

To,
The Corporate Relations Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Stovec Industries Ltd.

Regd. Office and Factory :

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

CIN : L45200GJ1973PLC050790

Telephone : +91 79 61572300

+91 79 25710407 to 410

Fax : +91 79 25710406

E-mail : admin@stovec.com

Reference : Scrip Code- 504959
Date : April 11, 2022
Subject : Notice convening 48th Annual General Meeting & Annual Report 2021

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed full Annual Report of the Company for the financial year ended December 31, 2021, including Notice of convening the 48th Annual General Meeting scheduled to be held on Friday, May 6, 2022 at 2.00 p.m. via video conferencing/other audio visual means (VC/OAVM).

The full Annual Report is also available on the website of the Company at www.stovec.com

Kindly take the same on your record.

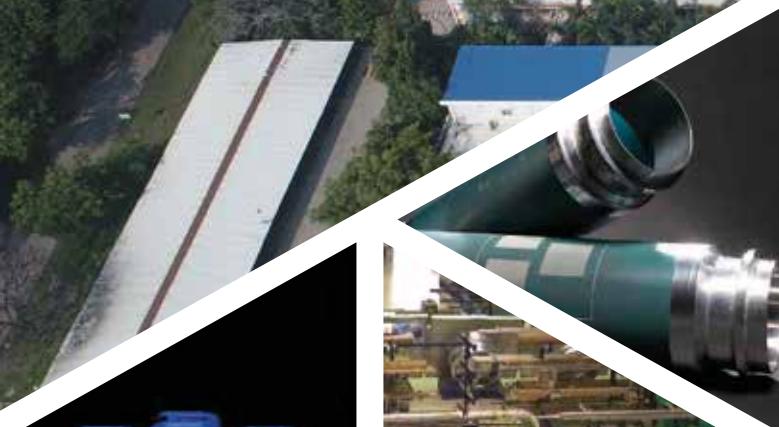
Thanking you,

Yours sincerely,
For Stovec Industries Limited,

Sanjeev Singh Sengar
Company Secretary & Compliance Officer

Encl: As above





Across the Pages

Investor Information

CIN

L45200GJ1973PLC050790

BSE Code

STOVACQ

Bloomberg Code

STOV:IN

Dividend Declared

₹ 57 per share (570%)


AGM Date

May 6, 2022 at 02:00 PM

AGM Venue

Through VC/OAVM



For more investor related information please visit 

<https://www.spgpriints.com/spgpriints-group/companies-agents/stovec-industries-ltd>

1

01-07 Corporate Overview

- 01 Creating Value for Our Stakeholders
- 02 Financial Snapshot
- 03 Pegasus EVO Universal Repeat – New Feature Development
- 04 Chairman's Message
- 06 Corporate Social Responsibility
- 07 Corporate Information

2

08-57 Statutory Reports

- 08 Management Discussion and Analysis
- 17 Notice
- 28 Boards' Report
- 34 Corporate Governance

3

58-108 Financial Statements

- 66 Balance Sheet
- 67 Profit & Loss Statement

Disclaimer

This document contains statements about expected future events and financials of Stovec Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



STOVEC

Creating Value for the Stakeholders

INCORPORATED IN 1973, STOVEC INDUSTRIES LIMITED ('THE COMPANY' OR 'STOVEC') HAS SINCE FOREVER BEEN DETERMINED TO DELIVER THE BEST-IN-CLASS PRODUCTS TO ITS CUSTOMERS. OVER A FOUR-DECADE LONG EXPOSURE IN THE TEXTILE INDUSTRY WITH EXCELLENCE IN ENGINEERING AND INNOVATION, STOVEC HAS BECOME ONE OF THE KEY INTERNATIONAL PLAYERS IN THE INDUSTRY.

The Company has come into a technical collaboration in 1974 with SPGPrints Group which was established in 1947 and has its headquarters in Boxmeer, Netherlands. In 1953, SPGPrints entered the textile business. The Group has evolved into a pioneer in offering integrated solutions for rotary screen printing in the textile industry throughout the years.

Stovec works relentlessly towards creating long-term value for our stakeholders. The Company provides holistic textile printing solutions that fulfil the needs and expectations of the customers. We offer our employees a fair and inclusive working environment, alongside contribution to their well-being through relevant training and livelihood programs. Backed by a robust financial performance, the Company is able to deliver better returns to the associated investors.

₹ **2,333.61** Mn

Total Revenue
(as on December 31, 2021)

₹ **4,651.99** Mn

Market Capitalisation
(as on December 31, 2021)

25.64%

Return on Capital Employed

₹ **141.96**

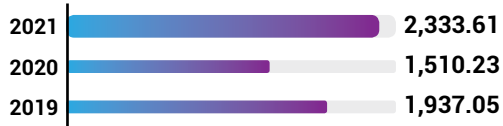
Earnings Per Share

FINANCIAL SNAPSHOT

Revenue from Operations

(Net of Taxes)

(₹ in Mn)



EBIDTA

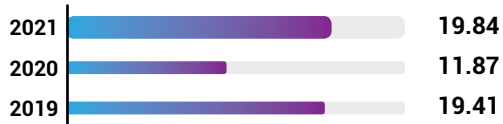
(Before Exceptional Items)

(₹ in Mn)



EBITDA Margin

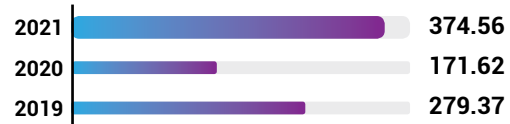
(%)



PAT

(Before Exceptional Items)

(₹ in Mn)



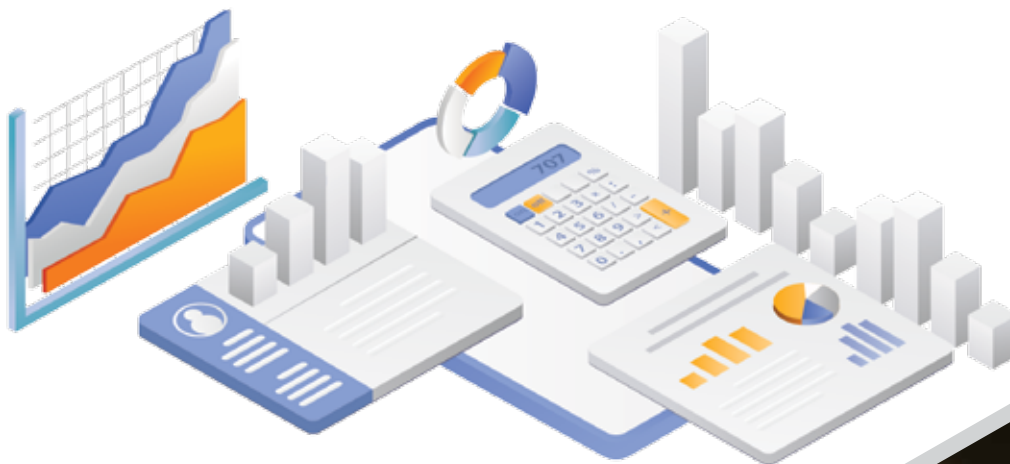
PAT Margin

(%)



Earnings Per Share

(₹)



PEGASUS EVO UNIVERSAL REPEAT

NEW FEATURE DEVELOPMENT

SINCE 1974, STOVEC HAS PROVIDED ROTARY SCREENS & MACHINES TO TEXTILE PRINTING INDUSTRY. PEGASUS EVO, SPGPRINTS' NEW GENERATION ROTARY SCREEN-PRINTING MACHINE, IS A FIRST IN QUALITY AND PERFORMANCE. IT HAS BECOME THE INDUSTRY STANDARD IN TEXTILE PRINTING. PERFECTION DROVE THE INNOVATION, WHICH ADHERED TO THE ETHIC.

Our engineering team constantly endeavours to improve product quality, process upgradation to achieve highest level of efficiency to obtain customer delight. With new innovations coming in the fashion industry, it is necessary for us to always remain technologically advanced and at the same time highly price competitive. Hence, there was a need to develop the 'universal repeat' option for the existing machine design.

In view of above, the engineering team has developed universal repeat functionality in existing Pegasus EVO machine which is cost-effective solution with sustainable printing performance and compatible with the existing Pegasus EVO model. The main goal of universal repeat was to use only one cassette for all repeats and enable the customer to use all types of ending.

Benefits of having a 'Universal Repeat' option

Reduction in machine cost to the customer.

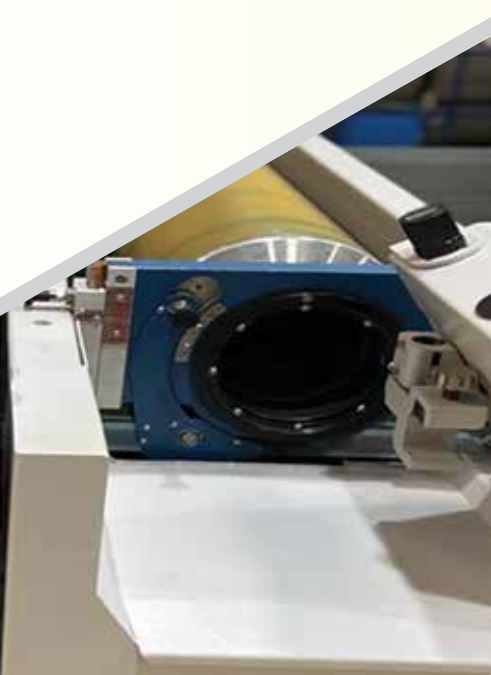
Cost-effective or economical solution where customer require higher repeats.

Single screen head for all repeat size printing, Less parts, Less maintenance.

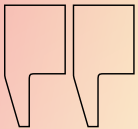
Can be installed on earlier Stovec supplied Pegasus EVO machines.

Standardisation, less inventory both at our and customer end.

Less variety of spare part requirement.



WORDS FROM THE CHAIRMAN



STOVEC IS RESPONDING SWIFTLY TO CHANGES IN THE ECONOMIC ENVIRONMENT, ENHANCING OUR CORPORATE VALUE BY TAPPING GROWTH OPPORTUNITIES. WITH THE GROWING ECONOMY, THE COMPANY IS WELL FOCUSED TOWARDS CREATING LONG-TERM VALUE FOR ALL STAKEHOLDERS, INCLUDING CUSTOMERS, EMPLOYEES, SUPPLIERS, LOCAL COMMUNITIES, AND SHAREHOLDERS.



Dear Shareholders,

With great pride and privilege, I present to you all the 48th Annual Report of Stovec Industries Limited, for the fiscal year 2021.

The year 2021 was a year of recovery, reopening and reflation. The first half of CY 2021 was dominated by the second wave of the pandemic, supply chain disruptions and restricted operations. But the second half included significant support in the form of initiatives by the Governments and Central banks, alongside other regulatory authorities. Even though the pandemic's paralysing effect lasted for about six months, the first did make us stronger and smarter in managing our lives and business operations. Thereon the overall Global economic recovery recorded the fastest rate of progress post-recession. However, the rising geo-political tensions are contributing to inflation and negatively impacting further growth of the economy.

The Indian economy showed a robust growth during the year. In the first quarter of FY 2021, it grew by 20.1%, supported by growing consumer demand and a lower base effect. However, second wave created a havoc,

resulting in higher death rate. A faster vaccination drive alongside partial lockdowns helped the people, and the economy to remain progressive. Loosening monetary policies and lower interest rates helped the economy in maintaining a steady pace of growth. Rising crude oil prices and its cascading effect on higher inflation remained a growing concern, increasing the fiscal deficit. However, the continued consumer confidence resulted in higher GST collections during the year.

End-user Industry

The Textile Industry has showcased a strong recovery post pandemic. According to the Ministry of Textiles, the Indian textile sector grew by 41% in the first three quarters of FY 2022 as compared to the corresponding quarters of FY 2021. The Textile Industry witnesses a trade surplus at all times – with exports outnumbering its imports. In FY 2021, the textile exports slowed down, disrupting the supply chain and demand.

With several Government measures and prompted optimism, the sector is now expected to rise to \$300 Bn by 2025-26, showcasing a growth of 300% in the next two years.

For the Technical Textiles segment, there has been a significant turnaround. In terms of value, technical textiles imports were ₹ 1,058 crore higher than exports in FY 2020, while exports were ₹ 2,998 crore higher than imports in FY 2021.

Stellar Performance

As the economy and industry showcased a robust growth, the Company has also managed to clock better financial metrics. We attribute these results to our strong business model and the tremendous hard work of our employees. They helped us weather this crisis and drive through with a swift performance. Despite the hard-hitting second wave of the pandemic, higher inflation, and supply chain disruption, we achieved high revenues, EBITDA levels and even better margins during the year. We accredit this to improving of our operating leverage and increase in volume offtake, coupled with higher price realisations.

Let us consider some of the highlights of our Financial Performance in 2021:-

- ▶ Revenue from Operations stood at ₹ 2,333.61 Mn in

FY 2021, rising from ₹ 1,510.23 Mn in the FY 2020 – recording a growth of 54.52%

- ▶ EBITDA for FY 2021 stood at ₹ 463.07 Mn, 158.22% higher growth than the previous year
- ▶ Net Profit was recorded at ₹ 296.41 Mn in FY 2021, witnessing an increase of 120.17% over the previous year
- ▶ Return on Capital Employed was clocked in at 25.64%, witnessing a 159.18% increase over the previous year

Outlook

The Company has set itself on a brighter path and is well-prepared to grab the growing opportunities in near future. Anticipating continued demand from retailers and consumers, the Company remains well-poised to accomplish the next phase of growth. Moving ahead with prudent strategies and resources, its goal is to continue delivering sustainable value, contributing to the larger vision of development. The key focus remains towards improving and expanding the value-added products' share consistently.

Conclusion

The Group's management teams, and employees stood out as Stovec's key strengths once more. The relationships with our external stakeholders – including customers, shareholders, suppliers and industry regulators – are critical to the sustainability of the business. Thereby, I recognise their efforts and thank them for their continued support and association with Stovec.

I extend my heartfelt gratitude to all our employees for their commitment and hard work during the year. Your ongoing efforts are appreciated and highly recognised in facilitating the Company's growth, from strength to strength, as a leading player in the textile and graphic printing market.

Best Wishes,

K. M. Thanawalla

Chairman



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our CSR Philosophy

The Corporate Social Responsibility (CSR) program at Stovec aims to build a dynamic relationship between the Company and society, including the environment. Embracing its role as a responsible Corporate Citizen, Stovec believes an organisation must maintain highest standards of business behaviour toward its employees, customers, and society in which it operates.

Our CSR Initiative

During the year, the Company continued its CSR activity through skill development training programmes. The training programme was meant for the freshers as well as designed to upskill the personnel, aiding them in getting employment and increased earnings. The Company continued to engage its Ahmedabad Textile Industry's Research Association (ATIRA) in the skill development programmes. It was a one-month training programme, organised at various industrial units. This technical skill training was designed for Rotary Printing within the area of wet processing for textiles.

