going ahead, I am certain that Team Stovec will carry on its legacy by creating new benchmarks in delivering quality products, operational excellence and cost efficiencies to further strengthen its market position.

I take this opportunity to welcome our new Managing Director, Shailesh Wani who brings with him rich experience of about 25 years in Sales, Marketing and Operations Management and wish him all the success. I am sure our company will grow and touch new peaks of success under his leadership.

The Board joins me in expressing our deep appreciation to the stakeholders: employees, management team & all our partners for their support & co-operation and understanding.

With Warm Regards,

K. M. Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the FORTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED will be held on Tuesday, the 13th day of May, 2014 at 11 a.m. at the registered office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended December 31, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditor's thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Marco Wadia, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. K.M. Thanawalla, who retires by rotation and being eligible offer himself for re-appointment.
5. To re-appoint auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. Appointment of Mr. Shailesh Wani as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT Mr. Shailesh Wani who was appointed by the Board of Directors as an Additional Director w.e.f. October 1, 2013 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby elected and appointed as a Director of the Company and shall not be liable to retire by rotation."

7. Appointment of Mr. Shailesh Wani as a Managing Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and Ministry of Corporate Affairs (MCA) General Circular No. 46/2011 dated: 14th July, 2011 and all other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 and all amendments or re-enactments thereof, the Company hereby approves, the appointment of and the remuneration payable to Mr. Shailesh Wani as a Managing Director of the Company for a period of 3 (three) years with effect from October 1, 2013; upon the terms and conditions including those relating to remuneration as set out in the agreement executed with the Managing Director, with liberty to the Board of Directors or a Committee thereof to alter and/or vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani and subject to such statutory approvals as may be necessary."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, in accordance with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 or any amendment or re-enactment made hereafter."

"RESOLVED FURTHER THAT the said remuneration as contained in the agreement executed with Managing Director, shall be payable to Mr. Shailesh Wani as and by way of minimum remuneration and irrespective of, whether the Company has inadequate or no profit in any financial year."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary and expedient to give effect to this resolution."

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority letter, as applicable, issued by the member organization. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of Board Resolution authorizing their representative(s) to attend and vote in their behalf at the Meeting.
3. Pursuant to Sections 205A (5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund established by the Central Government. The Company during the year has transferred a sum of ₹ 129,092/- being unclaimed dividend amount for the financial year 2005-06 to the Investor Education and Protection Fund of the Central Government. Share holders who have not claimed their dividend for the financial year 2006-07 are requested to claim their unclaimed dividend before August 10, 2014. The Company shall thereafter as mentioned above process to transfer the unclaimed dividend amount to the Investor Education and Protection Fund and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred.
4. Register of Members and Share Transfer Book shall remain closed from May 7, 2014 to May 13, 2014 (both days inclusive). If the dividend on equity shares, as recommended by the Board of Directors is declared at the Annual General Meeting, payment of such dividend will be paid on or after May 14, 2014 as under
 - i. To all Members in respect of shares held in physical form, after giving effect to valid transfer in respect of transfer request lodged with the Registrar and Transfer Agent on or before the close of business hours on May 6, 2014.
 - ii. To all Beneficial Owners in respect of shares held in electronic form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of business hours on May 6, 2014.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
6. **To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the National Electronic Clearing System (NECS).** NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to submit their Bank Particulars in the ECS Mandate form, the format of which is annexed at the end of this Annual Report, to the Company's Registrar and Transfer Agent and Members holding shares in Dematerialized form and wish to avail this facility are requested to submit Bank particulars to their Depository Participant, so that future dividend can be directly credited to their bank account. **Members are requested to avail NECS facility as it is quick and much convenient way of getting dividend directly in your bank account.**
7. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their Depository Participant. However, members holding shares in physical mode are required to notify any change pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to Registrar and Share Transfer Agent i.e. **M/s. Link Intime India Private Limited** (Formerly known as Intime Spectrum Registry Limited), Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad – 380 009.

8. Pursuant to clause 49 of the listing agreement, the particulars of Directors seeking appointment/re-appointment at the meeting are annexed.
9. As per Securities and Exchange Board of India (SEBI) Circular, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents.
10. Electronic copy of Annual Report for the financial year 2013 is being sent to all the members whose e-mail address is registered with the Company/Depository Participant(s). Members who have not registered their e-mail address are encouraged to participate in this green initiative by registering their e-mail id for e-communication. Members holding shares in dematerialized form are requested to register/update their e-mail id for e-communication with the Depository Participants, while Members holding shares in physical form are requested to register their e-mail id by sending a request on ahmedabad@linkintime.co.in or secretarial@stovec.com.
Even after registering for e-communication, member(s) are entitled to receive communication(s) including Annual Report in physical form, free of cost, on receipt of written request for the same. Members may also note that the Annual Report for the year 2013 will also be available on the website of the Company viz. www.stovec.com.
11. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 1.00 p.m. upto the date of the 40th Annual General Meeting of the company.
12. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
13. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the meeting.
14. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/investors are having their depository account. The ISIN No. for the Equity Shares of the Company is [INE755D01015](https://www.cmi.com/ine755d01015). In case of any query/difficulty in any matter relating thereto the same may be addressed to the Share Transfer Agents.
15. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B as prescribed is attached herewith.
16. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

Regd. Office:

N.I.D.C. Nr. Lambha Village,
Post: Narol,
Ahmedabad-382 405.
Gujarat, INDIA.

By **Order of the Board of Directors**

Date : February 25, 2014
Place : Mumbai

Varsha Adhikari
Company Secretary

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Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the company (Pursuant to Clause 49 of the listing agreement with the Stock Exchanges)

Name of Director	Mr. Marco Wadia	Mr. K.M. Thanawalla	Mr. Shailesh Wani
Date of Birth	30.01.1956	24.12.1942	02.02.1968
Date of Appointment	21.05.1999	28.01.2005	01.10.2013
Expertise in specific functional areas	Law	Marketing and General Management	Sales, Marketing and Operations Management
Qualifications	B.A. (Hons), L.L.B	He is a commerce graduate from the Bombay University. He is a fellow of The Institute of Chartered Secretaries & Administrators, London. He is also an Associate of The Textile Institute, U.K. and of The British Institute of Management.	He holds Bachelor's degree in Engineering and has done M.P.T. from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from The Institute of Cost Accountants of India.
Details of shares held in the company	2,150	Nil	Nil
List of companies in which outside directorship held as on 31.12.2013 (excluding Private Companies & Foreign Companies)	Zuari Agro Chemicals Ltd. Chambal Fertilizers & Chemicals Ltd. Gobind Sugar Mills Ltd. Johnson & Johnson Ltd. Jost's Engineering Co. Ltd. Paradeep Phosphates Ltd. Simon India Ltd. Zuari Global Ltd. Zuari Maroc Phosphates Ltd. Adventz Infraworld India Ltd.	Mandhana Industries Ltd. Varun Shipping Company Ltd. Varun Gas Infrastructure Ltd.	None
Chairman/Member of the *Committees of other companies as on 31.12.2013	Zuari Agro Chemicals Ltd. Chambal Fertilizers & Chemicals Ltd. Johnson & Johnson Ltd. Simon India Ltd. Zuari Global Ltd. Gobind Sugar Mills Ltd.	Mandhana Industries Ltd. Varun Shipping Company Ltd.	None

* The Committee includes the Audit Committee and the Investor Grievance Committee only.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned under item no. 6 & 7 of the accompanying Notice dated: February 25, 2014.

Item No. 6

The Board of Directors of the Company vide resolution passed by Circulation on September 10, 2013 has appointed Mr. Shailesh Wani as an Additional Director and subject to approval of Members also as a Managing Director of the Company w.e.f. October 1, 2013. Under Section 161 of the Companies Act, 2013, Mr. Shailesh Wani ceases to hold office at this Annual General Meeting but is eligible for appointment as Director. The notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. Shailesh Wani's appointment as a Director and the Members approval is sought for the said proposal vide Resolution at Item No. 6.

Mr. Shailesh Wani is not related to any Director of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Shailesh Wani, are interested in the Resolution.

Item No. 7

Mr. Shailesh Wani has been appointed as a Managing Director of the Company w.e.f. October 1, 2013 for a period of 3 (three) years subject to approval of Members in the General Meeting. Pursuant to Section 302 of the Companies Act, 1956, an abstract dated: September 26, 2013, of the terms of appointment of Mr. Shailesh Wani as a Managing Director together with Memorandum of Interest has been sent to the Members of the Company within stipulated time.

ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT AND REMUNERATION OF MR. SHAILESH WANI, MANAGING DIRECTOR OF THE COMPANY:

- i. Mr. Shailesh Wani has been appointed as a Managing Director at a gross remuneration of ₹ 70,05,276/- p.a. plus variable pay based on the targets achieved. He shall also be entitled to family health insurance of ₹ 5,50,000/-.
- ii. The appointment shall be for a period of 3 (three) years w.e.f. October 1, 2013.
- iii. Mr. Shailesh Wani is appointed as a Managing Director of the Company and as such he shall have substantial powers of Management of the Company. He shall perform duties and exercise such powers subject to the superintendence, control and direction of the Board of Directors of the Company.
- iv. The Company has entered into agreement with Mr. Shailesh Wani for his appointment as a Managing Director, which may be terminated by either party by giving other party six months' written notice.
- v. Mr. Shailesh Wani's appointment is by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283 (1) (l) of the Companies Act, 1956.

Statement containing information required to be given under Schedule XIII as required by Notification No. G.S.R. 36(E) dated 16th January 2002 issued by the Department of Company Affairs.

I. General Information:

- | | | | | | | | | | | | | | |
|--|--|------------------|---|------------------|-------------------|---|------------------|---------------|---|------|-----------|---|------------------|
| 1) Nature of Industry | Manufacturing of Nickel Perforated Rotary Screens, Machinery and Components for Textile printings, Anilox Rollers, Sugar Screens and Rotamesh Screens at its factory situated at N.I.D.C. Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat. | | | | | | | | | | | | |
| 2) Date of Commencement of commercial production | N.A. | | | | | | | | | | | | |
| 3) Financial Performance for the financial year ended 31.12.2013 | <table border="0"> <tr> <td>Turnover</td> <td>:</td> <td>₹ 768.60 Million</td> </tr> <tr> <td>Profit Before Tax</td> <td>:</td> <td>₹ 151.18 Million</td> </tr> <tr> <td>Current Ratio</td> <td>:</td> <td>3.27</td> </tr> <tr> <td>Net Worth</td> <td>:</td> <td>₹ 504.13 Million</td> </tr> </table> | Turnover | : | ₹ 768.60 Million | Profit Before Tax | : | ₹ 151.18 Million | Current Ratio | : | 3.27 | Net Worth | : | ₹ 504.13 Million |
| Turnover | : | ₹ 768.60 Million | | | | | | | | | | | |
| Profit Before Tax | : | ₹ 151.18 Million | | | | | | | | | | | |
| Current Ratio | : | 3.27 | | | | | | | | | | | |
| Net Worth | : | ₹ 504.13 Million | | | | | | | | | | | |
| 4) Export Performance | For the year ended 31.12.2013, the Company has achieved export turnover of FOB value of ₹ 81.41 Million. | | | | | | | | | | | | |
| 5) Foreign Investment or Collaboration | <ol style="list-style-type: none"> a) SPGPrints B.V., The Netherlands (Formerly known as Stork Prints B.V.) are the Promoters of the Company holding 71% of the equity share capital. b) The Plant was established in technical collaboration with the holding company as above. | | | | | | | | | | | | |

II. Information about the appointee:

1. Background details :

- Mr. Shailesh Wani has around 25 years of experience in Sales, Marketing and Operations Management.
- Mr. Shailesh Wani holds a Bachelor’s degree in Engineering and has done M.P.T. from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from The Institute of Cost Accountants of India.
- Prior to joining Stovec he was working with Thermax SPX Energy Technologies Ltd as a Chief Executive Officer.

2. Past Remuneration:

Remuneration of Mr. Shailesh Wani is as under:

For the period	Gross Remuneration* (₹)
01.01.2013 to 30.09.2013	4.88 Million

* The above remuneration is as received and includes provident fund, gratuity, leave encashment and variable pay. It also includes the above benefits received by him for the prior period at the time of leaving the services of his previous employer.

3. Recognition or Awards:

Mr. Shailesh Wani is a Gold Medalist from IIM, Bangalore in M.P.T.