The training features:

Multiple batches – containing 20 people in each batch

Comprehensively designed and a hands-on learning experience

Includes both theory and practical session for better understanding of the processes

Post-training evaluation sessions were conducted to assess the trainees' level of skill development and gauge the efficacy and outcome of the programme

Also took into account Recognition of Previous Learning (RPL)



CORPORATE INFORMATION

Board of Directors

Chairman & Independent Director

Mr. Khurshed M. Thanawalla

Non-executive Non-independent Directors

Mr. Garrett Forde (w.e.f. February 26, 2021)

Mr. Dirk W. Joustra (ceased w.e.f. February 26, 2021)

Mr. Eiko Ris

Independent Directors

Mr. Marco Wadia

Mrs. Kiran Dhingra

Managing Director

Mr. Shailesh Wani

Chief Financial Officer

Mr. Paras Mehta

Company Secretary & Compliance Officer

Mr. Sanjeev Singh Sengar

Statutory Auditor

SRBC & CO LLP

Chartered Accountants

Secretarial Auditor

Sandip Sheth & Associates

Company Secretaries, Ahmedabad

Registrar & Share Transfer Agents

Link Intime India Private Limited

5th Floor, 506 to 508,

Amarnath Business Centre: I (ABC-I);

Besides Gala Business Center;

Near St. Xavier's College Corner;

Off. C.G. Road, Navrangpura;

Ahmedabad: 380 009, Gujarat

Phone: +91 79 26465179/86/87

Fax: +91 79 26465179

Email: ahmedabad@linkintime.co.in

Bankers to the Company

Axis Bank Limited

Citibank N.A

HDFC Bank Limited

Registered Office and Factory

N.I.D.C., near Lambha Village;

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

Investor's Help-desk

Email: secretarial@stovec.com

Phone no: +91 79 6157 2300

MANAGEMENT DISCUSSION AND ANALYSIS



After a long battle against the COVID19 virus and its new strains, the world economy is now in its revival stage. The global economy recorded a robust growth of 5.9% in 2021, following a contraction of 3.3% in 2020.

Global Economic Overview

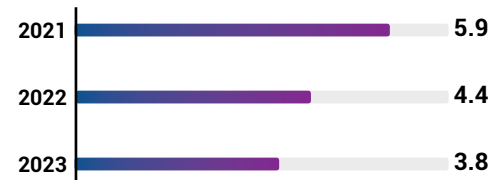
After a long battle against the COVID19 virus and its new strains, the world economy is now in its revival stage. The global economy recorded a robust growth of 5.9% in 2021, following a contraction of 3.3% in 2020. Effective policies, vaccination drives, timely interest rate redressal and relaxation of the lockdowns by Government worldwide boosted demand in various segments of the economy, bringing it back on track. The pace of progress achieved since, has been the highest among the last 80 years. Despite major setbacks, the world adapted to the circumstances and gained higher resilience.

H1 2021 saw the world moving towards better economic conditions. However, there were several interruptions to this progression. Global supply chain disruptions and fuel price rise in H2 2021 caused a downward trend in the economy. With the spread of new variant of the COVID19 virus strain, countries reimposed mobility restrictions, impacting transborder & internal trading of commodities, and the overall economic production run.

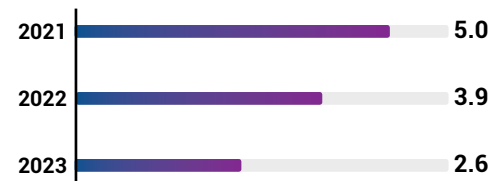
World Economic Outlook Update January

GROWTH PROJECTIONS

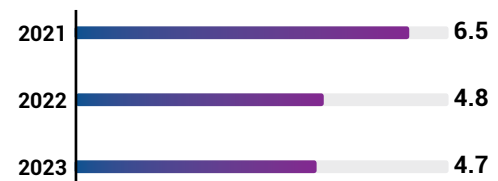
Global Economy (%)



Advanced Economies (%)



Emerging Market & Developing Economies (%)



(Source: IMF)

The Outlook

The pandemic heightened and highlighted the need for a comprehensive global health policy. Global access to proper medication – especially vaccinations – gained significance towards reducing the risk of COVID19 and newer strains. This aided in facilitating economic activities across all spheres over the globe, with minimal disruption. Governments and other institutions are closely monitoring the global supply chain and inflation, among other potential threats. Going forward, we see the world getting back to normalcy with a comparatively progressive growth rate since the pandemic, with the world growth rate likely to be 4.4% for 2022.

(Source: IMF)

Indian Economic Overview

The outbreak of COVID19 halted life in FY 2020 and for a considerable part of 2021. The Indian economy, however, demonstrated steady growth, inching closer to the pre-pandemic levels. The Government brought in various reforms that boosted the manufacturing sector, the second largest contributor to the Indian economy after the service sector. By the year 2025, the Government expenditure on infrastructure will be increased by ₹ 111 Lakhs. The Government-led changes in interest rates, liquidity rate and policies, at regular intervals, helped the country gain momentum – bringing the economy near to normalcy.

The Economic Survey advance estimates a growth rate of 9.2% in FY 2021-22. The IMF projects a GDP growth of 9% for FY 2021-22 and 7.1% for FY 2023-24, stating India to be the fastest-growing economy in both the years. Tax buoyancy, as a result of various factors such as surplus revenue through higher GST, excise duty collections, dividend from RBI and PSUs, collections from direct taxes and custom duty, is expected to raise the country's growth within next 25 years. According to the Ministry of Statistics and Programme Implementation (MoSPI), India's GDP is likely to grow by 9.2% for FY 2021-22 – potentially the highest in recent times. This is driven by a highly favorable base effect, following GDP contraction by a record-breaking 7.3% in FY 2020-21. The RBI had anticipated a 6.6% growth rate for Q3 FY 2021-22 and 6% for Q4 FY 2021-22.

The growth prospects across various sectors seem promising. Agriculture is expected to grow at 3.9% on the back of a good monsoon. The manufacturing and construction segments are estimated to grow in double digits, bolstered by rising demand, easy availability of credit and stimulus packages, and a favorable base. Growth in

the service sector was among the most-affected by the pandemic. But it is now estimated to grow by 8.2% in the current fiscal year, following a contraction of 8.4% last year. Different sub-sectors observed a wide dispersion of performance. Private consumption is expected to grow at a rate of 6.9% in FY 2021-22, following a contraction of 9.1% in the preceeding year. Thereby, clearly signaling the lingering impact of the pandemic on consumer sentiment. With an expected growth rate of 7.6% for FY 2021-22, the Government expenditure is keeping the economic activity ticking. This also means investment demand, as represented by the gross fixed capital formation, is likely to grow at the rate of 15%. Owing to robust revenue collections and nominal GDP growth of 17.6%, Government capital expenditure is expected to rise during Q4 FY 2021-22.

Capital expenditure growth will increase by 35.4% to ₹ 7.50 Lakhs crore (₹ 7.5 Trillion) for FY 2020-23 – ₹ 5.54 Lakhs crore (₹ 5.5 Trillion) in FY 2021-22. FY 2021-22 Capex figures show a growth of 30% over FY 2020-21, and 27% higher than FY 2019-20 Capex.

Emergency Credit Line Guarantee Scheme (ECLGS) was introduced to support the MSMEs – which were hit worst by the pandemic. As per the financial budget 2022, ECLGS has been

The Indian economy, however, demonstrated steady growth, inching closer to the pre-pandemic levels. The Government brought in various reforms that boosted the manufacturing sector – the second largest contributor to the Indian economy – after the service sector. By the year 2025, the Government expenditure on infrastructure will be increased by ₹ 111 Lakhs.

increased by ₹ 50,000, taking it to ₹ 5 Lakhs crore (₹ 5 Tn). The Scheme has been extended till (₹ 500 billion) March 2023.

The fiscal deficit for FY 2021-22 went marginally up from 6.8% to 6.9%, and is likely to be 6.4% in FY 2022-23. This can be attributed to the Government's focus on investment-led growth, conservatism and realism. The Government is being mindful about the pandemic-related concerns and the global geopolitical challenges have emerged and the rate hikes cycle is about to start globally.

(Source: MOSPI, Government of India)

Outlook

The Indian Economy remains optimistic in terms of growth opportunities. The overall macro-economic stability indicators suggest that the Indian economy is well-positioned to take on the challenges of FY 2022-23. One of the reasons behind these projections are the unique strategies adopted by the Indian Government, such as robust consumption following burgeoning population, higher income and employment in both rural and urban segment. Certain risks, such as the rise in fuel prices, new strains and variants of the COVID19 virus, can be challenging. But India continues to be an attractive space for investors, as an alternate manufacturing destination for specific industries, such as Information Technology, Manufacturing Industry and the Agricultural Sector.

(Source: PIB, Government of India, IMF)

Industry Overview

Textile Industry

The textile sector is one of the oldest industries in the Indian economy and among the largest in the world. It contributes up to 5% to the GDP, 14% in terms of industrial production and 11% in the total export earnings. As per the Ministry of Textiles, the textile sector registered a 41% rise in the first three quarters of FY 2021-22, as compared to the corresponding quarters of FY 2020-21, aided by a highly favorable base effect. With an unmatched raw material base and manufacturing strength across the value chain, this industry is the second-largest producer of Man-Made Fiber (MMF) after China.

Government Initiatives to Boost Textile Industry:

The Government implements a variety of policy measures and plans to help the textile sector grow. These schemes and initiatives - promoting technology advancement, infrastructure development, skill development, and sectoral development in the textile sector - help to create a favorable environment. These enable favourable conditions for the Textile Manufacturing Industry in the country.

- ▶ Textile sector is expected to observe an 8.1% increase in allocation of funds for FY 2022-23, compared to the revised budget allocation for FY 2021-22. According to the FY 2022-23 budget, out of ₹ 12,382 crore allocated for the textile sector, ₹ 133.83 crore is for Textile Cluster Development Scheme, ₹ 100 crore is for National Technical Textiles Mission, ₹ 15 crore is for PM Mega Integrated Textile Region and Apparel parks scheme, and the Production Linked Incentive Scheme. The Centre has also allocated ₹ 105 crore for FY 2022-23 towards the Raw Material Supply Scheme.
- ▶ The PLI Scheme for Man-Made Fibre (MMF) segment and technical textiles promote 40 MMF apparel and 10 Technical textiles lines to enhance India's manufacturing capabilities and exports. It is estimated that the PLI Scheme for textiles will lead to a fresh investment of over ₹ 19,000 crore, cumulative turnover of over ₹ 3 Lakhs crore and additional employment opportunities of over 7.5 lakh jobs in this sector, within the next five years.
- ▶ The Government has planned to set up 7 PM Mega Integrated Textiles Region and Apparel Park (MITRA Scheme), with a total outlay of ₹ 4,445 crore. The Scheme is expected to strengthen Atma Nirbhar Bharat's vision and position, on the global textiles map.
- ▶ The PM MITRA Scheme inspired from the 5F's - farm to fibre, fibre to factory, factory to fashion, fashion to foreign - will strengthen the textile sector by developing integrated large-scale and modern industrial infrastructure for the entire value chain. It is expected to reduce logistics costs and help India attract investors alongside a higher employment generation.
- ▶ Competitiveness Incentive Support (CIS) of ₹ 300 crore will be provided to each PM MITRA Park for the early establishment of textiles manufacturing units. Such a support is crucial for new projects, that has not been able to break even, and needs support until it can scale-up production and establish its viability.

(Source: Union Budget FY 2022-23)

Growth Drivers:

- ▶ **Availability of young and cheap manpower:** India has one of the largest working-age population (between the age group 15 to 64) in the world. This workforce shall prevail beyond the next 30 years based on the country's current demographics. Abundant workforce with relatively lower average manpower cost gives India an edge as a global manufacturing destination.

- ▶ **Strengthening textiles value chain:** India is the only region, after China, with an entirely established textile value chain in natural and synthetic fibres. Due to the availability of raw materials for technical textiles sub-segments, India is well positioned to capitalise on opportunities presented by domestic and international markets.
- ▶ **Government-led promotions:** The Ministry of Textiles (Government of India) has been actively working towards the development of technical textiles in India. For this purpose, the Government of India launched several programs - for promoting investment, subsidies, creation of infrastructure, stimulating consumption and more) - such as Scheme for Growth and Development of Technical Textiles (SGDTT), Technology Mission on Technical Textiles (TMTT), Scheme for Promoting Usage of Agro-textiles in the North-east region, Scheme for Promoting Usage of Geotechnical Textiles in North-east region, Technology Up-gradation Funds Scheme (TUFS) and Scheme for Integrated Textile Parks (SITP).
- ▶ **Availability of manufacturing infrastructure:** India is a rapidly growing industrial economy, with the availability of key resources (such as land, power, water, manpower and a conducive regulatory framework) for industries to thrive and grow. Technical textiles manufacturing can be easily established in an attractive and growing market space spurred by demand.

Opportunities for Rotary and Digital Textile Printing

Favorable demographic and fashion trend

In India, the growing young population is the driving

force behind the increased demand for fashion textile printing, rapid urbanisation, higher purchasing power and transformations in human lifestyle. Online retail and e-commerce penetration in the Fashion Industry further create prospects for domestic textile printing companies.

Booming digital textile printing

Due to fast-changing trends and consumer preferences, the dynamic Fashion Industry creates ample growth opportunities for digital textile printing. Enhanced digital printing technologies, competitive pricing, cost-effective methods, reduced waste, and optimised power consumption are driving India's digital textile printing machine market towards progress.

Encouraging Government policies

The textiles and garment businesses are growing following Government support and favorable legislation. The Ministry of Textiles encourages investment through programmes such as the Technology Upgradation Fund Scheme (TUFS), the Amended Technology Upgradation Fund Scheme and the Textile Sector Capacity Building Scheme (SCBTS). The Government is backing the 'Make in India' programme with these incentives, making the domestic industry more competitive.

Growth in demand from the Textile Industry

The Textile Industry anticipates a broader choice in patterns and colors as an outcome of the rapidly changing market. The conventional printing methods are not enough to satisfy the current market demands. Inkjet printing technology - initially developed for printing on documents - is being



progressively used in the Fabric Printing Industry. Thereby, accelerating market growth in an attempt to meet the increasing demand in the sector.

Growing e-commerce sector

Speaking of the global scenario, e-commerce is a preferred retail format, especially among young shoppers inclined towards online shopping. Digital printing is used in various e-commerce products. This means that a growth in e-commerce segment will subsequently lead to expansion of the digital printing market. E-commerce and m-commerce have witnessed a rapid proliferation across the globe.

Threats

Inflation

Rise in prices of key commodities following economic and environment volatility result in higher input cost and supply chain disruptions. This may have impact on the smooth functioning of the Company's business operations.

Possible Challenges due to the Pandemic

We have experienced a serious market arrest due to pandemic in the previous times. All the inter border trades were stopped to mitigate the life risks, affecting the entire industry thereon. Though a strong recovery has been seen in the recent times, the pandemic-related concerns still remain a possible threat. The rise in Omicron variant – leading to the reimposing of the lockdown – is an example of the same. Such threats are likely to impact the industry drastically once again.

Foreign exchange risk

As the Company is engaged in imports and exports on a globe scale, significant fluctuations in the money value could have impact on its profitability.

Company Overview

Headquartered in Boxmeer, Netherlands, Stovec Industries Limited ('Stovec' or 'the Company'), is a part of the SPGPrints Group. The Company is one of the industry



The Company strives to integrate cutting-edge innovation and quality into its products, with a world-class R&D facility located in Ahmedabad. Through its bespoke products and services, the Company's extensive and well-established distribution network further assists it in meeting rising customer needs.

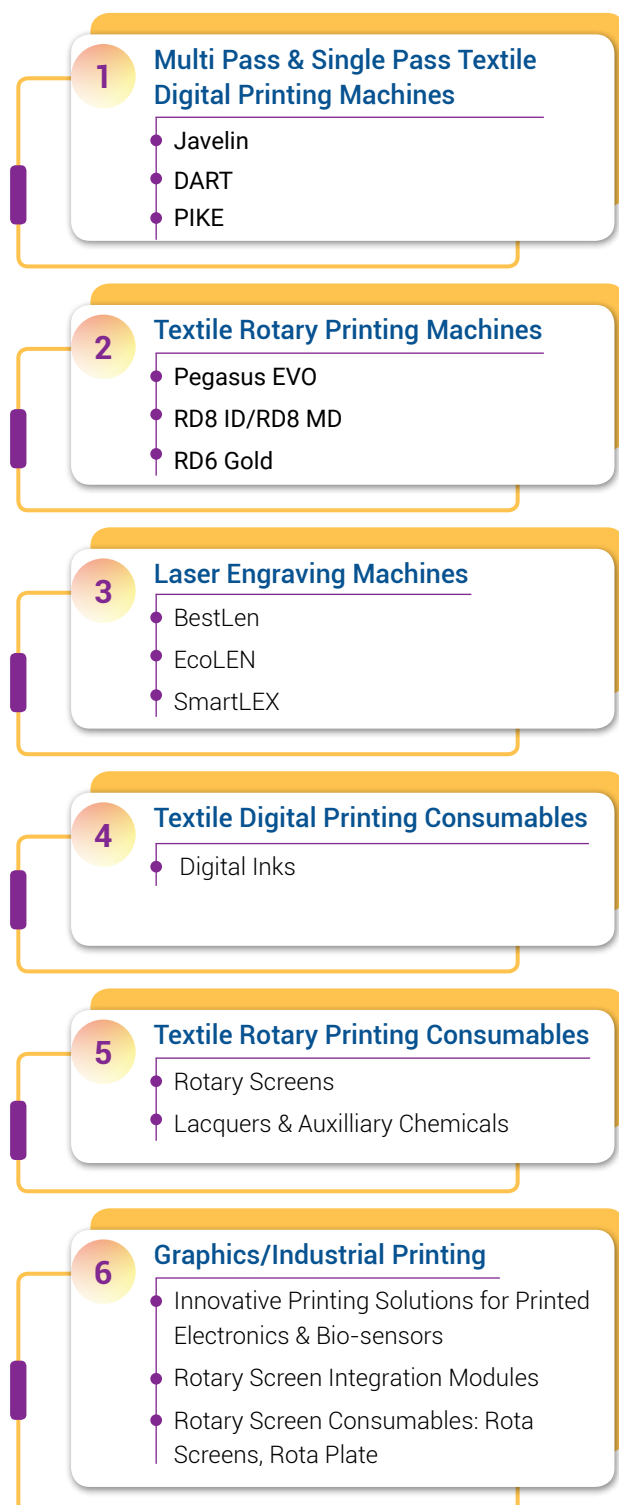


leaders in rotary screen-printing technology.

The Company strives to integrate cutting-edge innovation and quality into its products, with a world-class R&D facility located in Ahmedabad. Through its bespoke products and services, the Company's extensive and well-established distribution network further assists it in meeting rising customer needs. The development of the textile sector directly impacts the Company's performance. The textile market is well-placed with robust demand as well as Government programs that could allow it to flourish in the near future. As a part of this industry, Stovec is looking forward to augmenting its prospects, reaching newer heights of progress in the coming years.

Product Line-up

The Company provides the textile & graphics sector with a complete range of printing solutions.



Apart from India, Stovec has notable clients in Europe, the US, Turkey, Brazil, Mexico, Korea, Taiwan, Colombia, Bangladesh, Uzbekistan, China & African countries.

Financial Overview

The Company recorded total revenue of ₹ 2,333.61 Mn against ₹ 1510.23 Mn in the FY 2020 which is 55% higher, alongside Profit before Tax of ₹ 390.46 Mn.

Changes in critical financial ratios that have had a substantial impact:

Ratios	FY 2021	FY 2020	Variance (%)
Debtors Turnover (in days)	49	75	35
Inventory Turnover (in days)	62	86	28
EBITDA Margin (%)	19.84	11.87	67
Net Profit Margin (%)	12.70	8.91	42
Return on Net Worth (%)	20.02	9.97	101

Segment-wise Performance

The Company's segment-by-segment sales performance in FY 2021 was as follows:

(₹ in Mn)

Particulars	FY 2021	FY 2020
Textile consumables & machinery	1,851.26	1,168.91
Graphic products	103.29	70.76
Galvanic	379.52	270.56





Risks and Concerns

Risk management is critical for recognising, analysing, and managing potential hazards for better corporate operations. It assists any company in defining and achieving its long-term goals. Recognising the same, Stovec incorporates prudent risk management and governance as essential components of its business strategy. It is interwoven into all aspects of the Company's operations. The risk management process adopted thereon aims at optimising the risk-reward balance. This ensures compliance to applicable laws and regulations, facilitating a better business environment.

The risk management team assesses potential threats and pinpoints areas of high concern, such as pricing risk, foreign exchange risk, and environmental risk, to name a few. All inherent hazards are assessed, tracked and reported to management regularly. Based on the likelihood of its occurrence, potential impact and volatility, the Company remains prepared with suitable risk mitigation procedures in place. Emerging risks are discussed with the management on a timely basis, ensuring proper functioning of appropriate control mechanisms.

Internal Control System

Internal controls are an important aspect of the Company's overall structure and ensure compliance with rules & regulations. These controls safeguard assets, prevent frauds & errors, and aid in tracking of financial transactions. The effectiveness of the internal control systems is audited by the Company's internal and statutory auditors. The Board's Audit Committee examines the internal audit plan and



The Company values its people and recognises them as an asset. It works consciously to promote harmony within the organisation and plants, through a coherent team and faithful relations. Prudent HR policies have aided in the development and upskill of employees by enhancing their talent and abilities.

The Company invests considerably in training and learning programmes to foster employee engagement at all levels.



guarantees adequacy and efficacy of these controls. It also examines the operation of the whistleblower system and keeps track of the actions taken in response to the reported cases.

Human Resource & Internal Management

The Company values its people and recognises them as an asset. It works consciously to promote harmony within the organisation and plants, through a coherent team and faithful relations. Prudent HR policies have aided in the development and upskill of employees by enhancing their talent and abilities. The Company invests considerably in training and learning programmes to foster employee engagement at all levels. By offering a stimulating work environment and open lines of communication, the Company nurtures growth and peace within the organisation. The Company is currently trying to build a digitally equipped workplace to adapt to the pandemic-led challenges through seamless virtual collaborations.



The Company continues to modify its policies in line with its organisational goals for collective growth and progress. It promotes transparency through open and easy-to-access communication channels. The Company had a strength of 251 employees contributing to the value creation process, as of December 2021.

Report on CSR Activities

CSR operations have been launched in the textile and associated industries, focusing on skill development and training programmes for workers towards a better livelihood. This year, Stovec engaged Ahmedabad Textile Industry's Research Association (ATIRA) for the workers' skill development programmes. Practical training classes have been set up at multiple units. The programme, which includes theoretical and practical lessons, is conducted in and around Ahmedabad. After completing the course, learners are subject to an independent evaluation and participation feedback.

Trainees could either be newcomers - with no experience or training in the sector - or experienced operators. The chosen trainees are from low-income families and the Company, through its various endeavours, aims at allowing them to build a better lifestyle by becoming self-sufficient and capable.

Cautionary Statement

The cautionary statement forming a part of this Report may contain certain forward-looking remarks within the meaning of applicable Laws and Regulations. Many factors could cause the Company's actual results, performances, or achievements to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regimes and other statutes.



17	Notice
28	Boards' Report
34	Corporate Governance

NOTICE

NOTICE is hereby given that the 48th Annual General Meeting (**"AGM"**) of the members of **STOVEC INDUSTRIES LIMITED** will be held on **Friday, May 6, 2022 at 02:00 pm (IST)** through video conferencing ("VC")/other audio-visual means ("OAVM") from the registered office of the Company at NIDC, Near Lambha Village, Post Narol, Ahmedabad – 382 405 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended December 31, 2021, together with the Report of the Board of Directors and the Auditor's thereon;
2. To declare dividend on equity shares of the Company;
3. To appoint a director in place of Mr. Garrett Forde (DIN: 09040078), who retires by rotation and being eligible, offers himself for re-appointment;

SPECIAL BUSINESS:

4. **To re-appoint Mr. Shailesh Wani (DIN: 06474766) as Managing Director of the Company**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203, read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (**"the Act"**) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI Listing Regulations"**), including any statutory modification(s) or re-enactment(s) thereof from time to time, Mr. Shailesh Wani (DIN: 06474766) be and is hereby re-appointed as the Managing Director of the Company for a period of 5 (Five) years commencing from October 1, 2022 at a remuneration of ₹ 14.58 Mn per annum, details whereof including other terms & conditions are set out in the explanatory statement annexed to this notice, with liberty to the Board or Committee thereof to alter and/or vary the terms and conditions of said re-appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani, subject to any limit or approvals as may be required and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of his tenure, the Company makes no profits or its profits are inadequate, the Company may

pay aforesaid remuneration to Mr. Wani as minimum remuneration subject to the maximum ceiling calculated in accordance with Section II of Part II of Schedule V to the said Act, as applicable to the Company at the relevant time and as may be agreed to by the Board of Directors of the Company and acceptable to Mr. Wani, subject to necessary approval(s) as may be required.

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 as it may in its sole and absolute discretion deem fit, to give effect to this resolution."

5. **To approve payment of commission to Mr. K. M. Thanawalla, Chairman (Non-Executive & Independent) for FY2021 exceeding fifty per cent of the total Commission payable to all non-executive directors of the Company**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**-

"RESOLVED THAT pursuant to Regulation 17(6)(ca) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof for the time being in force and other applicable provisions, if any, of the Companies Act, 2013 and the recommendation of Board of Directors of the Company, approval of members be and is hereby accorded for payment of commission of ₹ 15,10,187/- to Mr. K. M. Thanawalla for the financial year 2021, being an amount exceeding fifty per cent of the total commission payable to all the non-executive directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters as may be deemed necessary and expedient in this regard."

6. **To ratify remuneration of Cost Auditors of the Company payable for the financial year 2022**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**-

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1,37,000/- (Rupees One Lakhs Thirty-Seven Thousand Only) plus applicable taxes

and re-imburement of out-of-pocket expenses payable to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the Financial Year ending December 31, 2022.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee(s) of the Board), be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To approve Sale of goods to M/s SPGPrints Baskı Sistemleri Tic. Ltd. Şti., a fellow subsidiary company, being a material related party transaction(s)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution-**

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Company's policy on Related Party transaction(s), as amended from time to time, approval of members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/transaction(s) with M/s SPGPrints Baskı Sistemleri Tic. Ltd. Şti., a fellow subsidiary company, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations, for selling of goods i.e. rotatory screen printing and spares, whose aggregate transaction value in the FY2022 and FY2023 may likely to exceed threshold limit of materiality as prescribed under Act and the SEBI Listing Regulations.

RESOLVED FURTHER THAT any one of the Directors and Chief Financial Officer of the Company be and is hereby severally authorized to sign and execute all such documents, agreements, papers and writings as may be required and do all such acts deeds and things that may be necessary, proper, desirable to give effect to this resolution."

By Order of the Board,
For Stovec Industries Limited

Sanjeev Singh Sengar

Company Secretary
Membership No. FCS 7835

Date: February 25, 2022
Place: Ahmedabad

NOTES:

1. In view of continuing situations of COVID-19, Ministry of Corporate Affairs ("MCA") vide its General Circular No. 21/2021 dated December 14, 2021 permitted companies to hold their AGM through video conferencing (VC) or other audio visual means (OAVM) following the procedures as prescribed in MCA Circular No. 20/2020 dated May 05, 2020 (**'said Circulars'**), inter alia, whereby physical attendance of the members to the AGM venue shall not be required. In view of above, Company is providing facility to attend and participate in the AGM through VC/OAVM. Thus, Members can attend and participate in the meeting through VC/OAVM following the instructions given in the notice.
2. In accordance with the provisions of Section 101 and 136 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014 read with the said Circulars, the Annual Report of the Company is being sent through email to those members whose email addresses are registered with the Company/Depositories unless the Member/s have registered their request for a hard copy of the same. Physical copy of the Annual Report is being sent to those Members who have not registered their e-mail IDs with the Company or Depositories. Members may also note that the Annual Report for the financial year 2021 together with the Notice of 48th AGM is also available on the website of the Company at www.stovec.com.
3. SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November 2021 read with SEBI Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/C/2021/687 dated 14th December, 2021 ("Circulars"), requires listed companies to record and register the KYC details of all incomplete folio (including joint holders) i.e. PAN, contact details (postal address, Mobile Number & E-mail), Nomination and Bank Account details of first holder and in order to comply with the this Circulars, the Company has sent individual communication, through RTA, to the physical shareholders whose KYC details are pending to be updated and the members are requested to please update/complete the above details at earliest. **Please note that, folios which remains incomplete with reference to KYC and Nomination details etc. shall be frozen w.e.f. April 01, 2023.**

Investor may visit the Company/RTA website for updating all or any of the above details by furnishing required documents along with the duly filled appropriate form such as ISR-1 (for KYC), ISR-2 (for signature verifications), ISR-3 (for opting out from nomination) and Nomination forms SH-13/14, as the case may be.
4. As per SEBI Notification No. SEBI/LAD-NRO/GN/2022/66 dated January 24, 2022, amending Regulation 40 of the SEBI Listing Regulations, transfer, transmission

or transposition of securities can only be done in dematerialized form with effect from January 24, 2022.

5. In accordance with SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 all the listed companies to issue the securities in dematerialized form only while processing any service request of the investor holding shares in physical. In pursuance thereof, Company shall verify and process the service requests receive from the investors and upon verifying the documents submitted therefor, a 'Letter of confirmation' shall be issued to the claimant/ securities holder to get the shares in demat form instead of sending physical share certificate(s). In case the security holder/ claimant fails to submit demat request along with such 'Letter of confirmation' within 120 days from the date thereof, such shares shall be credited to the "Suspense Escrow Demat Account" of the Company. The concerned shareholder can claim his/her shares back from such account by placing service request in ISR-4.
6. Pursuant to Sections 124 of the Companies Act, 2013, 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 ("IEPF") established by the Central Government. During the year, the Company has transferred unclaimed dividend amount for ₹ 0.83 Mn pertaining to the financial year 2013 to IEPF. The shareholders who have not claimed their dividend pertaining to financial year 2014 and all subsequent years are requested to claim their dividend as early as possible, failing which it would be transferred to IEPF as per the (tentative) date mentioned below. The details of unclaimed dividends are available on the Company's website at www.stovec.com and Ministry of Corporate Affairs website at www.iepf.gov.in.