4. Job Profile and his suitability:

As a Managing Director, Mr. Shailesh Wani is responsible for the day to day Management of the Company and assisted by Senior Executives of the Company. He is working under the superintendence and control of Board of Directors. Mr. Shailesh Wani has multi-functional experience in Sales, Marketing and Operations Management which will help the Company to further grow under his leadership in the years to come.

5. Remuneration proposed :

- As mentioned in the abstract of remuneration given in the preceding paras.

6. Comparative Remuneration, Profile with respect of industry:

- The remuneration is commensurate with the Industry Standards. Looking into the responsibilities of Mr. Shailesh Wani, the remuneration is appropriate.

7. Pecuniary Relationship:

- Mr. Shailesh Wani is not related to any Directors or Promoters of the Company.

III. Other Information:

1. Reason for inadequacy of Profits & steps taken or proposed to be taken for improvement and expected increase in productivity and profitability:

The profits of the Company are in line with the current industrial scenario and are reasonable, but since the remuneration to Mr. Shailesh Wani, as mentioned here above do not fulfill the terms of the provisions of Sections 198, 269, 309 of the Companies Act, 1956 read with Schedule XIII of the said Act and other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 and are exceeding the limits prescribed there under, the Company is seeking approval of Members of the Company by way of Special Resolution.

IV. Disclosures:

(1) Remuneration Package:

The Remuneration package of Mr. Shailesh Wani has been disclosed above.

Mr. Shailesh Wani is not related to any Director of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Shailesh Wani, are interested in the Resolution.

Members approval is sought for the said proposal vide Resolution at Item No. 7.

The above may also be regarded as abstract under Section 302 of the Companies Act, 1956.

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the Fortieth Annual Report and the Audited Statement of Accounts of the Company for the year ended December 31, 2013.

1. FINANCIAL RESULTS:

Particulars	Current Year 31.12.2013 Amt. (in ₹)	Previous Year 31.12.2012 Amt. (in ₹)
Revenue from Operations	772,756,206	730,889,688
Other Income	<u>34,654,265</u>	<u>31,153,794</u>
(a) Total Income:	807,410,471	762,043,482
(b) Total Expenditure:	<u>641,266,011</u>	<u>639,587,000</u>
Gross Profit before Depreciation and Amortisation expenses	166,144,460	122,456,482
Less: Depreciation & Amortisation expenses	<u>14,960,354</u>	<u>15,428,555</u>
Operational Profit/Profit Before Tax	151,184,106	107,027,927
Less: Current Tax	48,457,357	31,774,445
Deferred tax	147,255	1,842,880
Excess provision of income tax of earlier years (Net)	(3,235,948)	45,368,664
	<u>45,368,664</u>	<u>(582,352)</u>
Profit After Tax	105,815,442	73,992,954
Add: Profit brought forward from previous year	195,477,645	154,951,414
Profit available for appropriation	301,293,087	228,944,368
Dividend on equity shares	31,320,240	22,341,771
Tax on Dividend	5,322,875	3,624,952
Amount transferred to General Reserves	11,000,000	75,00,000
Short Provision on earlier year's Dividend	172,033	-
Profit carried forward to Balance Sheet	253,477,939	195,477,645

2. DIVIDEND:

Considering the Company's financial performance, the Directors have recommended payment of Dividend of ₹ 15/- per share (150 %) for the financial year ended on December 31, 2013.

3. PERFORMANCE OVERVIEW:

During the year under review, your Company has achieved revenue from operations of ₹ 772.76 Million (Previous year ₹ 730.90 Million). The volatility in exchange rate and liquidity issues has impacted growth in revenues. Your Company has achieved Profit before tax of ₹ 151.18 Million (Previous year ₹ 107.03 Million).

Export turnover stood at ₹ 81.41 Million; marking a growth of about 98 % in comparison to prior year.

4. AUDITORS REPORT:

The observations made in the Auditor's Report are self explanatory and therefore need not require any comments under section 217(3) of the Companies Act, 1956.

5. FIXED DEPOSITS:

For the year ending December 31, 2013, the Company has not accepted any deposits from the public falling within the purview of Section 58A & 58AA of the Companies Act, 1956 and rules made there under.

6. CORPORATE GOVERNANCE:

A separate report on Corporate Governance Compliance and a Management Discussion and Analysis Report as stipulated by Clause 49 of the listing agreement forms part of the Annual Report along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement.

7. DIRECTORS:

Pursuant to Section 255 and 256 of the Companies Act, 1956, Mr. Marco Wadia and Mr. K.M. Thanawalla, retires by rotation in the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. During the year under review, Mr. Girish Deshpande has resigned as a Whole time Director and Alternate Director to Mr. Joost Smits, a Director of the Company, w.e.f. October 1, 2013. The Board of Directors has appointed Mr. Shailesh Wani as an Additional Director on the Board and also as a Managing Director of the Company w.e.f. October 1, 2013, subject to the approval of Members in the General Meeting.

The Board placed on record their appreciation for the contribution made during this period by Mr. Girish Deshpande.

8. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of sub-section 2AA of Section 217 of the Companies Act, 1956, your directors confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) the accounting policies selected has been applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the Profit or Loss of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the annual accounts has been prepared on a going concern basis.

9. AUDITORS:

The Company's Statutory Auditors, M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E) retires at the forthcoming Annual General Meeting and has shown their willingness to continue as Statutory Auditors of the Company. The Board recommends re-appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company from the conclusion of the 40th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

Members are requested to re-appoint M/s. Price Waterhouse, Chartered Accountants and authorize the Board of Directors to fix their remuneration.

10. COST RECORDS AND COST AUDITORS:

As per the Cost Order dated: November 6, 2012, issued by Cost Audit Branch, Ministry of Corporate Affairs, the Company required to get its cost records audited from financial year 2013 onwards and therefore the Company has appointed M/s. Dalwadi and Associates, Cost Accountants (Firm Registration No.000338) as its Cost Auditors to audit the cost records of the Company for the financial year 2013 and Cost Audit Report for the financial year ended December 31, 2013 will be filed with the Central Government within the prescribed time. M/s. Dalwadi and Associates, Cost Accountants has shown their willingness for re-appointment as Cost Auditor of the Company and Board of Directors at its meeting held on February 25, 2014 have re-appointed them as Cost Auditor to audit the cost records of the company for the financial year 2014.

11. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.:

The particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as **Annexure I** and forms part of this Annual Report.

12. PARTICULARS OF EMPLOYEES:

The particulars prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being

sent to all the members of the Company, excluding the Statement of Particular of Employees to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

13. ACKNOWLEDGEMENT:

We wish to place on record our gratitude for the contributions, co-operation and confidence reposed in the Board of Directors by SPGPrints B.V. and other shareholders, our valued employees and customers, our bankers, suppliers and other stakeholders.

For and on behalf of Board of Directors

Place : Mumbai

K.M.Thanawalla

Date : February 25, 2014

Chairman

Annexure - I

Annexure to the Director's Report

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended December 31, 2013.

(I) Conservation of energy:

a) Energy conservation is an on-going process. The following steps are taken by the Company in this direction:

1. Installed energy data acquisition system for better monitoring and control over electricity consumption.
2. Maintaining power factor of 0.99 on a continuous basis.
3. Efficient maintenance of hot water generator.
4. Better utilization of production equipments.
5. Bath efficiency being maintained at higher levels by keeping its operating voltage at optimal levels.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy and other raw materials:

The Company has made the following additional investments in last year:

- i. Equipments and instruments related to Energy Data acquisition system with online monitoring
- ii. Metering system for Open Access

The company is having following proposals for reducing energy consumption and cost in current year:

- i. To install energy efficient lights (LED/Solar) in production area as well as in Factory Premises.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

1. The above measures has and will further help in reducing power consumption along with overall cost of production.

(II) Environment Health & Safety:

- 1) Sale of ETP sludge to the authorized recycling processor instead of dumping at GPCB designated site.
- 2) Continuous training program.

(III) Technology Absorption:

The efforts made in technology absorption are mentioned below in Form-B:

Form – B

Form for disclosure of particulars with respect to absorption**RESEARCH AND DEVELOPMENT (R & D):****1. Specific areas in which (R&D) carried out by the Company**

The company has been carrying out in-house Research & Development activities in the area of product development, process development, production process development, energy conservation and cost reduction.

2. Benefits derived as a result of the above R & D

Customers' satisfaction and new business opportunities because of cost, quality and latest technology. Based on the innovations, improvements and efforts of In-House R&D, the Company is able to expand its market and achieve a steady growth in revenue year by year.

3. Future plan of action

- a. Development of new products
- b. Reduction of product cost
- c. Undertake the R&D innovation in other diverse segments.
- d. Improvement in existing processes and up-gradation of products

4. Details of R & D Expenditure

1. Capital Expenditure	1,842,250
2. Recurring Expenditure	6,985,301
3. Total Expenditure	8,827,551
4. Total Turnover	768,600,705
5. Total R&D Expenditure as a percentage of the total Turnover.	1.15%

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION**(a) Efforts, in brief, made towards technology, absorption, adaptation and innovation:**

- The Company continues to perform R&D activities to improve quality of products and to reduce production cost to serve its Customer better.

(b) Benefits derived as a result of the above efforts e.g. product improvement, cost réduction, Product Development, import substitution etc.:

- Development of new products
- Reduction of product cost
- Product and Process improvement

(c) Details of Technology imported (during the last 5 years)

- i. Technology imported :
 - The Company imported technology for manufacturing of Sugar Screens.
- ii. Has technology been fully absorbed?
 - The above technology has been fully absorbed.
- iii. If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action: **N.A.**

FOREIGN EXCHANGE EARNINGS AND OUTGO**1. Activities relating to exports:**

The company is concentrating on continuous quality and product improvement.

2. Total foreign exchange used and earned:

Particulars	Amount (in ₹)
Earnings in foreign exchange on account of Goods and Services exported, Commission etc.	85,995,935
Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc.	275,019,264

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Stovec firmly believes that Corporate Governance is about upholding the highest standard of ethics, integrity, transparency and accountability in conducting affairs of the Company, so as to disseminate transparent information to all stakeholders. Stovec always seek to ensure that it attains performance goals with integrity. Corporate Governance has indeed been an integral part of the way Stovec have done business. This emanates from our strong belief that strong governance is essential in creating value on a sustainable basis. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

2. BOARD OF DIRECTORS

The composition of the Board with reference to the number of Executive and Non-Executive directors meets the requirement of Code of Corporate Governance. The Company has an optimum combination of Non-Executive Directors.

The Board Comprises of Seven Directors which includes Non-Executive & Independent Chairman, Executive Director, Three Non-Executive Directors & Two other Non-Executive & Independent Directors.

Name of Director	Executive / Non Executive / Independent	No. of Outside Directorship	No. of outside Committee position held	
			Member	Chairman
Mr. K.M. Thanawalla	Non- Executive & Independent (Chairman)	3	1	2
CA Girish C. Sharedalal	Non-Executive & Independent	1	-	1
Mr. Marco Wadia	Non-Executive & Independent	10	6	3
Mr. Dirk Wim Joustra	Non-Executive	-	-	-
Mr. Aschwin Hollander	Non-Executive	-	-	-
Mr. Joost Smits	Non-Executive	-	-	-
Mr. Ashish Kaul (ceased to be Managing Director and Director w.e.f. March 1,2013)	Executive (Managing Director)	-	-	-
Mr. Girish M. Deshpande (ceased to be Alternate Director to Mr. Joost Smits and also as a Whole time Director w.e.f. October 1, 2013)	Executive (Whole time Director)	-	-	-
Mr. Shailesh Wani (Appointed as an Additional Director on the Board and Managing Director of the Company w.e.f October 1, 2013)	Executive (Managing Director)	-	-	-

The Board met 5 times during the year i.e. February 27, 2013; May 6, 2013; June 11, 2013, August 13, 2013 and October 29, 2013.

The following table gives the attendance record of the Directors at the Board as well as Annual General Meeting.