Relating to FY	Unclaimed dividend amount (₹ in Mn)	Tentative date of transfer
2014	0.98	June 7, 2022
2015	1.65	June 28, 2023
2016	1.79	June 13, 2024
2017	1.15	June 3, 2025
2018	1.82	June 11, 2026
2019	1.52	October 15, 2027
2020	0.69	June 8, 2028

Further, pursuant to Section 124(6) of the Act read with relevant rule of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all shares on which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred to Demat Account of IEPF. During the year, Company has sent individual communications to all such shareholders whose dividend has not been paid or claimed for any year during the said seven consecutive years requesting them to

claim their dividend before the due date of transfer failing which their shares would be transferred to the IEPF. The Shareholders whose shares are transferred to the IEPF Authority can claim their shares back from such authority by filing E-Form-5 and following such procedures as may be prescribed in the IEPF Rules from time to time.

7. The Register of Members and Share Transfer Book shall remain closed from April 30, 2022 to May 6, 2022 (both days inclusive). The dividend, if declared, will be paid on or before its due date to the shareholders whose names appear in the Register of Members as on **cut-off date i.e., April 29, 2022** upon close of business hours. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.
8. As mandated by SEBI Listing Regulations, Company will remit dividend electronically by RTGS/NECS/ NACH etc. to the bank account of the shareholder whose bank details are registered with the Company.
9. 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 ("DP") only. 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, 5th Floor, 506 to 508, Amarnath Business Center-I (ABC-I), Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.
10. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of special businesses and brief profile of Director(s) seeking appointment/re-appointment in the annual general meeting are annexed herewith and forms integral part of the Notice.
11. All documents referred to in the accompanying notice and explanatory statement are open for inspection electronically.
12. **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 5 days before the date of the meeting so that the information required may be made available at the meeting.**
13. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to ahmedabad@linkintime.co.in latest by May 2, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20% excluding surcharge & cess.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents, i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to ahmedabad@linkintime.co.in latest by that date.

14. Providing route map of the venue of the meeting is not applicable in case of VC meeting.

15. INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MEANS AND ATTENDING MEETING THROUGH VC

- a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and said Circulars, the Company is providing facility of remote e-voting and e-voting during the meeting to its Members in respect of the business to be transacted at the AGM. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. Instructions for shareholders for Remote e-voting and joining meeting through VC/OAVM are provided herein below at point no. **(A.)**. Instructions for shareholders attending the AGM through VC/OAVM & e-voting during the meeting provided at point no. **(B.)**. Process for those shareholders whose email/mobile no. are not registered with the Company/RTA/Depositories are given at point no. **(C.)**.
- b) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting through VC or OAVM but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by the members, the members shall not be allowed to change it subsequently.

- d) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- e) Since the AGM is being held through VC/OAVM in accordance with said Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the proxy form and attendance slip are not annexed to this Annual Report. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- f) In line with the said Circulars, the Notice calling the AGM has been uploaded on the website of the Company at www.stovec.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the meeting) at www.evotingindia.com.
- g) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with said Circulars.
- h) M/s. Sandip Sheth & Associates, Practicing Company Secretaries, Ahmedabad (Firm Regn. No. P2001GJ041000), has been appointed as the Scrutinizer to scrutinize the remote e-voting process and e-voting system on the date of AGM in a fair and transparent manner.
- i) The voting results will be declared on receipt of scrutinizer's report. The voting results along with the Scrutinizer's Report will be placed on the website of the agency at www.evotingindia.com and also on the website of the Company at www.stovec.com, within two working days of the conclusion of the AGM of the Company and will also be submitted to the Bombay Stock Exchange (BSE) where the shares of the Company are listed.

(A.) THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) The voting period begins on **May 3, 2022 @ 9.00 hours (IST)** and ends on **May 5, 2022 @ 17.00 hours (IST)**. During this period shareholders of the Company, holding shares either in physical or dematerialized form, as on the **cut-off date i.e., April 29, 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) **Login Method for e-voting and joining virtual meeting for individual shareholders holding shares in demat mode:**

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020 Individual shareholders holding securities in demat mode are allowed to vote electronically by way of a single login credential without having to register again with the e-voting service providers (ESPs), through their demat accounts/ websites of Depositories/ Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

Pursuant to above cited SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(iii) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat Form & Physical shareholders.

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user follows the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 3.

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <STOVEC INDUSTRIES LIMITED> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

15. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
16. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. **Facility for Non – Individual Shareholders and Custodians –Remote Voting**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer and to the Company at the email address viz; secretarial@stovec.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
3. Shareholders are encouraged to join the Meeting through Laptops / iPad for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. **Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least (3) three days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@stovec.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries 5 days in advance prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@stovec.com. The queries will be replied suitably by the company.**
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
9. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

(B.) INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING THE MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.

(C.) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/RTA/DEPOSITORIES:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA at ahmedabad@linkintime.co.in.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is also mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542/43).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 1800225533, 022-23058542/43.

Regd. Office:

N.I.D.C. Nr. Lambha Village, Post: Narol,
Ahmedabad – 382 405 Gujarat, INDIA.
CIN: L45200GJ1973PLC050790
Tel: +91 (0) 79 6157 2300, Fax: +91 (0) 79 2571 0406,
E-mail: secretarial@stovec.com, Website: www.stovec.com

Date: February 25, 2022
Place: Ahmedabad

**By Order of the Board,
For Stovec Industries Limited**

Sanjeev Singh Sengar
Company Secretary
Membership No. FCS 7835

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), concerning the Special Businesses set out in the Notice is annexed hereto and forms part of this Notice.

ITEM NO. 4

Mr. Shailesh Wani, aged 54 years, was first appointed as Managing Director of the Company on October 1, 2013 for a period of 3 (three) years which was further renewed twice for consecutive two terms of three years each in, 2016 and 2019. His present term as Managing Director expire on September 30, 2022. During his currency of tenure as Managing Director, Company has grown significantly to the turnover of ₹ 2,000 Mn plus from ₹ 770 Mn with his extensive knowledge and experience in the area of Sales, Marketing, Operations, Management and Finance etc. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on February 25, 2022, subject to the approval of members has approved the re-appointment and remuneration payable to Mr. Shailesh Wani, Managing Director, for a further period of 5 (Five) years w.e.f. October 1, 2022. The Board is of the opinion that his continued association is in the interest of the Company and recommend the resolution for the approval of members.

Mr. Shailesh Wani has done Bachelor's in Engineering from V.J.T.I., Bombay and M.P.T. (Management Program for Technologists) from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from The Institute of Cost and Works Accountants of India, and he holds around

34 years of experience in Sales, Marketing, Operations, Management and Finance. He is member of Audit Committee & Stakeholders Relationship Committee and the Chairman of Corporate Social Responsibility Committee of the Company. He attended all the meetings of Board and committees held during the financial year 2021.

Mr. Shailesh Wani neither related to any Director, Promoters or Key Managerial Personnel, nor does hold any shares, of the Company.

ABSTRACT OF TERMS AND CONDITIONS OF RE APPOINTMENT AND REMUNERATION

Tenure of Appointment

The re-appointment is for a period of 5 (Five) years w.e.f. October 1, 2022.

Nature of Duties

Board at its meeting held on February 25, 2022 on the recommendation of NRC re-appointed Mr. Wani as a Managing Director of the Company subject to the approval of members and 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.

He shall subject to the control and overall directions of Board of Directors, be responsible for all day-to-day affairs and management of the Company except such matters which are specifically required to be done by the Board, by the Companies Act, 2013 or the Articles of Association of the Company.

Remuneration

He shall be paid remuneration of ₹ 14.58 Mn per annum which shall include basic salary and allowances. He shall also be entitled to variable pay not exceeding to 50% of said remuneration (as per the scheme applicable to Managing Directors' of SPGPrints Group Companies) based on the targets achieved. He shall also be entitled to Mediclaim Insurance for self, spouse and children under the Group Mediclaim Policy of the Company.

He shall be entitled to such increment in the remuneration every year as may be approved by the Board on the recommendation of NRC. Board or Committee thereof is empowered to alter and/or vary the terms and conditions of said re-appointment and remuneration in such manner as may be agreed to between the Board/Committee and Mr. Shailesh Wani, subject to any limits or approvals as may be required by law for the time being.

Notice Period

Employment can be terminated by either party by giving other party six months' written notice or amount equivalent to six months' salary in lieu thereof based on agreement to be entered into with Mr. Wani.

Mr. Wani's re-appointment is by virtue of his employment in the Company.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year, he shall be paid above remuneration as minimum remuneration subject to the limits, if any, specified in Schedule V of the Companies Act, 2013, from time to time.

The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013, from a member proposing to re-appoint Mr. Wani as Managing Director of the Company.

Mr. Wani satisfies all the conditions set out in Part-I of Schedule V of the Act and the conditions set out under Section 196(3) of the Act for becoming eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act and not debarred from being appointed as Managing Director by virtue of any SEBI order or any other authority.

The details of Mr. Wani as required under Regulation 36 of the SEBI Listing Regulations and Secretarial Standard – 2, as applicable, are annexed herewith.

The terms and conditions of re-appointment as contained in the agreement to be entered into with Mr. Wani shall be open for inspection by the members in electronic mode.

The Board recommends the resolution for your approval by way of passing a Special Resolution.

Mr. Wani is deemed to be interested in the resolution set out at Item No. 4 of the Notice to the extent of his re-appointment and remuneration payable to him.

Save and except the above, none of the other Directors, Key Managerial Personnel and their relatives are, in any way,

concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 5

Members may be aware that company has passed resolution at its 46th Annual General Meeting for paying commission to the independent directors for a period of three financial years commencing from January 1, 2020 with powers to Board or Committee thereof, to decide the percentage of net profit to be paid as commission to each of the Independent Directors. In view of this, Board has approved the commission for FY2021 to the independent directors in its meeting held on February 25, 2022. The commission payable to Mr. K. M. Thanawalla for the financial year 2021 exceeding fifty percent of the total commission payable to all Independent Directors of the Company which requires approval members in terms of regulation 17(ca) of SEBI Listing Regulations.

In terms of Regulation 17(ca) of the SEBI Listing Regulations, listed entity is required to obtain, every year, the approval of members of the Company by way of Special Resolution for payment of remuneration to a single non-executive director exceeding 50 % of the total remuneration payable to all the non-executive director.

Mr. Thanawalla, 79, is the Non-executive Director and Chairman of the Company since long. He graduated from the Bombay University, fellow of The Institute of Chartered Secretaries & Administrators, London, UK and Fellow of The British Institute of Management. He is also an Associate of The Textile Institute, U.K. He has over 4 decades of experience in establishing and managing green field projects across the spectrum of the textiles, shipping, trading and other industries in India, E. Africa and S.E. Asia. His rich experience and in-depth knowledge of the textile industry around five decades and strategic guidance helped the Company to grow year by year and the Board intend to have his continue guidance and knowledge for the benefit of the Company.

The Board recommends the resolution for the approval of members of the Company.

None of the other Directors except Mr. K. M. Thanawalla and Key Managerial Personnel and relatives thereof, are in any way concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending December 31, 2022.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration payable to the Cost Auditors has to be ratified by the Members of the

Company. Accordingly consent of the Members is sought by way of an ordinary resolution as set out in the Notice for ratification/approval of the remuneration amounting to ₹ 1,37,000/- plus applicable Goods and Service Tax and out of pocket expenses, if any, payable to the Cost Auditors for Cost Audit for the financial year ending on December 31, 2022, in respect of products/ activities of the Company covered under the Companies (Cost Records and Audit) Rules, 2014 (as amended).

The Board recommends the resolution for the approval of members.

None of the Directors, Key Managerial Personnel and relatives thereof, are in any way concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 7

The major transactions of the Company for sale, purchase or supply of goods, materials & services have been made since long time with SPGPrints Group Companies as a part of its regular business on arm's length pricing in order to sustain quality standards of the SPGPrints Group, gain quantitative benefits, cater to the global customers, in the best interest of the Company and its shareholders. SPGPrints Baskı Sistemleri

Tic. Ltd. Şti. ("SPGPrints Baskı"), based out at Istanbul, Republic of Turkey, is a fellow subsidiary company, thereby a related party within the meaning of Companies Act and SEBI Listing Regulations with whom Company does business in the ordinary course. In line with above business objectives, Company sells the rotatory printing screens and spares to SPGPrints Baskı in the ordinary course of its business at arm's length but the transaction value of which during the financial year 2022 & 2023 may cross the materiality threshold prescribed under the SEBI Listing Regulations and the Companies Act 2013.

Under Regulation 23 of SEBI Listing Regulations read with Related Party Transactions Policy of the Company provides that transactions with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1,000 crore or 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, and the material related party transaction requires prior approval of the shareholders of the Company. In our case, the transaction value may cross the limit of 10% of annual consolidated turnover in FY2022 and FY2023.

The particulars of the said transaction are as under:

Particulars	Information
Name of the Related Party	SPGPrints Baskı Sistemleri Tic. Ltd. Şti.
Nature of Relationship	Fellow Subsidiary
Name of Director(s) or Key Managerial Personnel who is related, if any.	None
Nature and Particulars of transactions	Sale of goods i.e., rotary screen printing and spares
Material terms of the Contracts/Arrangement/ Transactions	None, transaction is in the ordinary course of business on arm's length basis.
Justification for why the proposed transaction is in the interest of the listed entity;	To maintain quality standards of the SPGPrints Group globally, quantitative benefits, service to our end customer base globally, global representation play a significant role in the Company's business operations and also Company has spare capacity to cater to the market. Hence, the transaction is considered in the interest of the company.
Duration of Related Party Transactions	FY2022 and FY2023.
Estimated value of proposed related party transaction for the financial year 2022 & 2023 and % of Annual Consolidated Turnover of the Company of the respective previous financial year.	For FY2022- Approx. ₹ 320 Mn (11%) For FY2023- Approx. ₹ 380 Mn (11%)
The manner of determining the pricing and/or copy of the valuation or other external report.	Board has relied upon the benchmarking report of independent valuer for determining the pricing and also in compliance of international transfer pricing to be regarded as fair price of the transaction. Hence, Pricing is determined based on benchmarking report of independent valuer. Benchmarking report shall be available for inspection for the members of the Company.

Aforesaid transaction is in the normal course of and incidental to business and also play a significant role in the Company's business operations. Board and Audit Committee of the Company has reviewed and approved terms & conditions of the transaction and recommend to the members for their approval by way of passing an Ordinary Resolution.

SPGPrints B. V., being a parent company is a related party to the above transaction shall not cast its votes to approve the transaction.

None of the Directors, Key Managerial Personnel and relatives thereof, are in any way concerned or interested, financially or otherwise, in the resolution.

Brief profile of Director(s) seeking appointment/re-appointment at the Annual General Meeting of the Company pursuant to Regulation 36(3) of SEBI Listing Regulations and SS-2.

Name of Director	Mr. Garrett Forde	Mr. Shailesh Wani
Director Identification Number	09040078	06474766
Date of Birth	January 24, 1963	February 2, 1968
Nationality	Dutch	Indian
Date of Appointment	February 26, 2021	October 1, 2013
Expertise in specific functional areas	Business Strategy, Sales, Marketing and General Management	Sales, Marketing, Operations Management & Finance.
Qualifications & experience	He holds the degree of MBA from the university of Twente He has rich experience of about two decades in Management Level.	He has done Bachelor's in Engineering from V.J.T.I, Bombay and M.P.T (Management Programme for Technologists) from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from the Institute of Costs and Works Accountants of India.
Terms and conditions of appointment/re-appointment	Non-Executive Director liable to retire by rotation.	Executive Director not liable to retire by rotation.
Remuneration to be paid	Nil	As per explanatory statement
Remuneration last drawn by the Director	Nil	Please refer to the Report on Corporate Governance, which forms an integral part of Annual Report of FY 2021.
Details of relationship with other Directors, Manager and Key Managerial Personnel of the Company	None	None
Details of shares held in the Company	Nil	Nil
No. of Board Meetings attended during the financial year 2021	4 (Four)	4 (Four)
List of listed entities in which directorship held as on December 31, 2021	None	None
Listed entities from which the person has resigned in the past three years.	None	None
Chairman/Member of the Committees of other public Companies as on December 31, 2021 (includes Audit Committee and Stakeholders' Relationship Committee only)	None	None

BOARD'S REPORT

TO THE MEMBERS,

The Board of Directors of your Company are pleased to present its 48th Report on the business and operations of the Company together with the audited financial statements for the year ended December 31, 2021.

1. FINANCIAL PERFORMANCE

(₹ in Mn except EPS)

Particulars	2021	2020
Revenue from Operations (net)	2333.60	1510.23
Other Income	56.20	58.27
Total Income:	2389.80	1568.50
Total Expenditure:	1964.22	1351.54
Gross Profit before Depreciation and Amortisation exp.	425.58	216.96
Less: Depreciation & Amortisation expenses	51.02	45.34
Profit Before Exceptional Items and Tax	374.56	171.62
Add: Exceptional items	15.90	-
Profit before tax	390.46	171.62
Current Tax	91.74	40.44
Deferred tax	1.90	(5.26)
(Excess)/Short provision of income tax of earlier years (Net)	0.41	1.81
Profit After Tax	296.42	134.63
Add: Profit brought forward from previous year	1267.16	1259.70
Dividend on equity shares (Refer Note below)	(45.94)	(125.28)
Remeasurement gains/(losses) on defined benefit plans (net of tax)	(3.28)	(1.89)
Profit available for appropriation & carried forward to Balance Sheet	1514.36	1267.16
EPS	141.96	64.48

During the year, your Company has achieved standalone revenue from operations of ₹ 2,333.60 Mn as compared to ₹ 1,510.23 Mn in previous year, and Operational Profit (PBT) stood at ₹ 390.46 Mn as compared to ₹ 171.62 Mn in previous year. A detailed overview of the global and Indian economy has been provided in the Management, Discussion and Analysis Report.

The Contract Manufacturing Agreement (CMA) entered in 2018 with Atul Sugar Screens Private Limited for manufacturing the sugar sieves has been terminated during the year and decommissioning thereof is in process, which is expected to be completed by mid of 2022. The termination of CMA shall have marginal impact on the business of the Company going forward.

During the year, the Company has added digital printers in its portfolio to cater to the growing customers demand. This is expected to contribute 3-5% of the turnover initially.

The Company has no Subsidiary, Associate and Joint Venture company during the year.

2. RESERVES AND SURPLUS

The Company has not transferred any amount to the Reserves for the financial year ended December 31, 2021.

3. DIVIDEND

Board considering the Company's financial performance and the availability of distributable profit, is pleased to recommend dividend of ₹ 57 per equity share of ₹ 10/- each (i.e. 570%) for the financial year ended on December 31, 2021 subject to the approval of members in the ensuing Annual General Meeting of the Company. As per Finance Act, 2020, Dividend is taxable in the hands of the Shareholders.

Unclaimed dividend pertaining to FY2013 amounting to ₹ 0.83 Mn has been transferred to the Investor Education and Protection Fund ('IEPF') in accordance with IEPF Rules.

4. SHARE CAPITAL

The Company's paid-up equity share capital stood at ₹ 20.88 Mn as on December 31, 2021. No shares or securities issued by the Company during the year.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3) (m) of the Companies Act, 2013 ("Act") read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in **Annexure-I** form part of this Report.

6. DEPOSITS

During the year, the Company has neither accepted nor renewed any deposits falling under Section 73 of the Act and rules made there under.

7. CORPORATE GOVERNANCE

A separate report on Corporate Governance compliance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") annexed to the Annual Report as **Annexure-II** along with the certificate of Practicing Company Secretary for compliance of the conditions of Corporate Governance.

8. AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of requirements of the Act read with rules framed thereunder and Listing Regulations. The details relating to the Audit Committee are given in the Corporate Governance Report forming part of this report. During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Based on the recommendation of Board of Directors of the Company, the appointment of Mr. Garrett Forde (DIN: 09040078) as Non-Executive & Non-Independent Director of the Company was regularised by the members in the previous Annual General Meeting ('AGM') held on May 11, 2021. He retires by rotation and being eligible, offers himself for re-appointment.

Term of Mr. Shailesh Wani (DIN: 06474766), Managing Director of the Company expires on September 30, 2022. On perusal of various factors including but not limited to his association with the organisation, expertise he possessed, performance evaluation, the Board of Directors at their meeting held on February 25, 2022 have approved and recommended his re-appointment as Managing Director for another term of 5 (five) years effective from October 1, 2022 in the forthcoming AGM.

Notice of candidature under Section 160 for the re-appointment of Mr. Shailesh Wani has been received by the Company from a shareholder.

Board recommends above appointment/re-appointment to the members of the Company in the ensuing AGM. The particulars of the directors proposed for re-appointment has been given in the notice of the AGM.

The Company's Independent Directors have given requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct. The Independent Directors of the Company have registered

themselves with the Indian Institute of Corporate Affairs (IICA) towards the inclusion of their names in the data bank maintained with it and they meet the requirements of proficiency self-assessment test.

The Company keeps on update directors about the company's performance, their roles and responsibilities, an overview of the industry, the Company's business model, the risks and opportunities through various presentations at the meeting of the board of directors of the Company towards familiarisation program.

The Company has complied with the requirements of having Key Managerial Personnel as per the provisions of Section 203 of the Act.

10. BOARD MEETING

During the year, four meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meetings are mentioned in the Corporate Governance Report annexed hereto.

The Board affirms that the Company has complied with all the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

11. PERFORMANCE EVALUATION

The Company has carried out performance evaluation of all the Directors, Chairman, Board as a whole and Committees of the Board during the year in accordance with the statutory provisions as contained in the Act and Listing Regulations. The details of Annual Performance Evaluation of Individual Directors including Chairperson, Board of Directors and Committees of Board of Directors are mentioned in the Corporate Governance Report.

12. CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act and Rules framed thereunder, the Corporate Social Responsibility ("CSR") Committee has been constituted consisting of three members, details of which is given in the Corporate Governance Report. CSR policy and Annual report on CSR activities of the Company as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, have been provided as **Annexure-III** to this report.

13. BUSINESS RESPONSIBILITY REPORT (BRR)

A business responsibility report pursuant to SEBI Notification No. SEBI/LAD-NRO/GN/2019/45 dated December 26, 2019 read with SEBI Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 5, 2021 in the prescribed format is enclosed to this annual report separately as **Annexure -IV**.

14. NOMINATION AND REMUNERATION POLICY

The details of the Nomination and Remuneration Policy are mentioned in the Corporate Governance

Report. A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (as amended) is provided as **Annexure-V** of this Report.

15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. The scope of Internal Audit is well defined in the organisation. The Internal Audit Report is regularly placed before the Audit Committee for its review. The Management and the Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company with reference to the Financial Statements, its compliance with standard operating procedures, accounting procedures and policies. Based on the report of Internal Auditors, process owners undertake corrective actions in their respective areas and thereby strengthening the controls continuously. Significant audit observations, if any, and corrective actions suggested and taken are presented to the Audit Committee.

During the year under review, no reportable material weakness in the operation was observed. Regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

16. ANNUAL RETURN

As per the requirement of Section 92 of the Act, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the Annual Return in the prescribed form is available on the Company's website at www.stovec.com.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

No such contract or arrangement with Related Parties referred to in Section 188 (1) of the Act entered by the Company during the year which required to be disclosed in Form AOC-2.

During the reporting period, all the Related Party Transactions (RPTs) were placed before the Audit Committee for its prior approval and the Committee has granted its approval/omnibus approvals, as the case may be, for RPTs considering, inter alia, their nature and repetitiveness. The Audit Committee reviewed its omnibus approval quarterly. The Company has framed a policy on RPTs for the purpose of identification, approval and monitoring of such transactions. The policy on Related Party Transactions is hosted on the Company's website at www.stovec.com.

18. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The Company has no Inter-Corporate Loans/Guarantees/Security. Investments made in the shares/securities of

the companies are provided under notes to Balance Sheet appearing elsewhere in this Annual Report. The amount of investment made by the Company does not exceed the limits as specified in Section 186 of the Act.

19. VIGIL MECHANISM

The Company believes in doing business with integrity and displays zero tolerance for any form of unethical behaviour. In terms of Section 177(9) of the Act, a Vigil Mechanism for Directors and Employees to report genuine concerns is in place and the details of such Policy are provided in the Corporate Governance report forming part of this Report. The Audit Committee oversees and review the functioning of this policy from time to time.

The Company has disclosed information about the establishment of the Whistleblower Policy on its website at www.stovec.com at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Whistle-Blower_Policy.pdf

20. RISK MANAGEMENT

The Company has formulated Risk Management Policy to monitor the risks and to address/mitigate those risks associated with the Company. The Board of Directors do not foresee any elements of risk, which in its opinion, may threaten the existence of the Company.

21. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3)(c) and 134 (5) of the Act, your directors confirm, to the best of their knowledge and belief:

- a) that in the preparation of the annual financial statements for the year ended December 31, 2021, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2021 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements for the year ended December 31, 2021, have been prepared on a going concern basis;
- e) that proper internal financial controls are in place in the Company and that such internal financial

controls are adequate and are operating effectively; and

- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

22. POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder and Internal Complaint's Committee has also been set up to redress complaints regarding sexual harassment. During the year, no complaint with allegations of sexual harassment was received by the Company. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under:

- Number of complaints filed during the financial year - Nil
- Number of complaints disposed of during the financial year - Nil
- Number of complaints pending as on end of the financial year - Nil

23. AUDITORS AND AUDITORS REPORT

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditor's) Rules, 2014, M/s. SRBC & CO LLP, Chartered Accountants (FRN 324982E/E300003) was appointed as Statutory Auditors of the Company for a term of 5 consecutive years to hold office from the conclusion of 46th Annual General Meeting until the conclusion of 51st Annual General Meeting to be held in the year 2025.

COST RECORDS AND COST AUDITORS

In terms of Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the cost accounts and records are duly made and maintained by the Company.

The Board of Directors on the recommendation of the Audit Committee, have 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 2022, at a remuneration as mentioned in the Notice convening the 48th Annual General Meeting. A certificate has been received from the Cost Auditors to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed

thereunder. A resolution seeking Member's approval for the remuneration payable to Cost Auditors forms part of the Notice convening 48th Annual General Meeting of the Company and the same is recommended for approval of Members.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (LODR) Amendment Regulation, 2018, the Company has appointed M/s Sandip Sheth & Associates, Practicing Company Secretaries (COP No. 4354), for conducting Secretarial Audit of the Company for the financial year ended on December 31, 2021 and the same is annexed to this report as **Annexure-VI**.

AUDITORS REPORT

The Reports of the Auditor and the Secretarial Auditor do not contain any qualification, reservation or adverse remark of the respective auditors and hence they need not require any comments or explanation under section 134(3)(f) of the Act.

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder, either to the Company or to the Central Government.

24. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments have occurred between the end of the financial year to which the Financial Statements relate and the date of this Report, which affect the financial position of the Company.

25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

As on date of this report, there are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and operations of the Company in future.

26. PARTICULARS OF EMPLOYEES

The information on employees' particulars as required under Section 197 (12) of the Act read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), forms part of this Report. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding such information. The said information is available for inspection by any members at the Registered Office of the Company on any working day (i.e. except Saturday,

Sunday and Public Holidays) up to the date of Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

27. ENVIRONMENT, HEALTH AND SAFETY:

The Company is committed to health and safety of its employees, contractors and visitors. We are compliant with all EHS Regulations stipulated under the Water (Prevention and Control of Pollution) Act, The Air (Prevention and Control of Pollution) Act, The Environment Protection Act and the Factories Act and Rules made thereunder. Our mandate is to go beyond compliance standards, and we have made a considerable improvement in this direction.

28. GENERAL

a. There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

b. The Company is debt free and has no loan. Hence, there has been no instance of valuation done for settlement or for taking loan from the Banks or Financial Institutions.

29. ACKNOWLEDGEMENT

The Board express its appreciation for the contribution, co-operation and confidence reposed by SPG Prints B.V., the Parent Company. The Directors further express their deep sense of gratitude to the Central and State Government Ministries and departments, shareholders, customers, suppliers, business associates, bankers, employees, and all other stakeholders for their support and look forward to their continued co-operation and support.

For and on behalf of Board of Directors

Date: February 25, 2022
Place: Mumbai

K. M. Thanawalla
Chairman
DIN: 00201749

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014).

A. CONSERVATION OF ENERGY

(i)	The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> Ensuring continuous reduction of Electrical Energy Consumption in AHU's through Integration of variable frequency drives. Continuously changing old parts in rotary screen electroplating baths to achieve energy saving goals. Replaced old inefficient motor with IE 3 motor for energy efficient cooling tower operating with existing VFD control to achieve maximum energy saving. Maintained & improved power factor by installing additional capacitor banks. Followed regular practice of replacing old inefficient lighting fixtures with LED lighting fixture. Followed regular practice of effective preventive maintenance & predictive maintenance to ensure efficient utilisation of all plant machineries.
(ii)	The steps taken by The Company for utilizing alternate sources of energy.	Company keeps on evaluating feasibility of utilizing various available options in market for alternate energy.
(iii)	The capital investment on energy conservation equipment's	<ul style="list-style-type: none"> Installed new AHUs with VFD control. Kept on replacing old inefficient rectifiers with new energy efficient rectifiers.

B. TECHNOLOGY ABSORPTION

(i)	The efforts made towards technology absorption	R&D activities have become integral part company's culture, it is our constant endeavor to improve product quality, process upgradation to achieve highest level of efficiency to obtain customer delight.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> Product cost reduction Product and Process improvement Improved product features, Improved functionalities
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not applicable
(iv)	The expenditure incurred on Research and Development.	₹ 3.88 Mn

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Millions)

Particulars	Amount
Earnings in foreign exchange from Goods and Services exported, Commission etc.	413.87
Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc.	941.79

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.

The Company has complied with all the requirements stipulated under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("Listing Regulations"), as applicable, with

regard to Corporate Governance and listed below is the status with regard to same:

2. BOARD OF DIRECTORS

At the helm of the Company's Corporate Governance practice is its Board. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations.

The composition of the Board with reference to the number of Executive, Non-Executive Directors and Woman Directors, meets the requirement of Regulation 17(1) of Listing Regulations and it consists of an optimal combination of Executive, Non-Executive and Independent Directors, representing a judicious mix of in-depth knowledge and experience.