DETAILS ABOUT THE BOARD MEETING

DIRECTORS	No of Board Meetings held	No of Meeting attended	Attendance at the AGM
Mr. K.M. Thanawalla	05	05	Yes
CA. Girish C. Sharedalal	05	05	Yes
Mr. Marco Wadia	05	05	Yes
Mr. Dirk Wim Joustra	05	00	No
Mr. Aschwin Hollander	05	03	Yes
Mr. Joost Smits	05	00	No
Mr. Ashish Kaul	05	01	No
Mr. Girish Deshpande	05	03	Yes
Mr. Shailesh Wani	05	01	No

Notes:

1. None of the Directors are related to any other director.
2. None of the Directors holds Directorship in more than 15 Public Limited Companies nor is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are a Director.
3. Outside directorship does not include Alternate Directorship, Directorship of Private Ltd. Companies, Section 25 Company and of Companies incorporated outside India. The Number of outside committee position held includes Audit Committee and Shareholders/Investors Grievance Committee only.

Shareholding of Non-Executive Director

The shareholding of Non-Executive Directors in the Company as on December 31, 2013 are as follows:

Directors	No. of Shares held	% of total shares of the Company
Mr. K.M. Thanawalla	Nil	Nil
CA. Girish C. Sharedalal	24	0.0011
Mr. Marco Wadia	2150	0.1029
Mr. Dirk Wim Joustra	Nil	Nil
Mr. Aschwin Hollander	Nil	Nil
Mr. Joost Smits	Nil	Nil

Appointment / Re-appointment of Directors:

In pursuance to Section 255 and 256 of the companies act, 1956, Mr. Marco Wadia and Mr. K.M. Thanawalla retires by rotation in the forthcoming annual general meeting of the company and being eligible offer themselves for re-appointment. During the year under review, Mr. Girish Deshpande has resigned as a Whole time Director and also as an Alternate Director to Mr. Joost Smits, a Director of the Company, w.e.f October 1, 2013. The Board of Directors has appointed Mr. Shailesh Wani as an Additional Director on the Board and also as a Managing Director of the Company w.e.f. October 1, 2013, subject to the approval of Members in the General Meeting.

3. COMMITTEES OF THE BOARD

The Committees of the Board are constituted as per the code of Corporate Governance. The roles and the responsibilities of each of the committees are well defined. The Board has constituted the following Committees:

3.1 AUDIT COMMITTEE:

The terms of reference of Audit Committee are as per the guidelines as set out in the listing agreement with the stock exchanges and includes such other functions as may be assigned to it by the Board from time to time.

The composition of the Audit Committee and details of meetings attended by the Members of the Audit Committee during the financial year 2013 are given below:

Directors	Position held in Committee	Independent/ Executive / Non-Executive Director	No. of Committee Meetings held	No. of Meetings attended
Mr. K.M. Thanawalla	Chairman	Independent Non-Executive Director	04	04
Mr. Marco Wadia	Member	Independent Non-Executive Director	04	04
CA. Girish C. Sharedalal	Member	Independent Non-Executive Director	04	04
Mr. Ashish Kaul (ceased to be Member w.e.f. March 1, 2013)	Member	Executive Director	04	01
Mr. Girish Deshpande (Appointed as a Member w.e.f. March 1, 2013 and ceased to be Member w.e.f. October 1, 2013)	Member	Executive Director	04	02
Mr. Shailesh Wani (Appointed as a Member w.e.f. October 1, 2013)	Member	Executive Director	04	01

The Committee met 4 times during the year i.e. February 27, 2013; May 6, 2013; August 13, 2013 and October 29, 2013.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders queries.

3.2 REMUNERATION COMMITTEE:

The Remuneration Committee comprises of the following members:

Directors	Position held in Committee	Independent/Executive / Non-Executive Director
CA. Girish C. Sharedalal	Chairman	Independent Non-Executive Director
Mr. Marco Wadia	Member	Independent Non-Executive Director
Mr. K.M. Thanawalla	Member	Independent Non-Executive Director

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Directors, retirement benefits to be paid to them and deal with matters pertaining to Employees' Stock Option Scheme.

During the year under report, the meeting of the Remuneration Committee was held on February 27, 2013 and all the members of committee were present.

The Directors' remuneration and sitting fees paid/payable in respect of the financial year 2013 are given below:-

(A) Non-Executive Directors:

The Company pays ₹ 18,000/- as sitting fees to all the Directors except the Managing Director/Whole time Director, for each board meeting attended.

- i. The details of the sitting fees paid for the year 2013 to the Non-Executive Directors and Foreign Directors are as follows:

Directors	Amount of sitting fees paid for attending Board Meeting (in ₹)
Mr. K.M. Thanawalla	90,000
CA. Girish C. Sharedalal	90,000
Mr. Marco Wadia	90,000
Mr. Dirk Wim Joustra	Nil
Mr. Aschwin Hollander	54,000
Mr. Joost Smits	Nil

The Company pays ₹ 9,000/- as sitting fees to all the Members of Audit Committee except the Managing Director/Whole time Director, for each Audit Committee Meeting attended.

- ii. The details of the sitting fees paid for the year 2013 to the Members for each Audit Committee Meeting attended are as follows:

Directors	Amount of sitting fees paid for attending Audit Committee Meeting (in ₹)
Mr. K. M. Thanawalla	36,000
CA. Girish C. Sharedalal	36,000
Mr. Marco Wadia	36,000

Besides above, the Company does not pay any other commission or remuneration to its Non-Executive Directors and Foreign Directors.

(B) Executive Director Remuneration:

The details of remuneration to Executive Director are as follows:

(in ₹)

Executive Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and Other Funds	Total
Mr. Ashish Kaul	1,374,842	111,306	84,050	1,570,198*
Mr. Girish M. Deshpande	1,787,903	126,644	63,836	1,978,383*
Mr. Shailesh Wani	2,193,135	154,446	113,468	2,461,049*

* Includes variable pay on provisional basis.

(C) Remuneration Policy:

The Remuneration of the Managing Director/Executive Director's is recommended by the Remuneration Committee based on factors such as industry benchmarks, the company's performance vis-à-vis the industry, performance/track record of the Managing Director/Executive Director and also based on certain factors like inflation rate in the country and performance of the executive. Remuneration comprises of fixed Component viz. salary, perquisites and allowances and a variable component based on the targets achieved.

(D) Service Contract and Notice Period of the Managing Director/Executive Director:

Mr. Shailesh Wani's contract as a Managing Director is for a period of 3 years commencing from October 1, 2013 to September 30, 2016, terminable by six months' notice by either side.

3.3 INVESTOR GRIEVANCE COMMITTEE:

The composition of the committee is as under:

Directors	Position held in Committee	Independent/Executive / Non-Executive Director
Mr. K.M. Thanawalla	Chairman	Independent Non-Executive Director
CA Girish C. Sharedalal	Member	Independent Non-Executive Director
Mr. Ashish Kaul (Ceased to be Member w.e.f. March 1, 2013)	Member	Executive Director
Mr. Girish M. Deshpande (Appointed as Member w.e.f. March 1, 2013 and Ceased to be Member w.e.f. October 1, 2013)	Member	Executive Director
Mr. Shailesh Wani (Appointed as a Member w.e.f. October 1, 2013)	Member	Executive Director

During the year under report the committee met on February 27, 2013 and all the members were present at the meeting.

Compliance Officer:

Ms. Varsha Adhikari, Company Secretary, who is the Compliance Officer, can be contacted at:-

Stovec Industries Limited

N.I.D.C., Nr. Lambha Village, Post: Narol,
Ahmedabad, Gujarat – 382 405, India.
Tel : +91 79 3041 2300
Fax: +91 79 2571 0406
Email: secretarial@stovec.com

Complaints or queries relating to the shares can be forwarded to the Company’s Registrar and Transfer Agents ‘M/s Link Intime India Private Limited’ at ahmedabad@linkintime.co.in. The Compliance officer has been regularly interacting with the Share Transfer Agents to ensure that the complaints of the investors are attended to without undue delay and where deemed expedient the complaints are referred to the committee or discussed at the meetings.

The status on the total number of complaints received during the financial year 2013 is as follows:-

Complaints received	Pending as on 31.12.2013
5	NIL

All the complaints received by the Company have generally been disposed off within 21 days of the receipt of the same.

4. CODE OF CONDUCT:

4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

The Company has adopted a code of conduct for Prevention of Insider Trading in the Shares pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

4.2 CODE OF BUSINESS CONDUCT AND ETHICS:

The Company has in place, a code of business conduct and ethics for its Board Members and the Senior Management. The Board and the Senior Management affirm compliance with the code annually.

5. GENERAL BODY MEETINGS’ DISCLOSURES:

Location and time of General Meetings in the past 3 financial years:

Year	Type	Location	Date	Time
2012	Annual	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405	June 11, 2013	11.00 am
2011	General		May 2, 2012	2.00 pm
2010	Meeting		May 11, 2011	3.15 pm

The following are the Special Resolutions passed at General Meetings held in the past 3 financial years:

Date of Meeting	Summary
June 11, 2013	1. Change in place of keeping of Registers and Returns 2. Approval of terms of re-appointment of Mr. Ashish Kaul as the Managing Director of the Company.
May 2, 2012	Nil
May 11, 2011	Nil

6. DISCLOSURE:

6.1 Besides the transactions mentioned elsewhere in the Annual Report, there were no other materially significant related party transactions that may have potential conflict with the interests of the Company at large.

6.2 The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the company.

40TH ANNUAL REPORT 2013

6.3 Pursuant to the provisions of sub – clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and the Vice President - Finance have issued a certificate to the Board for the financial year ended December 31, 2013.

7. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:

The Board has set up the remuneration committee comprising of three Independent Non-Executive Directors, to determine the company's policy on specific remuneration packages for executive directors.

8. RISK MANAGEMENT:

The Company has in place a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks. This Policy has been adopted by the Audit Committee as well as the Board of Directors of the Company. The Audit Committee reviews the risk management and mitigation plan from time to time.

9. MEANS OF COMMUNICATION:

The Company has published quarterly, half yearly as well as annual results in the following News Papers:

Type of Result	Date on which Published	Daily News Paper (English)	Daily News Paper (Gujarati)
Quarterly of March 31, 2013	May 7, 2013	Business Standard	Loksatta Jansatta
Quarterly of June 30, 2013	August 14, 2013	Business Standard	Loksatta Jansatta
Quarterly of September 30, 2013	October 30, 2013	Business Standard	Loksatta Jansatta
Annual as on December 31, 2013	February 26, 2014	Business Standard	Loksatta Jansatta

The quarterly and annual financial results of the company are also updated on the company's website viz. www.stovec.com.

The Annual Report, Quarterly Results, Quarterly Corporate Governance Report and Shareholding Pattern of the Company are filed with the Stock Exchanges within the prescribed time.

10. GENERAL INFORMATION FOR MEMBERS:

10.1 Annual General Meeting:

Date and Time	13 th day of May, 2014 at 11 A.M.
Venue	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad-382405.

10.2 Financial Calendar:

Financial Year	Ending December 31, 2013
Date of Book Closure	May 7, 2014 to May 13, 2014 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval by the Shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

10.3 Listing:

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The company has paid annual listing fees to both the stock exchanges in respect of the year 2013-2014.