Name of Director	Category	Outside Directorship	*No. of Committee positions held outside		Directorship in other listed entities	
			Member	Chairman	Name of Entity	Designation
Mr. K M Thanawalla (DIN: 00201749)	Non-Executive & Independent (Chairman)	14 (Fourteen)	1	0	-	-
Mr. Marco Wadia (DIN: 00244357)	Non-Executive & Independent	14 (Fourteen)	8	4	Chambal Fertilisers and Chemicals Limited	Independent Director
					Gobind Sugar Mills Limited	Independent Director
					Josts Engineering Company Limited	Independent Director
					Zuari Agro Chemicals Limited	Independent Director
					Zuari Global Limited	Independent Director
Mr. Dirk Wim Joustra [@] (DIN: 00481154)	Non-Executive & Non-Independent	-	-	-	-	-
Mr. Garrett Forde [#] (DIN: 09040078)	Non-Executive & Non-Independent	-	-	-	-	-
Mr. Eiko Ris (DIN: 07428696)	Non-Executive & Non-Independent	-	-	-	-	-
Mrs. Kiran Dhingra (DIN: 00425602)	Non-Executive & Independent	4 (Four)	4	0	Goa Carbon Limited	Independent Director
					Astra Microwave Products Limited	Independent Director
Mr. Shailesh Wani (DIN: 06474766)	Executive (Managing Director)	-	-	-	-	-

* Includes Audit and Stakeholders Relationship Committee of all other listed and unlisted public limited companies

@ Resigned w.e.f. 26th February 2021.

Appointed as a Non-Executive Director w.e.f. 26th February 2021.

In the opinion of the Board, the independent directors fulfill the conditions as specified in the Listing Regulations and are independent of the management and none of the Directors are related to any other Director.

The Board met 4 (four) times during the year i.e. February 26, 2021, May 11, 2021, August 11, 2021, and November 09, 2021 and maximum time gap between any two consecutive meetings was not more than 120 days. None of the Directors is a Director in more than 20

Companies or more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. None of the Executive Directors act as Independent Director of more than 3 listed entities. None of the Directors is a member in more than 10 Committees or is Chairperson of more than 5 Committees amongst the Companies in which he/she hold directorships. The attendance record of the Directors at the Board as well as Annual General Meeting are as follows-

DETAILS OF THE BOARD MEETINGS, ATTENDANCE AND SHAREHOLDING OF DIRECTORS

Directors	No of Board Meetings held	No of Board Meetings attended	Attendance at the last AGM	No. of Shares held	% of total shares of the Company
Mr. K. M. Thanawalla (KMT)	04	04	Yes	Nil	-
Mr. Dirk Wim Joustra (DJ) (Ceased w.e.f. 26.02.2021)	-	-	-	Nil	-
Mr. Garret Forde (GF) (Appointed w.e.f. 26.02.2021)	04	04	Yes	Nil	-
Mr. Eiko Ris (ER)	04	02	Yes	Nil	-
Mr. Marco Wadia (MW)	04	04	Yes	3910	0.187
Mrs. Kiran Dhingra (KD)	04	04	Yes	Nil	-
Mr. Shailesh Wani (SW)	04	04	Yes	Nil	-

DISCLOSURE OF EXPERTISE OR SKILLS OF DIRECTORS

The Board has identified the following skill set with reference to its Business and Industry which are available with the Board and individual directors:

Sr.	List of core skills/expertise/ competence	KMT	GF	ER	MW	KD	SW
a)	Knowledge of the Manufacturing sector and Textile Industry	√	√	√	√	√	√
b)	General Business Understanding, Administration and management	√	√	√	√	√	√
c)	Sales and Marketing Functions	√	√	-	-	-	√
d)	Business Strategy Formation	√	√	√	√	√	√
e)	Corporate Strategy/Restructuring	√	√	√	√	√	√
f)	Finance, Accounting and Costing	√	√	√	√	√	√
g)	Legal, Regulatory Compliance	-	-	-	√	-	-
h)	Corporate Governance	√	√	√	√	√	√
i)	Human Resource Management	-	√	√	√	-	√
j)	Risk Management and Mitigation Planning	√	√	√	√	-	√

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

The disclosure regarding appointment/re-appointment of Directors has been given under Sr. No. 9 of Director's Report.

ANNUAL PERFORMANCE EVALUATION

The Annual Performance Evaluation of Board, Committees of Board and each Director including Chairman of the Board was carried out through a structured questionnaire and findings thereof were shared to the respective Board/Committee members as well as Chairman. Evaluation was based on various parameters relating to leadership qualities, understating with critical matters, individual contribution to the Company performance, maintaining confidentiality wherever required, effective and efficient participation, independence in judgment, vis a vis understanding of the Company's business and strategy, guidance on corporate strategy etc.

The Board of Directors (excluding the Director being evaluated) evaluated the performance of independent directors i.e. Mr. K. M. Thanawalla, Mr. Marco Wadia, and Mrs. Kiran Dhingra and determined that all of them shall continue with their remaining period of their current appointment.

The Independent Directors in their meeting assessed the quality, sufficiency and timeliness of flow of information between the Company Management and the Board which is necessary for the Board to effectively and reasonably perform their duties and found them satisfactory. Board acknowledged and endorsed above information and reporting.

FAMILIARIZATION PROGRAM

The Independent Directors are familiarised by the management with respect to their roles and responsibilities, an overview of the industry, Company's

business model, risks, threats and opportunities initially on their joining and thereafter through various business presentations at meeting of the board of directors. Moreover, regulatory updates are presented and/or circulated to the Board from time to time towards familiarisation program. The details of familiarisation Program is available at the website of the Company at www.stovec.com at <https://www.spgprints.com/uploads/documents/Stovec/News/Familiarization-Programme.pdf>

INDEPENDENT DIRECTOR'S MEETING

Pursuant to the provisions of the Act and Regulation 25 of Listing Regulations, the one meeting of Independent Directors was held on February 26, 2021 without the presence of Non-Independent Directors and members of the Management wherein they have considered, inter alia, and evaluated the performance of directors and the Board as whole.

3. COMMITTEES OF THE BOARD

The Committees of the Board are constituted as per the Companies Act, 2013 and Listing Regulations

3.1 AUDIT COMMITTEE

The terms of reference of the Audit Committee are in line with the requirement of Section 177 of the Companies Act, 2013 and rules framed thereunder and as per Listing Regulations.

TERMS OF REFERENCE

The terms of reference of Audit Committee are briefly described below:

- (i) Review Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and also to examine the financial statement and the auditors' report thereon;
- (ii) Review with the management, of the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013 or any amendment or re-enactment thereof;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions;
- g. Qualifications in the draft audit report.
- (iii) Review with the management of the quarterly financial statements before submission to the Board for approval
- (iv) Recommending to the Board, the appointment, re-appointment, terms of appointment/re- appointment, fixation of audit fees and, if required, the replacement or removal of the Auditor;
- (v) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- (vi) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (vii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (viii) May call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the Internal and Statutory Auditors and the Management of the Company;
- (ix) Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- (x) Review of the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xi) Discussion with Internal Auditors of any significant findings and follow up there on;
- (xii) Evaluation of internal financial controls and risk management systems;
- (xiii) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xiv) Review of information relating to:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions submitted by management;
 - c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d) Internal Audit reports relating to internal control weaknesses;

- e) The appointment, removal and terms of remuneration of the Chief internal auditor
- (xv) Approval or any subsequent modification of transactions of the Company with related parties;
- (xvi) Scrutiny of inter-corporate loans and investments;
- (xvii) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), The statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (xviii) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xix) To look into the reasons for substantial defaults in the payment to the depositors, if any, debenture holders, if any, shareholders (in case of non-payment of declared dividends) and creditors;
- (xx) To review the functioning of the Whistle Blower/Vigil Mechanism; Details of establishing the Vigil Mechanism have been disclosed on the Company's website and in the Director's Report;
- (xxi) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xxii) To review the financial investments, in particular, the investments made by the unlisted subsidiary company;
- (xxiii) Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (xxiv) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder
- (xxv) Other matters as may be prescribed from time to time to be dealt with or handled by the Audit Committee pursuant to provisions of the Companies Act, 2013, the Rules framed thereunder, the Listing Regulation and the guidelines, circulars and notifications issued by Securities and Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") from time to time.
- (xxvi) Carrying out any other function as may be assigned to the Committee by the Board from time to time;

COMPOSITION & ATTENDANCE AT THE MEETING

The composition of the Audit Committee and details of meetings attended by its members during the FY2021 are given below:

Name	Designation	No of meetings	
		Held	Attended
Mr. K. M. Thanawalla	Chairman	04	04
Mr. Marco Wadia	Member	04	04
Mr. Shailesh Wani	Member	04	04

The Committee met 4 (four) times during the year i.e. February 26, 2021, May 11, 2021, August 11, 2021 and November 09, 2021. The intervening gap between two meetings did not exceed 120 days.

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

3.2 NOMINATION AND REMUNERATION COMMITTEE ('NRC'):

The terms of reference of the Nomination and Remuneration Committee have been formulated in line with the requirement of Section 178 of the Companies Act, 2013 and rules framed thereunder and as per Listing Regulations.

TERMS OF REFERENCE

Brief terms of reference of NRC are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- Carrying out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

COMPOSITION & ATTENDANCE AT THE MEETING

The composition of NRC and details of meetings attended by its Members during the FY 2021 are given below:

Name	Designation	No. of meetings	
		Held	Attended
Mr. Marco Wadia	Chairman	02	02
Mr. K. M. Thanawalla	Member	02	02
Mr. Eiko Ris	Member	02	01

The NRC met 2 (two) times during the year on February 26, 2021 and August 11, 2021. Company Secretary act as the Secretary to the Committee.

REMUNERATION POLICY:

The Remuneration policy of the Company is performance driven and structured to motivate employees, recognise their merits and achievements, in order to retain the talent in the Company and stimulate excellence in their performance.

The Board on the recommendation of NRC is authorised to decide the remuneration of the Managing Director/ Executive Director's, subject to the approval of the Members. Remuneration comprises of fixed components viz. salary, perquisites and allowances, and variable pay not exceeding to 50% of the remuneration (as per the scheme applicable to Managing Directors' of SPGPrints Group Companies) based on the targets achieved. The Managing Director will be entitled to bonus provided the conditions for awarding bonus have been met. The performance evaluations and the criteria thereof is given hereinabove in the report.

The Nomination & Remuneration Policy of the Company is available on the website of the Company at www.stovec.com.

The Directors' remuneration and sitting fees paid/payable in respect of the FY 2021 are given below:

(A) MANAGING DIRECTOR REMUNERATION:

The details of remuneration to Managing Director are as follows:

(₹ in Mn)

Name	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and other Funds	Total
Mr. Shailesh Wani	13.15	1.14	0.97	15.26*

* Remuneration includes variable pay.

SERVICE CONTRACT AND NOTICE PERIOD

Mr. Shailesh Wani's contract as Managing Director for a period of 3 years commenced from October 1, 2019 to September 30, 2022, terminable by six months' notice by either side or amount equivalent to six months' salary in lieu thereof.

The Board of Directors in its meeting held on February 25, 2022, considered renewal of his appointment taking into account his past performances vis a vis interest of the Company. Based on the

recommendation of Nomination and Remuneration Committee, Board has re-appointed Mr. Wani, as a Managing Director of the Company for a further period of 5 (Five) years w.e.f. October 1, 2022, subject to the approval of members of the Company.

(B) NON-EXECUTIVE DIRECTORS:

The Independent Directors' are paid remuneration by way of Sitting fees for attending Board/ Committee Meetings and Commission. During the year, Independent Directors were paid remuneration as under:

(₹ in Mn)

Name	*Sitting Fees	Commission	Total
Mr. K. M. Thanawalla	0.46	0.72	1.18
Mr. Marco Wadia	0.43	0.25	0.68
Ms. Kiran Dhingra	0.27	0.25	0.52

*Exclusive of Goods and Service Tax (as applicable).

NOTE:

- Sitting fee and commission are paid to Independent directors only.
- During the year, there had been no pecuniary relationships or transactions between the Non-Executive Directors and the Company.

COMMISSION

Company at its 46th Annual General Meeting held on September 16, 2020 has approved commission to Independent Directors within the overall ceiling not exceeding to 1% (one percent) or such other percentage as may be prescribed in the Act from time to time, of the net profits of the Company (computed in the manner provided in Section 198 of the Act or as may be prescribed by the Act or Rules framed thereunder from time to time) for each financial year, for a period of three financial years commenced from January 1, 2020, with powers to the Board / Committee thereof to decide commission payable to each Independent Directors within the ceiling.

The commission payable to each Independent Director is decided by the Board of Directors based on the recommendation of NRC. NRC takes into account, inter alia, their attendance, contribution, role and responsibility as a Chairman/ Member of the Board/Committee etc.

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

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC):

The terms of reference of the SRC have been formulated in line with the requirement of Section 178 of the Companies Act, 2013 and rules framed thereunder and as per Listing Regulations.

TERMS OF REFERENCE:

The brief terms of reference of the SRC are as under:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- Carrying out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

COMPOSITION & ATTENDANCE AT THE MEETING

The composition of SRC and details of meetings attended by its Members during the FY 2021 are given below:

Name	Designation	No of meetings	
		Held	Attended
Mr. K. M. Thanawalla	Chairman	1	1
Mr. Shailesh Wani	Member	1	1
Mr. Eiko Ris	Member	1	1

During the year, committee met on February 26, 2021 and all the members were present at the meeting. The Chairman of the SRC was present in the last Annual General Meeting to answer the shareholders queries. Company Secretary act as the Secretary to the Committee.

COMPLIANCE OFFICER:

Mr. Sanjeev Singh Sengar, Company Secretary, is the Compliance Officer of the Company and can be contacted at: -

Stovec Industries Limited

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

Tel: +91 79 6157 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 shares related 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 FY 2021 are as follows: -

Complaint Received	Resolved during the Year	Pending as on December 31, 2021
2	2	0

3.4 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

TERMS OF REFERENCE

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR activities.

COMPOSITION & ATTENDANCE AT THE MEETING

The composition of CSR and details of meetings attended by its Members during the FY 2021 are given below:

Name	Designation	No. of meetings	
		Held	Attended
Mr. Shailesh Wani	Chairman	2	2
Mr. K. M. Thanawalla	Member	2	2
Mr. Eiko Ris	Member	2	2

During the year, the Corporate Social Responsibility Committee met 2 (two) times i.e. on February 26, 2021 and November 9, 2021.

CSR POLICY:

The Company has formulated CSR Policy and the same is available at the website of the Company at <https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Final-CSR-Policy.pdf>

Company Secretary acted as the Secretary to the Committee.

4. CODE OF CONDUCT AND ETHICS

The Company has in place Code of Business Conduct and Ethics for its Board Members, Senior Management and Employees thereof. The Board and the Senior Management affirm compliance with the code annually.

5. GENERAL BODY MEETINGS' DISCLOSURES

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

Location	Date	Time
Through Video Conference	May 11, 2021	2:00 pm
Through Video Conference	September 16, 2020	3:00 pm
Registered office at N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad- 382405	May 9, 2019	11:00 am

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

Summary

May 11, 2021

Approval of payment of commission to Mr. K. M. Thanawalla, Chairman (Independent Director) for the financial year 2020, exceeding fifty per cent of the total Commission payable to all the Independent Directors of the Company

September 16, 2020

1. Re-appointment of Mr. K. M. Thanawalla (DIN:00201749), as an Independent Director of the Company for a second term of 5 (five) consecutive years
2. Re-appointment of Mr. Marco Wadia (DIN: 00244357), as an Independent Director of the Company for a second term of 5 (five) consecutive years
3. Approval of payment of commission to Mr. K. M. Thanawalla, Chairman (Independent Director) for the financial year 2019, exceeding fifty per cent of the total Commission payable to all the Independent Directors of the Company

May 9, 2019

Re-appointment of Mr. Shailesh Wani as Managing Director of the Company

Postal Ballot:

No postal ballot was conducted during the year under review and as of the date of this Report, there is no proposal to pass any Special Resolution through postal ballot.