10.4 The following are the listing details of the Company's Shares:

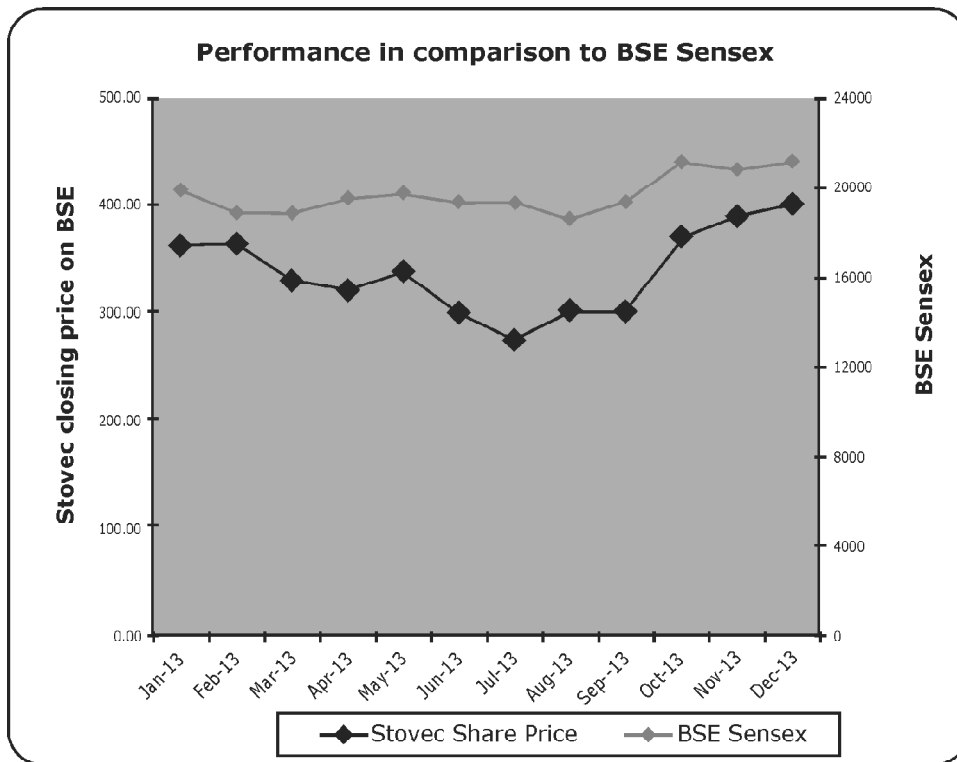
Type of Shares	ISIN No.	Stock Code	
		BSE	ASE
Ordinary Share	INE755D01015	504959	57410

10.5 Market Information:

Market price data - monthly high/low and trading volumes on BSE depicting liquidity of the Company's Shares on the said exchange is given hereunder:-

Month	Bombay Stock Exchange Limited		
	High (₹)	Low (₹)	No. of Shares
Jan-13	396.50	350.60	5828
Feb-13	424.00	345.00	4677
Mar-13	375.00	315.00	22263
Apr-13	390.00	305.05	2039
May-13	366.00	311.10	1344
Jun-13	339.90	291.50	2231
Jul-13	300.05	270.05	1204
Aug-13	334.00	265.15	1703
Sep-13	306.00	293.00	1133
Oct-13	370.25	300.00	12551
Nov-13	406.00	360.20	3048
Dec-13	417.00	376.50	6755

Performance in comparison to broad-based indices such as BSE Sensex:



*source: www.bseindia.com

10.6 Registrar and Transfer Agents:-

For transfer lodgement, delivery and correspondence related to Shares, Members are requested to do correspondence with the Company's Registrar and Share Transfer Agents – M/s Link Intime India Private Limited quoting their folio no. at the following address:-

M/s Link Intime India Private Limited, Unit No. 303, 3rd Floor, Shoppers Plaza - V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad – 380 009.

Tel: +91(0) 79 – 2646 5179 Fax: +91(0) 79 – 2646 5179

10.7 Share Transfer System:

Shares lodged for transfer at the Registrar’s address are processed in due time, if the documents are clear in all respects. Subsequent to SEBI Circular No. CIR/MIRSD/8/2012 dated: July 5, 2012, issued by SEBI, the Board has issued Power of Attorney to Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., to approve transfer of shares.

10.8 Reconciliation of Share Capital Audit & Certificate pursuant to Clause 47 (c) of the listing agreement:

A qualified Practicing Company Secretary carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificate on half-yearly basis have been issued by a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

10.9 Report on Corporate Governance:

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance. A Certificate from the Practicing Company Secretary on Corporate Governance is attached as annexure to the Report.

10.10 Shareholding Pattern of Shares of the Company:

Category	As on 31.12.2013		As on 31.12.2012		% Variance 13 v/s 12
	No. of Shares	%	No. of Shares	%	
Promoters & Promoter Group	1,482,493	71.00	1,482,493	71.00	-
Mutual Funds/UTI	200	0.01	200	0.01	-
Financial Institutions/Banks	2,051	0.10	2,051	0.10	-
Trusts	0.00	0.00	318	0.02	(0.02)
Bodies Corporate	49,549	2.37	53,963	2.58	(0.21)
NRIs (Repatriable)	5,178	0.25	5,263	0.25	-
NRIs (Non-Repatriable)	8,514	0.41	8,316	0.40	0.01
Clearing Members	1,480	0.07	475	0.02	0.05
Directors & their Relatives	5,888	0.28	5,888	0.28	-
Individuals/HUF	532,663	25.51	529,049	25.34	0.17
Total	2,088,016	100.00	2,088,016	100.00	-

10.11 Distribution of Shareholding as on December 31, 2013:

Range of Shares	Number of Shareholders	% Age of Total	Number of Shares	% Age of Total
1 - 500	6,141	97.60	3,24,423	15.54
501 - 1000	76	1.21	55,115	2.64
1001 - 2000	43	0.68	62,444	2.99
2001 - 3000	11	0.17	27,376	1.31
3001 - 4000	8	0.13	30,102	1.44
4001 - 5000	1	0.02	4,700	0.23
5001 - 10000	9	0.14	62,553	2.99
10001 or more	3	0.05	15,21,303	72.86
TOTAL	6,292	100	2,088,016	100.00

10.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2013:

Name of Shareholder	No. of Shares held	% age of Share Capital
SPGPrints B.V. (Formerly Stork Prints B.V.)	14,82,493	71.00
Amit Shantilal Motla	27,609	1.32

10.13 Dematerialization of Shares & Liquidity:

As at December 31, 2013, shares comprising 92.72 % of the Company's Equity Share Capital have been dematerialized.

ISIN No.:- INE755D01015

10.14 Plant Location & Address for Correspondence:**Stovec Industries Limited**

N.I.D.C., Nr. Lambha Village,

Post: Narol, Ahmedabad, Gujarat - 382 405, India.

Tel : +91 79- 3041 2300

Facsimile No : +91 79- 2571 0406

Website : www.stovec.com,

E-mail : secretarial@stovec.com

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT:

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended December 31, 2013.

For, Stovec Industries Limited

Shailesh Wani
Managing Director

CIN NO :- L45200GJ1973PLC050790

Nominal Capital :- 3,00,00,000/-

Paid-up Capital :- 2,08,80,160/-

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Stovec Industries Ltd.
N.I.D.C. Nr. Lambha Village,
Post: Narol, Ahmedabad.

I have examined all relevant records of **Stovec Industries Limited** for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the accounting year ended on 31st December 2013. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with;

- a) all the mandatory conditions of the said clause 49 of the listing agreement;
- b) the following non-mandatory requirements of the said Clause 49;
 - i) The Company has set up Remuneration Committee to determine remuneration package of executive director.

Sandip Sheth
Practising Company Secretaries

Date : February 24, 2014
Place : Ahmedabad

FCS No. : 5467
COP No. : 4354

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT:

Stovec is a part of SPGPrints Group, The Netherland (Formerly known as Stork Group) and is a Market leader in Rotary Screens and Printing Machines. Stovec essentially operates in three customer segments viz. Textile Printing, Graphics Printing and Sugar Filtration.

The textile industry is highly fragmented sector and comprises of small scale, non-integrated spinning, weaving and apparel making enterprises. The large part of Stovec's product portfolio goes into textile industry which accounts for around 4% of GDP, 14% of industrial production, 17 % of country's total export earnings and is country's 2nd largest industry in terms of employment generation. During the year, performance of the textile industry has been moderate.

Indian Graphic Industry and more specifically Label Printing Industry is developing strongly and is growing by about 8 %. Entry of International Brands will play a key role in pouring the demand driven by a need for high quality label printing.

Stovec is in Sugar Screen business for some years now. Decontrol of Sugar Industry and abolition of curbs on open market sale is a significant development in the Sugar Industry and will help Sugar Mills to reduce inventory carrying cost and might help improve their liquidity position. This move is positive for Sugar Mills in long run.

COMPANY PERFORMANCE:

During the year under review, your Company has achieved revenue from operations of ₹ 772.76 Million (Previous year ₹ 730.90 Million); a growth of about 5 % in comparison to prior year, in spite of liquidity issues and fluctuations in exchange rates. The Company has achieved Profit before Tax of ₹ 151.18 Million (Previous year ₹ 107.03 Million).

The Company also did well in Exports and achieved a revenue of ₹ 81.41 Million; recording a growth of about 98 % in comparison to prior year.

SEGMENT-WISE PERFORMANCE:

The segment wise sales performance of the company is as under:

(Amount in Millions)

Particulars	Current Year	Previous Year
Textile Consumables & Textile Machinery	667.36	622.69
Graphic Products	47.80	50.81
Galvanic	53.43	55.70

During the year, despite of tough business conditions, your Company was able to maintain revenue performance and achieved a growth of about 5 % in comparison to prior year.

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

The Company participated and made its presence felt in various trade shows and exhibitions such as Textile Expo-2013 held in Surat, ITMACH-2014 – International Textile Machinery Exhibition held in Bhiwandi, Maharashtra, LMAI (Label Manufacturers Association of India) Conference held in Goa and STAI (Sugar Technologists Association of India) Exhibition held in Lucknow.

The Company will continue to participate in trade shows & exhibitions to enhance its presence and visibility in the market.

OUTLOOK & OPPORTUNITIES:

The Indian economy has grown moderately in last few years and in 2014 also it is expected to grow in the same line by about 5.0 to 5.5 %. The global economy seems to be recovering and is expected to grow about 3.7 %. The European continent which was confronted with slow down for quite a long time is expected to grow by about 1 % this year, which might positively affect our exports. The process houses troubled by environmental issues remain to be a concern. With increasing labour cost, exchange rate fluctuations and volatile commodity prices, the overall demand outlook in India for the textile industry for financial year 2014 is expected to remain moderate.

Government decision to abolish curbs on open market sale of sugar by Sugar Mills and dismantling of rules requiring Sugar Mills to sell sugar at below market price through public distribution system is a positive step for the industry and might positively impact our sugar screen business in the long run. The Company during the year also foresees improvement in Sugar Screen business performance. The Government of India had extended Textile Upgradation Fund Scheme (TUFS) till 2013-14 and continuation of this scheme might positively impact company's business. With economic scenario in the US is showing signs of revival, demand for textiles exports might grow during this year, which is a positive sign for export possibilities for the Company. Need of Textile Industry for quality printing coupled with Government supported Program like TUF will play a significant role in increasing the demand.

RISKS AND CONCERNS:

Economic forecast suggests that the Indian economy could grow about 5.0 % to 5.5 % in 2014-15; which is much lower compared to last few years and any downturn of the economy further may have an adverse effect on overall Company's business. The volatility in cotton and nickel may impact the Company's performance. The fluctuations in exchange rate, liquidity issues and rising power and labour cost will be a key challenge for the industry. The overall economic climate and in particular the health of textile processing industry which remains confronted by environment related issues, may have impact on the Company's business plans. The Company continues to take suitable steps to minimize these risks and their impact on Company's overall performance.

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures and systems are in place.

HUMAN RESOURCE MANAGEMENT:

The Company has focused on creating performance based culture within the organization and employees training and development is an important focus area for the company. The Company intends to attract, retain and develop talent and to become a preferred employer.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations includes, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

INDEPENDENT AUDITORS' REPORT

To the Members of Stovec Industries Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Stovec Industries Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 of India (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

40TH ANNUAL REPORT 2013

8. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane
Partner
Membership Number : 033220

Place : Mumbai
Date : February 25, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Stovec Industries Limited on the financial statements as of and for the year ended December 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clause 4(iii) (b),(c) and (d) of the said Order are not applicable to the Company.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under section 301 of the Act.
(b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of ₹ Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Stovec Industries Limited on the financial statements as of and for the year ended December 31, 2013

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and excise duty as at December 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (₹)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Tax Liability Including Interest	5,430,806	Assessment year 2007 - 2008	Commissioner of Income Tax (Appeals)
		3,696,034	Assessment Year 2009 - 2010	
The Gujarat Sales Tax Act, 1969	Tax Including Interest and Penalty	23,649,472	2005 - 2006	Sales Tax Tribunal
Service Tax The Finance Act, 1994	Tax Including Interest and Penalty	444,777	2003 - 2004	Custom, Excise and service Tax appellate Tribunal
The Central Excise Act, 1944	Tax Including Interest and Penalty	4,138,118	2002 - 2007	Custom, Excise and service Tax appellate Tribunal

*Net of payments made

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that there are no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Stovec Industries Limited on the financial statements as of and for the year ended December 31, 2013

- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number : 033220

Place : Mumbai
Date : February 25, 2014

BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	20,880,160	20,880,160
Reserves and surplus	4	483,246,972	414,246,678
		504,127,132	435,126,838
Non-current liabilities			
Deferred tax liabilities (Net)	5	8,144,893	7,997,638
Other long-term liabilities	6	1,146,277	1,111,398
Long-term provisions	7	23,957,489	21,238,974
		33,248,659	30,348,010
Current liabilities			
Trade payables	8	78,257,064	91,081,482
Other current liabilities	9	50,272,415	37,498,538
Short-term provisions	10	42,002,224	36,343,597
		170,531,703	164,923,617
		707,907,494	630,398,465
<u>ASSETS</u>			
Non-current assets			
Fixed Assets			
Tangible assets	11	125,648,434	132,029,859
Intangible assets	11	1,100,635	620,282
Capital work-in-progress		4,630,337	1,402,745
		131,379,406	134,052,886
Non-current investments	12	3,000	19,880,616
Long-term loans and advances	13	16,494,211	20,527,698
Other non-current assets	14	1,878,525	2,579,480
		149,755,142	177,040,680
Current assets			
Current investments	15	29,368,400	-
Inventories	16	108,757,148	101,592,553
Trade receivables	17	133,061,022	124,067,255
Cash and Bank Balances	18	265,716,124	210,949,599
Short-term loans and advances	19	11,146,989	9,107,922
Other current assets	20	10,102,669	7,640,456
		558,152,352	453,357,785
		707,907,494	630,398,465
Statement of significant accounting policies 2			

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane
Partner
Membership Number: 033220

Place : Mumbai
Date : February 25, 2014

For and on behalf of the Board of Directors

K. M. Thanawalla Chairman

Shailesh Wani Managing Director

Varsha Adhikari Company Secretary

Place : Mumbai
Date : February 25, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
<u>INCOME</u>			
Revenue from sale of products and services	21	772,756,206	730,889,688
Other Income	22	34,654,265	31,153,794
		807,410,471	762,043,482
<u>EXPENDITURE</u>			
Cost of materials consumed	23	372,640,540	371,867,947
Purchases of Stock-in-trade	24	70,091,861	56,086,083
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	25	(10,498,343)	12,167,603
Employee Benefits Expense	26	87,201,501	86,722,186
Finance Cost	27	757,818	1,000,387
Depreciation and amortisation Expense		14,960,354	15,428,555
Other Expense	28	121,072,634	111,742,794
Total expenses		656,226,365	655,015,555
Profit Before Tax		151,184,106	107,027,927
<u>Tax Expenses</u>			
- Current Tax		48,457,357	31,774,445
- Excess provision of income tax of earlier years (Net)		(3,235,948)	(582,352)
- Deferred Tax		147,255	1,842,880
		45,368,664	33,034,973
Profit for the year		105,815,442	73,992,954
Earnings Per Share (Refer Note 32)			
Basic and Diluted Earnings Per Share (in ₹)		50.68	35.44
Nominal Value Per Equity Share (in ₹)		10.00	10.00
Statement of significant accounting policies	2		

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai
Date : February 25, 2014

For and on behalf of the Board of Directors**K. M. Thanawalla**

Chairman

Shailesh Wani

Managing Director

Varsha Adhikari

Company Secretary

Place : Mumbai
Date : February 25, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	151,184,106	107,027,927
<u>Adjustments for:</u>		
Depreciation / Amortisation	14,960,354	15,428,555
Finance Cost	757,818	1,000,387
Interest Income	(18,444,780)	(15,666,107)
Unrealised Foreign Exchange Loss	159,535	334,401
Loss / (Profit) on sale of assets	296,357	(120,078)
Provision for Doubtful Debts (Net)	336,986	(38,776)
Provision for Obsolescence of Inventory (Net)	1,992,603	(155,537)
Provision for Contingencies	1,976,219	2,314,907
Provision for Warranty (Net)	1,468,529	(967,438)
Liabilities no longer required written back	(1,823,111)	(10,000)
Operating Profit Before Working Capital Changes	152,864,616	109,148,241
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) / Decrease In Inventories	(9,157,198)	31,492,270
(Increase) / Decrease In Other non-current assets	700,955	(690,775)
(Increase) In Long term loans and advances	(671,658)	(607,332)
(Increase) In Trade receivables	(9,463,838)	(7,903,261)
(Increase) / Decrease In Short term Loans and Advances	(2,039,067)	9,599,423
(Decrease) In Trade and Other Payables	(4,416,939)	(6,013,755)
Cash Generated From Operations	127,816,871	135,024,811
Direct Taxes Refund / (Paid) (Net)	(40,516,264)	(32,500,682)
A. Net Cash From Operating Activities	87,300,607	102,524,129
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(13,375,451)	(27,712,006)
Proceeds from Sale of Fixed Assets	792,220	402,975
Purchase of Investments	(9,490,784)	(19,877,616)
Sale of Long Term Investments	-	5,005,075
Receipt / (Payment) of Bank Deposits with maturity more than 3 months but less than 12 months	14,110,269	(37,500,000)
Interest Income	15,982,567	13,401,912
B. Net Cash Generated / (Used In) Investing Activities	8,018,821	(66,279,660)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid	(22,341,771)	(14,302,910)
Dividend Tax Paid	(3,796,985)	(2,320,290)
Interest Expense	(757,818)	(1,000,387)
C. Net Cash (Used In) Financing Activities	(26,896,574)	(17,623,587)
Net Increase in cash and cash equivalents (A+B+C)	68,422,854	18,620,882
Cash and Cash Equivalents as at the beginning of the year	108,185,339	89,564,457
Cash and Cash Equivalents as at the end of the year	176,608,193	108,185,339

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Cash and Cash Equivalents :		
Cash on hand	130,518	125,750
Cheques on hand	1,832,681	2,022,707
Bank Balances :		
- In Current Accounts	29,544,994	41,036,882
- Short term deposits with maturity less than 3 months	145,100,000	65,000,000
	<u>176,608,193</u>	<u>108,185,339</u>

Note :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements" referred to in The Companies Accounting Standard Rules, 2006.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai

Date : February 25, 2014

For and on behalf of the Board of Directors

K. M. Thanawalla

Chairman

Shailesh Wani

Managing Director

Varsha Adhikari

Company Secretary

Place : Mumbai

Date : February 25, 2014

NOTES TO THE FINANCIAL STATEMENTS

1) General Information

Stovec Industries was incorporated in 1973, in Ahmedabad, Gujarat. The Company is listed on Bombay Stock Exchange and Ahmedabad Stock Exchange. The Company has three major Business segments : Textile Machinery and Consumables, Graphics Consumables and Galvanic. "Textile Machinery and Consumables" segment includes Perforated Rotary Screens, Laquer & Auxiliary Chemicals, Digital Ink, Rotary Screen Printing Machine, Engraving Equipment, Components and Spares. "Graphics Consumables" segment includes Anilox Rollers, Rotamesh screens and RotaPlate. "Galvanic" Segment includes Galvano Consumables.

2) Statement of significant accounting policies

a) Basis of preparation of financial statements

These Financial Statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards as notified under the Companies Act, 1956, of India (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Inventories

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

- i) Cost of raw materials, packing materials, stores, spares and tools are computed on a moving weighted average cost basis.
- ii) Cost of work-in-progress/ finished goods are determined on moving weighted average cost basis comprising material, labour and related factory overheads.

c) Revenue Recognition

Sale of Goods

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are recorded net of trade discount, rebates and sales tax / value added tax and inclusive of excise duty.

Sale of Services

Service income is recognised on completion of rendering of services and is recorded net of service tax. Cost incurred during the pendency of the contract is carried forward as job in progress at realisable amounts.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Fixed Assets and Depreciation / Amortisation

Tangible Assets

- i) Fixed assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.
- ii) Depreciation has been provided on a straight-line method (pro-rata from the date of additions) over the useful life of the assets as stated below. Depreciation has been provided at the rates stipulated in Schedule XIV to the Act, or at the rates determined based on the useful life of assets, as estimated by management, whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS

Description of the asset	Useful Life (Years)
Building	30
Plant and Machinery	9
Patterns/Tools/Mollet	3
Computers	4
Furniture and Fixtures	10
Office Equipments, Air Conditioners and Cooler etc.	3 to 6
Vehicles	5

Intangible Assets

Computer software is capitalised and amortised on a straight – line basis over its useful life, which is estimated as three years.

e) Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

f) Investments

Long term investments are stated at cost less diminution in value which is other than temporary.

g) Employee Benefits

i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided, based on an actuarial valuation carried out by an independent actuary as at the year-end.

ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund.

The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to Statement of Profit and Loss every year.

Defined Benefit Plans

The Company has Defined Benefit Plan comprising of Gratuity and Leave Encashment. The Company contributes to the Gratuity Fund which is recognised by the Income Tax Authorities and administered through its trustees.

Liability for Defined Benefit Plans is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary using the Projected Unit Credit Method.

iii) Termination benefits are recognised as an expense as and when incurred.

iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

h) Research and Development Expenses

Research and development expenses of revenue nature are charged to the Statement of Profit and Loss when incurred. Expenditure of capital nature is capitalised and depreciated in accordance with the rates specified in paragraph (d) above.

NOTES TO THE FINANCIAL STATEMENTS

i) Operating Leases

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

As a lessor:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

j) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

k) Warranty

A provision is recognised for expected warranty claims on products sold, based on past experience of level of repairs and returns. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about returns.

l) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

m) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

n) Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the year in which the results are known/materialised.

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
3) Share Capital		
Authorised:		
2,900,000 (December 31, 2012: 2,900,000)		
Equity Shares of ₹ 10/- each	29,000,000	29,000,000
10,000 (December 31, 2012: 10,000)		
Preference Shares of ₹ 100/- each	1,000,000	1,000,000
	<u>30,000,000</u>	<u>30,000,000</u>
Issued, Subscribed and Paid-up:		
2,088,016 (December 31, 2012: 2,088,016)		
Equity Shares of ₹ 10/- each fully paid-up	20,880,160	20,880,160
	<u>20,880,160</u>	<u>20,880,160</u>

a) Reconciliation of number of shares

Particulars	For the year ended December 31, 2013		For the year ended December 31, 2012	
	(No. of Shares)	(₹)	(No. of Shares)	(₹)
Balance at the beginning of the year	2,088,016	20,880,160	2,088,016	20,880,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	2,088,016	20,880,160	2,088,016	20,880,160

b) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Shares in the company held by its Holding Company and subsidiaries of Holding Company in aggregate

1,482,493 Equity shares are held by SPGPrints B.V. (Formerly known as Stork Prints B.V.) The Netherlands, the Holding Company.	14,824,930	14,824,930
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d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Number of shares	1,482,493	1,482,493
SPGPrints B.V. (Formerly known as Stork Prints B.V.) - The Netherlands, the Holding Company	71.00	71.00

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
4) Reserves and Surplus		
Capital Reserve	346,115	346,115
Capital Redemption Reserve	350,000	350,000
Securities Premium Account	79,618,502	79,618,502
General Reserve		
At the beginning of the year	138,454,416	130,954,416
Add: Transfer from Surplus in Statement of Profit and Loss	<u>11,000,000</u>	<u>7,500,000</u>
At the end of the year	149,454,416	138,454,416
Surplus in Statement of Profit and Loss		
At the beginning of the year	195,477,645	154,951,414
Add : Profit for the year	<u>105,815,442</u>	<u>73,992,954</u>
	301,293,087	228,944,368
Less : Appropriations		
Transfer to General Reserve	11,000,000	7,500,000
Proposed Dividend	31,320,240	22,341,771
Tax on Proposed Dividend	5,322,875	3,624,952
Short Provision on earlier year's Dividend	<u>172,033</u>	<u>-</u>
	47,815,148	33,466,723
At the end of the year	253,477,939	195,477,645
	<u>483,246,972</u>	<u>414,246,678</u>
5) Deferred Tax Liabilities (Net)		
Deferred tax liability		
(a) Depreciation	19,356,204	18,668,639
(b) Others	<u>130,862</u>	<u>-</u>
	19,487,066	18,668,639
Deferred tax assets		
(a) Provision for doubtful debts	426,357	297,642
(b) Provision for obsolete inventory	1,412,039	957,904
(d) Provision for contingency	6,099,624	5,519,080
(e) Others	<u>3,404,153</u>	<u>3,896,375</u>
	11,342,173	10,671,001
	<u>8,144,893</u>	<u>7,997,638</u>
6) Other Long-term Liabilities		
Security Deposits	<u>1,146,277</u>	<u>1,111,398</u>
	<u>1,146,277</u>	<u>1,111,398</u>
7) Long-term Provisions		
Provision for Contingencies (Refer Note 34)	22,063,454	20,595,264
Provision for Leave Encashment	<u>1,894,035</u>	<u>643,710</u>
	<u>23,957,489</u>	<u>21,238,974</u>