6. DISCLOSURE

- 6.1 There were no materially significant related party transactions entered during the FY2021 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. No penalties or strictures have been imposed by them on the Company during the last 3 years. However, SEBI has imposed settlement charges for Rs. 5,84,350/- (Rupees Five Lakhs Eighty-Four Thousand Three Hundred and Fifty only) vide its order passed on April 15, 2019 toward settlement of delayed disclosure under SEBI SAST Regulations to the Stock Exchange, on Company's suo moto application.

6.3 The Company has in place a Whistle Blower Policy through which Directors, Employees and other Stakeholders may report their genuine concerns or grievances. The Whistle Blower Policy of the Company has been disclosed on the website of the Company. No personnel have been denied access to the Audit Committee to report its genuine concerns or grievances.

6.4 During the year under review, the Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 of Listing Regulations.

6.5 Adoption of Non-Mandatory Requirements of Listing Regulations

- The Company has separate persons for the position of Chairman and Managing Director. Mr. K. M. Thanawalla is a Chairman (Independent & Non - Executive) and Mr. Shailesh Wani is the Managing Director of the Company.
- The audit report of the Company's Financial Statements for the year ended December 31, 2021 is unmodified.
- The Internal Auditor reports directly to the Audit Committee.

6.6 Policy for determining Material Subsidiaries

The Company has formulated Policy for determining Material Subsidiaries and the same is available at the website of the Company at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_determining_Material_Subsidiaries.pdf

6.7 Related Party Transactions

Related Party Transaction Policy has been formulated in order to regulate the transactions between Company and Related Parties. The Related Party Transaction Policy is available at the website of the Company at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Related-Party-Transaction-Policy_Version-3.pdf

6.8 Disclosure of Commodity Price Risks, Foreign Exchange Risk and Commodity Hedging Activities

High quality Nickel is being imported regularly as per purchase guidelines of the Company. The Company's performance may get impacted in case of substantial change in prices of Nickel or Foreign Exchange rate fluctuations. However, Company takes forward cover as per its forex risk coverage policy. The Company does not undertake commodity hedging activities.

The risk management policy has been put in place to address the risks associated with the business of the Company including commodity price risk and mechanism to continuously monitor the movement in commodity prices and take appropriate action to ensure better cost control. During the year, the Company has no material price risk exposure.

6.9 Details of utilisation of funds raised through preferential allotment or qualified institutions placement

During the year, the Company has not raised funds through the preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

6.10 Certificate from a company secretary in practice regarding disqualification of Directors

The company has obtained the certificate from M/s Sandip Sheth & Associates, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate of non-disqualification is appended to this Report.

6.11 Regarding non-acceptance of recommendation of any committee of the Board

The Board of Directors have accepted every recommendation made by any committees of the Board.

6.12 Fees paid to the statutory auditor - Detail is given in the Notes 24 to the Financial Statements.

6.13 Disclosure in relation to Sexual Harassment of Women at Workplace is given at Sr. No. 22 to the Directors' Report.

6.14 Pursuant to the provisions of Regulation 17 (8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have given a certificate to the Board for the financial year ended December 31, 2021.

6.15 Compliance certificate from Mr. Sandip Sheth, practicing company secretary, regarding compliance of conditions of corporate governance is annexed with this report

6.16 Disclosures with respect to Unclaimed Suspense Account

During the year, the Company has transferred 4,171 equity shares of the Company held by 272 shareholders to the Unclaimed Suspense Account after sending three (3) reminders to them in accordance with Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI.

In accordance with the requirement of Regulation 34(3) and Schedule V of Part F of Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	Number of shareholders	Number of shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. 1 st January, 2021	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31 st December, 2021	272	4,171

The Voting Rights on the shares outstanding in the suspense account as on December 31, 2021 shall remain frozen till the rightful owner of such shares claims the shares.

6.17 Risk Management

As required by Listing Regulations, the Risk Management Policy has been formulated and the same is available at the website of the Company at www.stovec.com.

6.18 Policy for Prohibition of Insider Trading and Code of Conduct for Fair Disclosures

The Company has adopted a Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Code of Conduct for fair disclosures pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended).

6.19 Policy for determining Material Information

As required by Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved the Policy for determining Material Information and is available at the website of the Company at https://www.spgpprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_determining_Material_Information.pdf

6.20 Policy for Preservation of Documents and Archival Policy

As required by Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved the Policy for Preservation of Documents and Archival Policy and the same is available at the website of the Company at [www.stovec.com at https://www.spgpprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_Preservation_of_Documents_Archival_Policy.pdf](https://www.spgpprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_Preservation_of_Documents_Archival_Policy.pdf).

6.21 Disclosure of Accounting Treatment

The Company in the preparation of financial statements has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India. There are no audit qualifications in the Company's financial statements for the year under review.

7. SUBSIDIARY COMPANY

The Company does not have any subsidiary, Associate and joint venture company during the FY 2021.

8. MEANS OF COMMUNICATION

The quarterly results are published in Business Standard (English) and Jaihind (Gujrati) and also placed on the Company's website at www.stovec.com and submitted with the BSE Limited (BSE). All the required disclosures and information are available on the Company's website for the benefit of the shareholders. The Annual Report of the Company is also available on the website in a user friendly and downloadable form.

9. GENERAL INFORMATION FOR MEMBERS

9.1 Annual General Meeting:

Day, Date and Time	Friday, May 6, 2022 at 02.00 P.M.
Venue	Through VC/OAVM from the registered office of the Company

9.2 Financial Calendar:

Financial Year	FY 2021
Date of Book Closure	April 30, 2022 to May 6, 2022 (Both day inclusive)
Dividend Payment Date	On or before due date.

9.3 Listing:

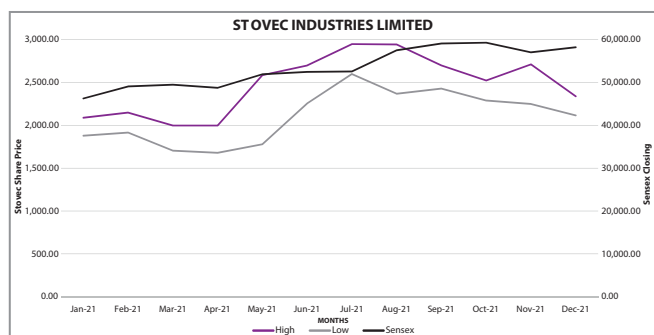
The Company's equity shares are listed on the BSE Limited (BSE) and the Company has paid annual listing fees to BSE for year 2021. The Ahmedabad Stock Exchange (ASE) vide its letter dated January 11, 2017 communicated to the Company that it is non-functional and under exit policy, thereby no need to make any compliance with ASE.

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

9.4 Market Information:

Month	BSE		
	High (₹)	Low (₹)	BSE SENSEX
Jan-21	2089.00	1880.00	46285.77
Feb-21	2150.00	1916.50	49099.99
Mar-21	1998.75	1705.00	49509.15
Apr-21	1998.75	1680.00	48782.36
May-21	2586.6	1780.00	51937.44
Jun-21	2700.00	2256.00	52482.71
Jul-21	2949.00	2600.00	52586.84
Aug-21	2945.00	2370.00	57552.39
Sep-21	2700.00	2430.00	59126.36
Oct-21	2524.00	2290.00	59306.93
Nov-21	2713.00	2250.00	57064.87
Dec-21	2339.00	2117.00	58253.82

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



*Source: www.bseindia.com

9.5 Registrar and Transfer Agents: -

For transfer lodgment, 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,

5th Floor, 506 to 508, Amarnath Business Center –I (ABC-I), Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.

Tel: +91(0) 79 - 2646 5179/86/87,

Fax: +91(0) 79 - 2646 5179.

E-mail: ahmedabad@linkintime.co.in

9.6 Share Transfer System:

The Board has authorised Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., to approve transfer of shares.

9.7 Shareholding Pattern of the Company:

Category	As on 31.12.2021		As on 31.12.2020	
	No of Shares	%	No. of Shares	%
Promoters & Promoter Group	1,483,777	71.06	1,483,777	71.06
Mutual Funds/UTI	0	0.00	0	0.00
Foreign Portfolio Investors	0	0.00	0	0.00
Investor Education and Protection Fund	33,331	1.60	31,690	1.52
Financial Institutions/Banks	965	0.05	965	0.05
Bodies Corporate	36,255	1.74	58,047	2.78
NRIs (Repatriable)	2,880	0.14	3,327	0.16
NRIs (Non-Repatriable)	10,660	0.51	10,211	0.49
Clearing Members	297	0.01	1,357	0.07
Directors & their Relatives	5,654	0.27	5,864	0.28
Individuals/HUF	5,10,026	24.43	4,92,784	23.60
Unclaimed Suspense or Escrow Account	4,171	0.20	0	0.00
TOTAL	2,088,016	100.00	2,088,016	100.00

Distribution of Shareholding as on December 31, 2021

Range of Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% of Total Shares
1 - 500	6934	97.9102	2,98,625	14.3019
501 - 1000	76	1.0731	53,793	2.5763
1001 - 2000	38	0.5366	55,046	2.6363
2001 - 3000	9	0.1271	22,500	1.0776
3001 - 4000	10	0.1412	34,023	1.6294
4001 - 5000	3	0.0424	13,467	0.6450
5001 - 10000	7	0.0988	40,713	1.9498
10001 or more	5	0.0706	1,569,849	75.1838
TOTAL	7082	100	2,088,016	100

9.8 Dematerialisation of Shares & Liquidity:

As on December 31, 2021, 20,30,155 equity shares representing 97.23% of the Company's paid-up Equity Share Capital have been dematerialized. The shares of the Company are frequently traded on the BSE where the same are listed.

9.9 The company do not have any outstanding GDRs or ADRs or warrants or any convertible instruments during the reporting period.

9.10 Plant Location & Address for Correspondence:

STOVEC INDUSTRIES LIMITED

Address : N.I.D.C., Nr. Lambha Village,
Post: Narol, Ahmedabad,
Gujarat – 382 405, India.
CIN : L45200GJ1973PLC050790
Tel : +91 79- 6157 2300
Facsimile No : +91 79- 2571 0406
Website : www.stovec.com

9.11 Credit Rating

The requirement of disclosure relating to list of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad is not applicable to the Company.

DECLARATION BY THE MANAGING DIRECTOR UNDER PART D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for Board of Directors, Senior Management & Employees, as applicable to them, for the financial year ended December 31, 2021.

For Stovec Industries Limited

Shailesh Wani

Date: February 25, 2022 Managing Director
Place: Ahmedabad (DIN: 06474766)

CIN: - L45200GJ1973PLC050790
Nominal Capital :- 3,00,00,000/-
Paid-up Capital : - 2,08,80,160/-

**CERTIFICATE OF
NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Stovec Industries Limited
CIN: L45200GJ1973PLC050790
N.I.D.C, Near Lambha Village,
Post: Narol, Ahmedabad – 382 405, Gujarat, India.

We have examined all relevant registers, records, forms and disclosures received from the directors of Stovec Industries Limited, produced before us by the Company for the purpose of certifying compliance of conditions of clause 10 (i) of

para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on December 31, 2021. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification. During the course of such certification, we have relied on various information and declaration furnished by each director of the Company as at and relied on the online information available with Ministry of Corporate Affairs Portal, its filing position and other web pages.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on December 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr No.	Name of Director	Director Identification Number (DIN)	Date of appointment in the Company
1	Mr. Khurshed Meherwanji Thanawalla	00201749	28/01/2005
2	Mr. Shailesh Chandrakrishna Wani	06474766	01/10/2013
3	Mr. Garrett Forde	09040078	26/02/2021
4	Mr. Eiko Ris	07428696	12/03/2019
5	Mr. Marco Philippus Ardeshir Wadia	00244357	21/05/1999
6	Ms. Kiran Dhingra	00425602	01/04/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the clause 10 (i) of para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 for the year ended on December 31, 2021.

Sandip Sheth & Associates
Company Secretaries

Firm Unique Code: P2001GJ041000

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

Place: Ahmedabad
Date: February 19, 2022

UDIN:F005467C002642596

CIN: - 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.

We have examined all relevant records of Stovec Industries Limited for the purpose of certifying compliance of conditions of Corporate Governance under para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 for the year ended on 31st December, 2021. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our 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 our examination of the records produced, explanation and information furnished, we certify that the Company has complied with all the mandatory conditions of the para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

Sandip Sheth & Associates
Company Secretaries

Firm Unique Code: P2001GJ041000

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

UDIN.: F005467C002805541

Place: Ahmedabad
Date: February 25, 2022

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER SECTION 135 OF THE COMPANIES ACT, 2013 FOR FY 2021

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

Stovec's Corporate Social Responsibility (CSR) builds a dynamic relationship between Stovec on one hand and the society and environment on the other. As a responsible Corporate Citizen, Stovec believes that to succeed, an organization must maintain highest standards of corporate behavior towards its employees, customers and society in which it operates and accordingly Stovec has formulated CSR Policy.

The CSR policy, which encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

2. COMPOSITION OF CSR COMMITTEE:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Shailesh Wani	Chairman	2	2
2.	Mr. K. M. Thanawalla	Member	2	2
3.	Mr. Eiko Ris	Member	2	2

3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

a. Composition of CSR Committee:

<https://www.spgprints.com/uploads/documents/Stovec/Corporate-Governance/Board-of-Directors-and-its-Committees-December-2020.pdf>

b. CSR Policy:

<https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Final-CSR-Policy.pdf>

c. CSR projects approved by the board:

https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Approved-CSR-Projects_2021.pdf

4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE:

Not applicable.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY:

Not applicable.

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5): ₹ 368.33 Mn

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 7.37 Mn

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year 2021 (7a+7b- 7c): ₹ 7.37 Mn

8. (a) CSR amount spent or unspent for the financial year. As per below given table.

Total Amount Spent for the Financial Year. (₹ in Mn)	Amount Unspent (₹ in Mn)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	(₹ in Mn)	Date of Transfer	Name of the Fund	(₹ in Mn)	Date of Transfer
7.40	Nil	-	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable.

(c) Details of CSR amount spent against other than ongoing projects for the financial year 2021:

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local Area (Yes/No)	(5) Location of the Project		(8) Amount Spent in the Current Financial Year (₹ in Mn)	(9) Amount Transferred to Unspent CSR Account for the Project as per Section 135(6) (₹ in Mn)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District				Name	CSR Registration Number
1.	Skill Development Programs	Education and livelihood	Yes	Gujarat	Ahmedabad	1.95	-	No	Ahmedabad Textile Industrial Research Association (ATIRA)	NA
2.	Contribution to Prime Ministers' National Relief Fund	Contribution to Prime Ministers' National Relief Fund	-	-	-	5.45	-	Yes	-	-
Total						7.40				

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year 2021 (8b+8c+8d+8e): ₹ 7.40 Mn

(g) Excess amount for set off, if any:

Sr. No.	Particulars	(Amount in ₹ Mn)
(i)	Two percent of the average net profit of the company as per section 135(5)	7.37
(ii)	Total amount spent for the financial year	7.40
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.03

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR: Not Applicable.