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
8) Trade Payables		
a) Micro, Small and Medium Enterprises (Refer Note below)	4,030,934	6,627,596
b) Others	74,226,130	84,453,886
	78,257,064	91,081,482

The information below in Trade Payables with respect to Micro, Small and Medium Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Total outstanding dues of Micro, Small and Medium Enterprises

	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
a) amounts remaining unpaid towards		
- Principal	3,163,496	5,280,708
- Interest	867,438	1,346,888
b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
- Principal	6,222,704	-
- Interest	943,625	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
- Total Interest Accrued	1,811,063	1,346,888
- Interest remaining unpaid	867,438	1,346,888
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	867,438	847,667

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
9) Other Current Liabilities		
Advances from Customers	17,729,086	7,160,061
Unpaid Dividend (See note below)	3,218,200	2,764,260
Employee Benefits Payable	18,109,116	16,413,214
Other Liabilities	500,000	1,000,000
Statutory dues (including Provident Fund and Tax deducted at Source)	10,716,013	10,161,003
Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
	50,272,415	37,498,538

10) Short-term Provisions

Employee Benefits (Refer Notes 2(g) and 26B)		
- Provision for Gratuity	-	949,580
- Provision for Leave Encashment	3,775,277	7,196,404
Provision for Warranty (Refer Notes 2(k) and 34)	1,583,832	2,230,890
Proposed Dividend	31,320,240	22,341,771
Tax on Proposed Dividend	5,322,875	3,624,952
	42,002,224	36,343,597

NOTES TO THE FINANCIAL STATEMENTS

(₹)

Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block		
	As at December 31, 2012	Additions during the year	Deletions during the year	As at December 31, 2013	Upto December 31, 2012	For the year	On Deletions	As at December 31, 2013	As at December 31, 2012
Tangible Assets									
Own Assets									
Land-Freehold	303,323	-	-	303,323	-	-	-	303,323	303,323
Buildings	33,195,526	-	-	33,195,526	8,863,458	893,494	-	23,438,574	24,332,068
Plant and Machinery	146,860,073	8,474,124	75,434	155,258,763	62,307,707	9,948,619	71,662	83,074,099	84,552,366
Computers	10,016,513	42,422	1,329,987	8,728,948	6,819,255	830,541	1,265,111	2,344,263	3,197,258
Furniture and Fixtures	12,744,571	61,450	-	12,806,021	6,338,251	1,211,365	-	5,256,405	6,406,320
Office Equipments, Air Conditioners and Cooler etc.	3,800,928	620,862	261,050	4,160,740	3,161,284	265,202	186,668	920,922	639,644
Vehicles	6,484,792	-	2,608,006	3,876,786	2,787,321	770,771	1,662,459	1,981,153	3,697,471
Assets given on Operating Lease									
Land-Freehold	165,737	-	-	165,737	-	-	-	165,737	165,737
Buildings	19,520,044	-	-	19,520,044	10,784,372	571,714	-	8,163,958	8,735,672
Sub-Total (A)	233,091,507	9,198,858	4,274,477	238,015,888	101,061,648	14,491,706	3,185,900	125,648,434	132,029,859
Previous Year	211,486,746	26,187,312	4,582,551	233,091,507	91,368,416	13,992,886	4,299,654	132,029,859	
Intangible Assets									
Technical/Commercial Know-how	25,105,036	-	-	25,105,036	25,105,036	-	-	25,105,036	-
Computer Software	6,849,511	949,001	-	7,798,512	6,229,229	468,648	-	1,100,635	620,282
Sub-Total (B)	31,954,547	949,001	-	32,903,548	31,334,265	468,648	-	1,100,635	620,282
Previous Year	31,539,297	415,250	-	31,954,547	29,898,596	1,435,669	-	620,282	
Total (A+B)	265,046,054	10,147,859	4,274,477	270,919,436	132,395,913	14,960,354	3,185,900	126,749,069	132,650,141
Previous Year	243,026,043	26,602,562	4,582,551	265,046,054	121,267,012	15,428,555	4,299,654	132,650,141	

Note: Freehold Land includes ₹ 10,000/- being face value of 100 shares of Gujarat Vepari Mahamadal Sahakari Audhyogik Vasahat Ltd.

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
12) Non-current Investments		
<u>(Long Term, Non Trade and Unquoted)</u>		
Investment in Equity Shares		
30 Shares of ₹ 100/- each fully paid-up of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
<u>(Long Term, Non Trade and Quoted)</u>		
Investment in Bonds *		
6.85% (Tax-Free) Nil (Previous Year 50) India Infrastructure Finance Company Ltd. (Series - 22 January 2014) of face value of ₹ 1,00,000	-	4,979,927
6.85% (Tax-Free) Nil (Previous Year 150) India Infrastructure Finance Company Ltd. (Series - 20 March 2014) of face value of ₹ 1,00,000	-	14,897,689
	3,000	19,880,616
13) Long-term Loans and Advances		
Advances Recoverable in Cash or in Kind or for Value to be Received	9,210,893	8,636,735
Sundry Deposits	4,803,904	4,706,404
Advance Tax and Tax Deducted at Source (Net of Provision)	2,479,414	7,184,559
	16,494,211	20,527,698
14) Other Non-current Assets		
Margin Money Deposit	1,878,525	2,579,480
	1,878,525	2,579,480
15) Current Investments		
<u>(Short Term, Non Trade and Unquoted)</u>		
Investment in Bonds *		
6.85% (Tax-Free) 50 (Previous Year Nil) India Infrastructure Finance Company Ltd. (Series - 22 January 2014) of face value of ₹ 1,00,000	4,979,927	-
6.85% (Tax-Free) 245 (Previous Year Nil) India Infrastructure Finance Company Ltd. (Series - 20 March 2014) of face value of ₹ 1,00,000	24,388,473	-
	29,368,400	-
*Aggregate Market value of Bonds as at December 31, 2013 is ₹ 29,969,900.		
16) Inventories		
(Refer Note 2 (b))		
Raw Materials	41,184,548	44,791,953
[Includes Goods-in-transit ₹ Nil (Previous Year ₹ 3,584,138)]		
Packing Material, Stores, Spares and Tools	4,919,664	4,978,644
Work-in-Process	30,676,135	27,531,066
Finished Goods	21,591,287	16,708,944
Stock-in-Trade	10,385,514	7,581,946
	108,757,148	101,592,553

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
17) Trade Receivables		
(Unsecured)		
Outstanding for a period exceeding Six Months from the date they are due for payment		
- Considered Good	151,259	1,857,819
- Considered Doubtful	<u>1,254,361</u>	<u>917,375</u>
	1,405,620	2,775,194
Others		
- Considered Good	<u>132,909,763</u>	<u>122,209,436</u>
	132,909,763	122,209,436
Less: Provision for Doubtful Debts	<u>1,254,361</u>	<u>917,375</u>
	<u>133,061,022</u>	<u>124,067,255</u>
18) Cash and Bank Balances		
A. Cash and Cash Equivalents :		
Cash on hand	130,518	125,750
Cheques on hand	1,832,681	2,022,707
Bank Balances :		
- In Current Accounts	29,544,994	41,036,882
- Short term deposits with maturity less than 3 months	<u>145,100,000</u>	<u>65,000,000</u>
	176,608,193	108,185,339
B. Other Bank Balances		
Long term deposits with maturity more than 3 months but less than 12 months	85,889,731	100,000,000
Unpaid Dividend Accounts	<u>3,218,200</u>	<u>2,764,260</u>
	89,107,931	102,764,260
	<u>265,716,124</u>	<u>210,949,599</u>
19) Short-term Loans and Advances		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	10,484,918	9,099,057
Balance with Central Excise and Customs Authorities	<u>662,071</u>	<u>8,865</u>
	<u>11,146,989</u>	<u>9,107,922</u>
20) Other Current Assets		
Interest Accrued but not Due		
- on Deposits	8,460,264	6,508,799
- on Investments	<u>1,642,405</u>	<u>1,131,657</u>
	<u>10,102,669</u>	<u>7,640,456</u>

NOTES TO THE FINANCIAL STATEMENTS

	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
21) Revenue from operations		
Sales and Services (Gross)	834,597,862	792,920,181
Less: Excise Duty	<u>65,997,157</u>	<u>63,721,479</u>
	768,600,705	729,198,702
Other Operating Income :		
Commission Income	<u>4,155,501</u>	<u>1,690,986</u>
	<u>772,756,206</u>	<u>730,889,688</u>
Details of Revenue from operations		
a) Sales of Goods Manufactured :		
Perforated Rotary Screens	367,314,288	332,695,101
Anilox Rollers for printing	25,369,740	28,255,038
Automatic Rotary Screen Printing Machines	151,382,911	164,007,337
Spareparts for Machine	43,431,459	30,948,071
Engraving Chemicals	15,633,912	14,421,961
Rotamesh screens for label printing	20,446,556	20,341,312
Sugar sieves	37,756,243	39,666,443
Other Manufacturing Scrap	28,878,029	32,560,875
b) Sales of Stock-in-Trade :		
Digital Ink	19,500,534	22,330,396
Perforated Rotary Screens	56,048,801	41,304,326
Others	1,087,396	1,260,368
c) Sale of Services	<u>1,750,836</u>	<u>1,407,474</u>
	<u>768,600,705</u>	<u>729,198,702</u>
22) Other income		
Interest on :		
- Long-term Investments	1,638,850	496,178
- Deposits	16,776,915	14,866,821
- Others	<u>29,015</u>	<u>303,108</u>
	18,444,780	15,666,107
Liabilities no longer required written back	1,823,111	10,000
Provision for Doubtful Debts written back (Net)	-	679,971
Bad Debts written off	-	<u>(641,195)</u>
	-	38,776
Provision for Warranty Expenses written back (Net) (Refer Note 34)	-	967,438
Provision for Obsolescence Inventory written back (Net)	-	155,537
Rent	11,605,260	12,103,836
Profit on Sale of Fixed Assets (Net)	-	120,078
Net Gain on Foreign Currency Transactions and Translation	-	101,907
Miscellaneous Income	<u>2,781,114</u>	<u>1,990,115</u>
	<u>34,654,265</u>	<u>31,153,794</u>

NOTES TO THE FINANCIAL STATEMENTS

	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
23) a) Cost of Materials Consumed		
Raw Materials and Components Consumed	360,895,983	360,897,847
Packing Materials Consumed	11,744,557	10,970,100
	372,640,540	371,867,947
(Cost of Materials Consumed is based on derived values)		
b) Details of Materials Consumed		
Nickel	187,994,125	188,268,158
Components and Hardware Items	149,011,451	139,343,622
Others	23,890,407	33,286,067
	360,895,983	360,897,847
c) Value of Imported and Indigenous Materials Consumed		
	in %	in %
Indigenous	38%	37%
Imported	62%	63%
Total	100%	100%
	360,895,983	360,897,847
24) Purchases of stock-in-trade		
Digital Ink	18,975,163	18,331,210
Perforated Rotary Screens	45,521,704	35,535,561
Others	5,594,994	2,219,312
	70,091,861	56,086,083
25) Changes in inventories of finished Goods, work-in-process and stock-in-Trade		
<u>Opening Stock</u>		
- Work-in-process	27,531,066	18,123,343
- Finished Goods	16,708,944	39,430,448
- Stock-in-trade	7,581,946	7,223,220
	51,821,956	64,777,011
<u>Closing Stock</u>		
- Work-in-process	30,676,135	27,531,066
- Finished Goods	21,591,287	16,708,944
- Stock-in-trade	10,385,514	7,581,946
	62,652,936	51,821,956
Decrease / (Increase) in Stock	(10,830,980)	12,955,055
Increase/(Decrease) in Excise Duty on Finished Goods	332,637	(787,452)
	(10,498,343)	12,167,603
26) A. Employee benefits expenses		
Salaries, Wages and Bonus	75,836,974	74,418,077
Contribution to Provident and Other Funds	2,229,516	2,190,943
Gratuity	929,775	1,198,978
Welfare Expenses	8,205,236	8,914,188
	87,201,501	86,722,186

NOTES TO THE FINANCIAL STATEMENTS**26) B. The Company has classified the various benefits provided to employees' as under:-****I. Defined Contribution Plans**

a. Provident Fund

b. State Defined Contribution Plans

1. Employers' Contribution to Employee's State Insurance.

2. Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Employers' Contribution to Provident Fund and Employee's Pension Scheme*	2,067,646	2,056,177
Employers' Contribution to Employee's State Insurance*	158,576	134,418

* Included in Contribution to Provident and Other Funds Note 26A

II. Defined Benefit Plans

Valuation in respect of gratuity has been carried out by an independent actuary, as at the balance sheet date, based on the following assumptions:-

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Discount Rate (per annum)	9.50%	8.25%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	8.70%	9.50%
Expected Weighted Average remaining working lives of employees (years)	20	20

a. Changes in the Present Value of Defined Benefit Obligation

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Present value of obligation at the beginning of the year	10,627,312	9,219,936
Interest Cost	876,753	765,894
Current Service Cost	553,168	631,365
Benefits Paid	(2,121,421)	(418,840)
Actuarial (gain) / loss on obligations	190,824	428,957
Present value of obligation at the end of the year	10,126,636	10,627,312

b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Fair value of Plan Assets at the beginning of the year	9,677,732	6,065,626
Expected Return on Plan Assets	919,385	707,599
Actuarial Gains and (Loss) on Plan Assets	(228,415)	138,937
Contributions	2,199,695	3,122,926
Benefits Paid	(2,056,759)	(357,356)
Fair value of Plan Assets at the end of the year	10,511,638	9,677,732

NOTES TO THE FINANCIAL STATEMENTS

c. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Present Value of funded obligation at the end of the year	10,126,636	10,627,312
Fair Value of Plan Assets at the end of the year	10,511,638	9,677,732
Funded Status	10,511,638	9,677,732
Present Value of unfunded Obligation at the end of the year	(385,002)	949,580
Unfunded Net Assets / (Liability) Recognised in Balance Sheet*	385,002	(949,580)

*Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

d. Amount recognised in the Balance Sheet

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Present Value of Obligation at the end of the year	(10,126,636)	(10,627,312)
Fair Value of Plan Assets at the end of the year	10,511,638	9,677,732
Assets / (Liability) recognised in the Balance Sheet**	385,002	(949,580)

**Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

e. Expenses recognised in the Statement of Profit and Loss

Particulars	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
Current Service Cost	553,168	631,365
Interest Cost	876,753	765,894
Expected Return on Plan Assets	(919,385)	(707,599)
Optra Premium and other taxes	-	219,298
Net actuarial (gain) / loss recognised in the Year	419,239	290,020
Total Expenses recognised in the Statement of Profit and Loss	929,775	1,198,978

f. Experience Adjustment

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010	For the year ended December 31, 2009
Defined Benefit Obligation	10,126,636	10,627,312	9,219,936	8,782,070	8,952,641
Plan Assets	10,511,638	9,677,732	6,065,626	4,641,722	4,433,912
(Surplus) / Deficit	(385,002)	949,580	3,154,310	4,140,348	4,518,729
Experience Adjustment on plan liabilities (gain)/ loss	783,814	290,716	(196,981)	(620,726)	(726,017)
Experience Adjustment on plan assets (gain)/ loss	228,415	(138,937)	(712,351)	92,210	268,825

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

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

NOTES TO THE FINANCIAL STATEMENTS

g. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :

Particulars	Year ended December 31, 2013	Year ended December 31, 2012
Cash Accumulation Scheme with Life Insurance Corporation of India	86%	64%
Sampoorn Suraksha by SBI Life Insurance	-	18%
Other approved Securities	14%	18%

III. The liability for leave encashment and compensated absences as at the year end is ₹ 5,669,312 (Previous Year ₹ 7,840,114).

	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
27) Finance cost		
Other Borrowing Cost	757,818	1,000,387
	757,818	1,000,387
28) Other expenses		
Consumption of Stores and Spares	7,479,089	5,497,946
Rates and Taxes	1,848,022	1,677,839
Power and Fuel	47,955,667	46,027,974
Repairs To :		
- Buildings	2,295,547	1,671,056
- Plant and Machinery	3,354,305	3,039,599
- Other Assets	1,967,066	1,886,184
	7,616,918	6,596,839
Erection and Commissioning charges	-	237,913
Insurance	1,661,656	1,833,009
Legal and Professional Fees	9,570,038	4,537,375
Auditors' Remuneration for :		
- Statutory Audit Fees	1,200,000	1,200,000
- Tax Audit Fees	250,000	250,000
- Others	75,000	-
- Out - of - Pocket Expenses	35,962	54,080
	1,560,962	1,504,080
Directors' Sitting Fees	450,000	414,000
Travelling and Conveyance	9,925,162	10,789,686
Vehicle Expenses	1,300,025	1,467,207
Printing and Stationery	755,505	691,110
Communication Expenses	5,405,279	4,370,966
Royalty	1,858,697	1,887,731
Provision for Doubtful Debts (Net)	336,986	-
Bad Debts written off	523,882	-
	860,868	-
Provision for Obsolescence of Inventory	1,992,603	-
Provision for Warranty (Net) (Refer Note 34)	1,468,529	-
Provision for Contingencies (Net) (Refer Note 34)	1,976,219	2,314,907
Net Loss on Foreign Currency Transactions and Translation	259,607	-
Loss on Sale of Fixed Assets (Net)	296,357	-
Commission / Service Charges to a Sole Selling Agent	-	1,267,642
Commission / Service Charges for other products	1,518,595	931,980
Freight and Forwarding	4,436,027	4,065,910
Sales Promotion Expenses	6,784,627	11,853,672
Miscellaneous Expenses	4,092,182	3,775,008
	121,072,634	111,742,794

NOTES TO THE FINANCIAL STATEMENTS**29) a) Contingent Liabilities not provided for in respect of :**

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Bills Discounted (Since realised)	-	6,715,925
Claims against the Company not acknowledged as debts	975,100	975,100
Disputed claims made by workers for re-instatement	937,515	2,357,544
Disputed Sales Tax liability including penalty	16,349,472	16,349,472
Disputed income tax liability including interest	11,470,831	11,563,330
Disputed excise and service tax liability including penalty	4,611,245	5,056,022
Guarantees given by the Company	1,878,525	2,579,480
Total	36,222,688	45,596,873

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2,063,920 (Previous Year ₹ 3,085,342).

30) a) C.I.F. value of imports

Particulars	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
Raw Materials	221,622,401	201,258,228
Components Stores and Spares	1,765,612	1,386,708
Capital Goods	719,153	5,877,879
Traded Goods	43,805,479	38,231,851

b) Expenditure in foreign currency and earnings in foreign Currency

Particulars	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
i) Expenditure in foreign currency		
Freight Expense	126,538	13,537
Erection and Commissioning charges	-	237,913
Sales Promotion Expenses	127,440	1,825,787
Communication Expenses	2,681,004	1,513,525
Travelling Expenses	125,770	137,145
Warranty Expenses	1,394,366	453,533
Royalty	1,858,697	1,887,731
Others	792,804	143,687
ii) Earnings in foreign currency		
Export of goods and services calculated on F.O.B. basis	81,410,152	41,106,165
Commission Income	4,155,501	1,690,986
Others	430,282	415,252

31) Dividend remitted in foreign currency

Particulars	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
Amount remitted (₹)	15,862,675	10,155,077
Dividend related to financial year December 31, 2012		December 31, 2011
Number of non-resident shareholders	1	1
Number of shares	1,482,493	1,482,493

NOTES TO THE FINANCIAL STATEMENTS

32) Earnings per share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

Particulars	Year ended December 31, 2013 (₹)	Year ended December 31, 2012 (₹)
Profit for the year	105,815,442	73,992,954
Weighted average number of shares outstanding during the year (Nos.)	2,088,016	2,088,016
Earnings Per Share (Basic and Diluted)	50.68	35.44
Nominal value of an equity share	10	10

33) Related party disclosure:

Related party disclosure as required by AS-18, "Related Party Disclosure", is given below:

I. Parties where control exists:

Related Party	Relationship
SPGPrints B.V. (Formerly known as Stork Prints B.V.) - The Netherlands	Holding Company
SPGPrints Group B.V. (Formerly known as Stork Prints Group B.V.) - The Netherlands	Ultimate Holding Company

II. Fellow Subsidiaries where common control exists and transactions have taken place:

- i) SPGPrints Printing Systems Wuxi Co Ltd.
(Formerly known as Stork Textile Systems Wuxi Co Ltd.)
- ii) SPGPrints Austria GMBH (Formerly known as Stork Print Austria GMBH)
- iii) Veco B.V. (Formerly known as Stork Veco B.V.)
- iv) SPGPrints Brasil Ltda. (Formerly known as Stork Print Brasil Ltda.)

III. Key Management Personnel:

Mr. Ashish Kaul	Managing Director(Upto February 28, 2013)
Mr. Girish M Deshpande	Wholetime Director(From March 1, 2013 to September 30,2013)
Mr. Shailesh Wani	Managing Director(w.e.f. October 1, 2013)

NOTES TO THE FINANCIAL STATEMENTS

(IV) Transactions with related parties

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Sale of Products								
SPGPrints B.V.	79,490,065	40,696,191	-	-	-	-	79,490,065	40,696,191
Veco B.V.	-	-	277,488	-	-	-	277,488	-
Sub - Total	79,490,065	40,696,191	277,488	-	-	-	79,767,553	40,696,191
Sale of Services								
SPGPrints Austria GMBH	-	-	428,645	465,109	-	-	428,645	465,109
Sub - Total	-	-	428,645	465,109	-	-	428,645	465,109
Purchase of Raw Material and Components								
SPGPrints B.V.	71,959,345	63,010,291	-	-	-	-	71,959,345	63,010,291
Veco B.V.	-	-	2,959,160	1,672,816	-	-	2,959,160	1,672,816
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	161,809	283,783	-	-	161,809	283,783
Sub - Total	71,959,345	63,010,291	3,120,969	1,956,599	-	-	75,080,314	64,966,890
Purchase of Services								
SPGPrints Austria GMBH	-	-	-	397,248	-	-	-	397,248
Sub - Total	-	-	-	397,248	-	-	-	397,248
Purchase of Fixed Assets								
SPGPrints B.V.	719,153	1,567,038	-	-	-	-	719,153	1,567,038
Veco B.V.	-	-	-	4,310,841	-	-	-	4,310,841
Sub - Total	719,153	1,567,038	-	4,310,841	-	-	719,153	5,877,879
Expenses Recovered from other companies								
SPGPrints B.V.	213,635	956,664	-	-	-	-	213,635	956,664
SPGPrints Austria GMBH	-	-	52,304	513,287	-	-	52,304	513,287
Sub - Total	213,635	956,664	52,304	513,287	-	-	265,939	1,469,951
Remuneration								
Mr. Ashish Kaul	-	-	-	-	1,570,198	10,681,878	1,570,198	10,681,878
Mr. Girish M Deshpande	-	-	-	-	1,978,383	-	1,978,383	-
Mr. Shailesh C Wani*	-	-	-	-	2,461,049	-	2,461,049	-
Sub - Total	-	-	-	-	6,009,630	10,681,878	6,009,630	10,681,878
Sales Promotion Expenses								
SPGPrints B.V.	127,440	2,125,560	-	-	-	-	127,440	2,125,560
Sub - Total	127,440	2,125,560	-	-	-	-	127,440	2,125,560
Communication Expenses								
SPGPrints B.V.	2,681,004	1,513,525	-	-	-	-	2,681,004	1,513,525
Sub - Total	2,681,004	1,513,525	-	-	-	-	2,681,004	1,513,525
Travelling and Other Expenses								
SPGPrints B.V.	138,444	37,054	-	-	-	-	138,444	37,054
SPGPrints Austria GMBH	-	-	175,455	4,137	-	-	175,455	4,137
Sub - Total	138,444	37,054	175,455	4,137	-	-	313,899	41,191
Royalty Expense								
Veco B.V.	-	-	1,858,697	1,887,731	-	-	1,858,697	1,887,731
Sub - Total	-	-	1,858,697	1,887,731	-	-	1,858,697	1,887,731
Dividend Paid								
SPGPrints B.V.	15,862,675	10,155,077	-	-	-	-	15,862,675	10,155,077
Sub - Total	15,862,675	10,155,077	-	-	-	-	15,862,675	10,155,077
Commission Received								
SPGPrints B.V.	563,424	1,371,067	-	-	-	-	563,424	1,371,067
SPGPrints Austria GMBH	-	-	3,592,077	319,919	-	-	3,592,077	319,919
Sub - Total	563,424	1,371,067	3,592,077	319,919	-	-	4,155,501	1,690,986
Balance payable at the year-end								
SPGPrints B.V.	4,573,911	8,627,979	-	-	-	-	4,573,911	8,627,979
Veco B.V.	-	-	2,355,901	1,505,957	-	-	2,355,901	1,505,957
Sub - Total	4,573,911	8,627,979	2,355,901	1,505,957	-	-	6,929,812	10,133,936
Balance receivable at the year-end								
SPGPrints B.V.	4,455,900	6,097,442	-	-	-	-	4,455,900	6,097,442
Veco B.V.	-	-	279,981	-	-	-	279,981	-
SPGPrints Austria GMBH	-	-	49,561	540,946	-	-	49,561	540,946
Sub - Total	4,455,900	6,097,442	329,542	540,946	-	-	4,785,442	6,638,388

*Remuneration is subject to approval in ensuing Annual General Meeting (AGM).

NOTES TO THE FINANCIAL STATEMENTS**34) Provision for Warranty and Contingency**

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by end of next financial year. Assumptions used to calculate the provision for warranties were based on sales level and information available about returns.

Provision for contingencies represents estimate made for probable liabilities arising out of pending disputes / litigations with various tax authorities. The timing of the outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under relevant laws and hence the company is not able to reasonably ascertain the timing of the outflow.

Particulars	For the year ended December 31, 2013 (₹)		For the year ended December 31, 2012 (₹)	
	Warranty	Contingency	Warranty	Contingency
Opening Balance	2,230,890	20,595,264	3,198,328	18,280,357
Additions during the Year	2,225,983	2,159,777	1,748,919	4,717,308
Provision written back during the Year	757,454	183,558	2,356,656	2,402,401
Provision utilised during the Year	2,115,587	508,029	359,701	-
Closing Balance	1,583,832	22,063,454	2,230,890	20,595,264

35) Research and Development Expenses:

Particulars	For the year ended December 31, 2013 (₹)	For the year ended December 31, 2012 (₹)
Capital Expenditure	1,842,250	1,482,845
Revenue Expenditure	6,985,301	9,323,332
Total	8,827,551	10,806,177

36) Particulars of Unhedge Foreign Currency Exposures:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (₹)
Trade Receivables	EURO	56,062	4,785,442
	USD	(91,878)	(6,639,111)
Short-term Loans and Advances	USD	-	-
		(62)	(3,396)
	EURO	1,391	118,777
	USD	(1,643)	(116,493)
	USD	-	-
		(585)	(32,046)
	CHF	-	-
		(2,100)	(118,293)
Trade Payables	EURO	65,110	5,557,664
	USD	(145,299)	(10,498,681)
		-	-
		(13,428)	(735,597)
Other Current Liabilities	USD	-	-
		(790)	(43,276)

Note: Figures in brackets represent figures for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

37) Segment Reporting

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2013					For the year ended December 31, 2012				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue										
External	667,362,984	47,803,854	53,433,867	-	768,600,705	622,691,762	50,810,473	55,696,467	-	729,198,702
Total Revenue	667,362,984	47,803,854	53,433,867	-	768,600,705	622,691,762	50,810,473	55,696,467	-	729,198,702
Results										
Segment result	149,800,894	15,652,140	(8,659,661)	-	156,793,373	105,534,063	16,839,601	(11,918,977)	-	110,454,687
Interest Income net of expense	(152,410)	(3,000)	(8,660)	17,851,032	17,686,962	155,701	-	(4,030)	14,514,049	14,665,720
Unallocated Expenditure net of unallocated income	-	-	-	(23,296,229)	(23,296,229)	-	-	-	(18,092,480)	(18,092,480)
Profit before tax	149,648,484	15,649,140	(8,668,321)	(5,445,197)	151,184,106	105,689,764	16,839,601	(11,923,007)	(3,578,431)	107,027,927
Other Information										
Segment Assets	247,564,399	26,348,684	83,021,922	350,972,489	707,907,494	259,425,165	24,380,116	76,961,066	269,632,118	630,398,465
Segment Liabilities	105,475,217	2,197,096	5,574,121	90,533,928	203,780,362	102,068,989	2,817,081	4,631,334	85,754,223	195,271,627
Capital Expenditure	10,525,559	2,097,348	8,280	744,264	13,375,451	6,660,339	1,529,108	13,497,002	6,025,557	27,712,006
Depreciation	6,724,185	891,719	4,296,194	3,048,256	14,960,354	6,631,579	710,069	3,307,714	4,779,193	15,428,555

NOTES TO THE FINANCIAL STATEMENTS**b) Information of Geographical Segments:**

Particulars	For the year ended December 31, 2013 (₹)			For the year ended December 31, 2012 (₹)		
	India	Outside India	Total	India	Outside India	Total
Revenue from external customers	687,190,553	81,410,152	768,600,705	688,092,537	41,106,165	729,198,702
Carrying amount of Segment Assets	703,122,052	4,785,442	707,907,494	623,755,958	6,642,507	630,398,465
Addition to Fixed Assets during the Year	13,375,451	-	13,375,451	27,712,006	-	27,712,006

c) Other Disclosure

- 1 Segment have been identified in line with the Accounting Standard -17 "Segment Reporting" taking into account the organisation structure as well as the differing risks and returns.
- 2 Company has disclosed business segment as the primary segment.
- 3 Composition of business Segment:

Name of Segment	Comprises
Textile Consumables and Textile Machinery	Perforated Rotary Screens, Laquer & Auxiliary Chemicals, Rotary Screen Printing Machine, Engraving Equipment, Components and Spares
Graphics Product	Anilox Rollers, Rotamesh screens and RotaPlate
Galvanic	Galvano consumables

38) The Company has given Land and Building on operating lease. This lease arrangement is for a period of 7 years and it is non-cancellable. This lease is renewable for the further period on mutually agreeable terms:

The future minimum lease payments to be received are as follows:

Particulars	As at December 31, 2013 (₹)	As at December 31, 2012 (₹)
Not later than one year	11,605,260	11,605,260
Later than one year and not later than five years	40,618,410	46,421,040
Later than five years	-	5,802,630

39) The tax year for the Company being the year ending March 31, the provision for taxation for the year is arrived at on the basis of year ending on December 31, the ultimate tax liability of which will be determined on the basis of the taxable income for the year April 1, 2013 to March 31, 2014.

40) Previous year figures have been reclassified to conform to this year's classification.

Signatures to Notes 1 to 40 forming part of the Balance Sheet and Statement of Profit and Loss.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai
Date : February 25, 2014

For and on behalf of the Board of Directors

K. M. Thanawalla Chairman
Shailesh Wani Managing Director
Varsha Adhikari Company Secretary

Place : Mumbai
Date : February 25, 2014

STOVEC INDUSTRIES LIMITED**ATTENDANCE SLIP**

(To be presented at the entrance)
40th Annual General Meeting on Tuesday 13th May, 2014 at 11.00 a.m.

at the Registered Office
of the Company at, N.I.D.C. Near Lambha Village, Post Narol, Ahmedabad - 382 405, Gujarat.

Folio No. : DP ID No. Client A/c No.
Name of the Shareholder :
Signature of the Shareholder :
(only shareholders/proxies are allowed to attend the meeting.)

STOVEC INDUSTRIES LIMITED**PROXY FORM**

I/We.....of.....being a member(s) of **Stovec Industries Limited** hereby appoint.....of.....in the district of..... as my/ our proxy to attend and vote for me/us and on my/our behalf at the 40th Annual General Meeting of Stovec Industries Limited to be held on Tuesday 13th May, 2014 at 11.00 a.m. and at any adjournment thereof.

Folio No. : DP ID No. Client A/c No.



Signed this.....day of.....2014 (Signature across Revenue Stamp)

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

I/We..... do hereby authorise **Stovec Industries Limited** to :

- Print the following details on my/our dividend warrant.
- Credit my dividend amount directly to my Bank account by ECS.
(Strike out whichever is not applicable)

My/our Folio No. DP ID No. : Client A/c No.

Particulars of Bank Account :

- A. Bank Name
- B. Branch Name, Address (for Mandate only)
- C. 9 DIGIT Code number of the Bank & Branch as appearing on the MICR cheque
- D. Account Type (Saving/Current)
- E. Account No. as appearing on the cheque book
- F. STD Code & Telephone No.

I/We shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

Mail to :

Link Intime India Pvt. Ltd.
Unit No. 303, 3rd Floor, Shoppers Plaza - V, Opp. Municipal Market,
Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad - 380 009.

.....
(Signature of the Shareholder)

Please attach the copy of a cheque or a blank cancelled cheque issues by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars/ECS mandate.

**FORM 2B
NOMINATION FORM**

(To be filled in by individual applying singly or jointly)

I/We, the holder(s) of Shares/Debentures/Deposit Receipt bearing Folio Number..... of M/s..... wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and / or amount payable in respect of Shares / Debentures / Deposit Receipt shall vest in the event of my / our death.

Name and Address of Nominee :

Name :

Address :

.....

.....

*Date of Birth :

(*To be furnished in case the nominee is minor)

Signature of Nominee :

**The nominee is a minor whose Guardian is

Name and Address of Guardian :

.....

(** To be deleted if not applicable)

Date :

Signature :

Name :

Address :

.....

Date :

Signature :

Name :

Address :

.....

.....

Signature of Two Witnesses :

.....

Name and Address

Signature with Date

1.

2.

.....

Instructions :

1. The Nomination can be made only by Individuals applying/holding shares/debentures/deposits on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of attorney cannot nominate. If the securities are held jointly, all joint holders will sign the Nomination Form. Space is provided as a specimen, if there are more joint holders, more sheet can be added for signatures of holders of shares/debentures/deposits and witness.
2. A minor can be nominated by holder(s) of shares / debentures / deposits and in that event the name and address of the Guardian shall be given by the holder(s).
3. The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination shall stand rescinded upon transfer of shares.
5. Transfer of shares / debentures in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by a Company against the legal heir.
6. The intimation regarding Nomination / Nomination Form shall be filed in duplicate with the Registrar and Share Transfer Agents of the Company who will return one copy thereof to the shareholder(s).

Stovec has continued to maintain its technology and market leadership position in Rotary Screen Printing Industry. Stovec offers complete programmes for **PentaScreen®**, **Standard Screen**, **NovaScreen®**, **Random Screens**, **Endrings**, **Digital Ink lacquers and chemicals**, that enables highest quality results in Textile Printing. It also offers a wide range of additional products for conventional and digital engraving methods. It is also a preferred supplier to packaging and Graphic printing industry with its products Anilox rollers, Rotamesh and Rotaplate.

Our Modern Manufacturing and R&D facility in Ahmedabad, India ensures high quality standards. State of art effluent treatment Plant ensures a zero effluent discharge and environment friendly processes.

Stovec Industries Ltd is a subsidiary of **SPGPrints B.V.**, (Formerly Stork Prints B.V.) the Netherlands. SPGPrints is a global leader in Textile and Graphic Printing Market.







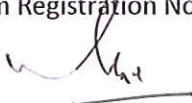





STOVEC[®]
INDUSTRIES LIMITED

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Gujarat, INDIA • Email : admin@stovec.com

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company	Stovec Industries Limited
2.	Annual Financial Statements for the year ended	December 31, 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of observation	--
5.	To be signed by:	
	Managing Director	<p>For, Stovec Industries Limited</p>  <p>Shailesh Wani Managing Director</p> 
	Vice President – Finance	<p>For, Stovec Industries Limited.</p>  <p>Girish M. Deshpande Vice President - Finance</p> 
	Auditor	<p>For, Price Waterhouse, Chartered Accounts Firm Registration No. 301112E</p>  <p>Vilas Rane Partner</p> 
	Audit Committee Chairman	<p>For and on behalf of Audit Committee</p>  <p>K.M. Thanawalla Chairman – Audit Committee</p> 

Date: February 25, 2014

Place: Mumbai