- Date of creation or acquisition of the capital asset(s)
- Amount of CSR spent for creation or acquisition of the capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5):

Not Applicable.

For and on behalf of the Board of Directors & CSR Committee

Shailesh Wani

Date: February 25, 2022

Managing Director & Chairman of CSR Committee

Place: Ahmedabad

(DIN: 06474766)

BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34 (2) (f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'))

SECTION A

GENERAL INFORMATION ABOUT THE COMPANY:

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L45200GJ1973PLC050790
2.	Name of the Company	Stovec Industries Limited
3.	Registered address	NIDC, Near Lambha Village, Post Narol, Ahmedabad – 382 405 (Gujarat, India)
4.	Website	www.stovec.com
5.	Email ID	secretarial@stovec.com
6.	Financial year reported	January 1, 2021 to December 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Textile - Manufacturer of Rotary and Digital Printing Machines, Perforated Nickle Screens, and other textile consumables and spare parts NIC Code of the product: Perforated Rotary Screens : 32909 Rotary Screen-Printing Machine : 28262
8.	Three key products/services of the Company (as in balance sheet)	(i) Perforated Rotary Screens, Lacquer & Auxiliary Chemicals, Rotary Printing Machines, Engraving Equipment, Components and Spares, Digital Ink. (ii) Anilox Rollers, Rota mesh and Rota Plate screens. (iii) Galvano consumables
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of international locations	Zero (0)
	(b) Number of national locations	One (1) Plant/Factory located at its registered office at Ahmedabad
10.	Markets served by the Company - local/state/national/international	Company serves to domestic as well as international markets.

SECTION B

FINANCIAL DETAILS OF THE COMPANY:

(₹ in Mn)

Sr. No.	Particulars	Details
1.	Paid up capital as on December 31, 2021	₹ 20.88
2.	Total turnover for FY 2021	₹ 2,333.61
3.	Total profit after taxes for FY 2021	₹ 296.41
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit after Tax (%) for FY 2021	₹ 7.40 (2.50%)
5.	List of activities in which expenditure in 4 above has been incurred	Refer Annexure-III to Board's Report for CSR Activities

SECTION C

OTHER DETAILS:

Sr. No.	Particulars	Details
1.	Does the Company have any subsidiary company/companies?	No
2.	Do the subsidiary company/companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(ies).	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]	No other entity/entities participate in the BR initiatives of the Company

SECTION D

BUSINESS RESPONSIBILITY ('BR') INFORMATION:

1. Details of Director(s) responsible for BR:

(a) Details of the Director responsible for implementation of the BR policy(ies):

Sr. No.	Particulars	Details
1.	DIN Number	06474766
2.	Name	Mr. Shailesh Wani
3.	Designation	Managing Director

(b) Details of the BR head:

Sr. No.	Particulars	Details
1.	DIN (if applicable)	06474766
2.	Name	Mr. Shailesh Wani
3.	Designation	Managing Director
4.	Telephone Number	+91 79 6157 2300
5.	Email ID	shailesh_wani@stovec.com

2. Principle-wise (as per National Voluntary Guidelines) BR Policy(ies)

SEBI mandated to include Business Responsibility Report on the following principles as stated in National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business released by the Ministry of Corporate Affairs:

P1	Businesses should conduct and govern themselves with ethics, transparency and accountability.	This forms part of the Code of Business Conduct & Ethics of the Company
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.	The policy is part of the Code of Business Conduct & Ethics and EHS Policy
P3	Businesses should promote the well-being of all employees.	Code of Business Conduct & Ethics & Internal HR Policies for Employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	The Company does not have a specific policy, however, certain aspect of this principle forms part of the CSR Policy.
P5	Businesses should respect and promote human rights.	This forms part of the Code of Business Conduct & Ethics.
P6	Businesses should respect, protect, and make efforts to restore the environment.	This forms part of the Code of Business Conduct & Ethics and EHS Policy.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	-
P8	Businesses should support inclusive growth and equitable development.	The Company has a CSR Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.	This forms part of the Code of Business Conduct & Ethics.

(a) Details of Compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy(ies) for ...(Refer Note-1)	Y	Y	Y	N	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders? (Refer Note-2)	N	N	N	-	N	N	-	N	N
3.	Does the policy conform to any national/ international standards? If yes, specify? (Refer Note-3)	Y	Y	Y	-	Y	Y	-	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director? (Refer Note-4)	Y	Y	Y	-	Y	Y	-	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	-	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	All policies are placed on the Company's website at www.stovec.com								

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders? (Refer Note-5)	Y	Y	Y	-	Y	Y	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	-	Y	Y	-	Y	Y
9.	Does the Company have a grievance-redressal mechanism related to the policy/policies to Address stakeholders' grievances related to the policy(ies)?	Y	Y	Y	-	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of these policies by an internal or external agency? (Refer Note-6)	N	N	N	-	N	N	-	N	N

Note

- (1) The Company's Code of Business Conduct & Ethics broadly covers the above principles supported by other statutory policies such as insider trading policy and code of fair disclosure, policy on related party transactions and material subsidiary, whistleblower policy, familiarization program, CSR policy, policy on prevention of documents and archival policy, policy for determining material information, policy on prevention of sexual harassment of women at workplace etc.
- (2) While there is no formal consultation with concerned stakeholders, the relevant policies have evolved over a period of time from the inputs of concerned internal stakeholders.
- (3) The Company's policies are in conformity with national/international standards, wherever applicable and in compliance with the applicable regulatory requirements.
- (4) As a process, all policies have been considered and noted by the Board/Committee/s of the Board and authenticated by Managing Director of the Company.
- (5) The policies are communicated to the relevant stakeholders, wherever applicable and required.
- (6) No independent audit of the policies has been carried out, however, Internal Audit Function periodically looks at the implementation thereof.

(b) If answer to the question in serial number 1 against any principle, is 'No', please explain why. (Tick up to two options)

Sr. No.		P1	P3	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles				√			√		
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next six months									
5.	It is planned to be done within next one year									
6.	Any other reason (please specify)	Considering the business activities of the Company, management/Board has not felt the need to formulate it now. However, the same may be formulated as and when the need arises.								

3. Governance related to BR

Particulars	Details
Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company (within three months, three-six months, annually, more than one year)	The Board of Directors of the Company through its Managing Director or internal committees, assesses the BR performance of the Company on need basis.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, its forms part of Annual Report of the Company and available on the website at www.stovec.com .

SECTION E -PRINCIPLE-WISE PERFORMANCE:

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

1.1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the group/joint ventures/suppliers/contractors/NGOs/others?

The Company's Code of Business Conduct & Ethics read with holding company's external code of conduct cover issues related to ethics, workplace responsibilities and conflict of interest etc. encompassing to all our business associates we are dealing with. Affirmation on compliance with the Code of Conduct is taken from the Board and the Senior Management on an annual basis. Further, the Company has adopted a Whistle-Blower Policy to provide a mechanism for employees and Directors of the Company to approach the ombudsperson or chairman of the audit committee of the Company, as the case may be, for reporting unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct.

In order to protect investors' interest, the Company has adopted a Code of Conduct to regulate, monitor and report trading by Specified Persons which enables them, inter alia, to report instances of leak of unpublished price-sensitive information. The anti-sexual harassment policy maintains a work environment free from any form of conduct which can be considered as harassing, coercive or disruptive to women.

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

The Company encourages all its stakeholders to freely share their concerns and grievances and it has different mechanisms for dealing with stakeholders' complaints viz. investors in equity market, customers, employees, vendors, suppliers etc. There are dedicated resources to address the complaints within a time-bound manner. Shareholder's complaints are reported on quarterly basis to the stock exchange concerned. Also, there was no complaint reported by any Director or employee of the Company under our whistle-blower mechanism and none was reported under anti-sexual harassment policy.

Complaints from external stakeholders such as suppliers and contractors are raised directly to business teams and are addressed by them on case-to-case basis.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

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

We endeavor to innovate and use efficient technologies to bring down strain on ecology and undertaken the following initiatives to serve this objective:

- Use of state-of-the-art Effluent Treatment Plant (ETP) to reduce treated water discharge
- Ensure energy-efficient operations
- Use of alternate packaging material to minimize wood consumption

2.2. For each such product and services, provide the following details in respect to resource use (energy, water, raw material, among others) per unit of product (optional):

- (i) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Details of conservation of energy are given in **Annexure-I** of the Directors' Report.

2.3. Does the Company have procedures in place for sustainable sourcing, including transportation?

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

Yes, it is, as a responsible corporate citizen, Company endeavours to reduce the environmental impact on its operations such as reducing paper usage through various digital initiatives in our work culture like paperless board meeting, generating of digital PO, various MIS and management reporting, use of recyclable packing materials etc.. Our supplier analysis also takes into account the sourcing strategy of the supplier and proximity of the supplier to the location where the order request has been raised to improve logistics as well as save time, cost and emissions from unwanted transportation through longer routes. The manufacturing processes are selected and improved year on year to consume lesser energy and resources.

Sourcing of input material for the product and of indirect material required for manufacturing has been continuously evolved with the concept of using only such material which can be recycled. This starts with design and selection of raw material/manufacturing process. The learnings are then shared with suppliers to ensure effectiveness of the process.

2.4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company consciously endeavors to source its procurement of the goods and services from medium and small vendors from the local areas wherever feasible. It improves operational efficiency and saves on transportation cost and inventory management.

To ensure improvement of capacity and capability of such local suppliers the Company ensures the timely payments against the respective services rendered by them. The Company do avail/employ people residing in vicinity of plants of the Company, whenever required, for the purpose of its manufacturing activities. The Company is providing technical and safety training, as required in plant, which makes them more reliable and employable in safe ways.

The human resources and other services required for our operations are generally sourced from within the local area to the extent feasible. The products and services offered by the Company are aimed at encouraging entrepreneurship, innovation, and capacity building among the society as well as to enable them to scale up their business operations.

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

Yes, the Company has a mechanism to recycle waste. Our operational practices are focused to continually reduce consumption of papers and progressive measures are being implemented across different processes to facilitate the same. All the waste generated in the operations is being disposed of through authorized recycler. The Company re-uses the wooden packaging material for certain product lines to minimize wood usages.

Our initiatives also strive to meet sustainability goals of waste reduction and more efficient resource utilization.

Principle 3: Businesses should promote the wellbeing of all employees:

At Stovec, we firmly believe that Human resources are invaluable assets of the Company. The Organization takes pride in its human capital, which comprises of people from diverse backgrounds and cultures. Guided by the core values which are deeply imbibed in each of the employees, the organization's achievements are an outcome of efforts, dedication and conviction demonstrated by its people. Robust people practices, best-in-class work environment and learning initiatives are the prime drivers behind the achievements.

Various women friendly facilities like flexi-work timing and maternity leave has supported the women employees in carrying on with their career along with other responsibilities.

- 3.1.1. Total number of employees: 251 (staff: 108 + Workmen: 143)
- 3.1.2. Total number of employees hired on temporary/contractual/casual basis: 40
- 3.1.3. Number of permanent women employees: 4
- 3.1.4. Number of permanent employees with disabilities: 1
- 3.1.5. Do you have an employee association that is recognized by the management: Yes

3.1.6. What percentage of your permanent employees is members of this recognized employee association? -100% of Permanent workmen strength

3.1.7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year: The Company does not employ any child labour or forced/involuntary labour.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

3.2. What percentage of your under-mentioned employees were given safety and skill upgradation training in the last year?

We continue to devote resources and efforts in encouraging people to upgrade their skills in general and safe working practices in particular. The details of such trainings are as follows:

- a. Permanent employees: 100 %
- b. Permanent women employees: 100 %
- c. Casual/temporary/contractual employees: 100 %
- d. Employees with disabilities: 100 %

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised:

4.1. Has the Company mapped its internal and external stakeholders?

Yes. The Company has mapped its internal and external stakeholders. The Company constantly strives to keep the communication open and transparent with all its stakeholders to maximize stakeholders' satisfaction and value creation.

4.2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

The Company is committed towards proactively engaging with the employees, business associates, customers and communities who may be disadvantaged, vulnerable and marginalized.

4.3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

We, being a responsible corporate, believe in inclusive growth and equitable development for socio-economic

betterment of the community. The Company is susceptible to extend support to the disadvantaged and marginalized stakeholders, through CSR programmes and active employee volunteering. The Company makes efforts to promote extending support to weaker section/ community, including engagement of differently abled persons, in the employment.

Principle 5: Businesses should respect and promote human rights:

5.1. Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/suppliers/contractors/NGOs/others?

The Company is committed to upholding the dignity of every individual engaged or associated with the Company be it employees or business associates. As a socially responsible organization, the Company is committed to protect and safeguard human rights.

The fair practices code as well as code of conduct lay down the acceptable employee behaviour on various aspects, including human rights. All employees, with direct interface to customers, are trained to be polite and courteous to customers under all circumstances. This focus on human rights extends towards all its interactions with stakeholders with utmost importance placed on fairness and transparency.

The Company respects human rights value and its efforts are directed towards adherence to applicable laws and to uphold the spirit of human right. The Company's policies inter alia Code of Conduct, Whistle Blower Policy and Policy on Prevention of Sexual Harassment of Women at Workplace ensures that any of its violations are addressed objectively. The Company also engages its suppliers to adhere applicable regulations related to human rights.

5.2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No complaint on human rights was received during the financial year.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment:

6.1. Does the policy relate to Principle 6 cover only the Company or extends to the group/joint ventures/suppliers/contractors/NGO s/others?

The Company believes that harmony between man and his environment is the essence of healthy life and living. Company strives for efficient and optimum utilization of available resources and minimization of waste.

6.2. Does the Company have strategies/initiatives to address global environment issues such as climate change, global warming, among others? Yes/No. If yes, please give hyperlink for webpage etc.

The Company doesn't have any specific programme or initiatives to address such issues but we are exploring the

possible use of solar energy in our plant being an alternate option of fuel in order to reduce the level of carbon footprints in the environment. Moreover , the Company is continuously implementing process improvements to reduce emissions and wastes and explores various opportunities to address such issues from time to time such as use of solar rooftop.

Our efficient operational and environment-management practices and digital-business initiatives help us to reduce our environment footprint and help us achieve environmentally sustainable business practices.

6.3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a mechanism to identify and assess potential environmental risks in its plant and aware of the potential environment risks. Company follows sound environment management practices at its manufacturing unit to assess and address potential environment risks.

We understand that environment risks may affect business operations and pose potential threat. The Company has its own ways to identify and assess the potential environment risks at the design stage itself.

We have also integrated environment and social safeguards into the business process. The Company continuously seeks to improve its environment performance by promoting use of energy efficient environment-friendly technologies and use of renewable energy.

6.4. Does the Company have any project related to clean development mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environment compliance report is filed?

Yes, the Company ensures project related to the clean development mechanism and environment compliance report is filed with the state environment authority i.e. GPCB.

6.5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, among others? Yes/No. If yes, please give hyperlink for webpage etc.

Technology is used to reduce impact on environment in the entire chain of manufacturing, the emphasis is on preserving natural resources such as Company uses in its operations' battery-operated forklift and stackers for material handling.

The Company fully supports the Ministry of Corporate Affairs' initiative to minimize the use of paper for 'all official communication'. In line with this, the Company sends all notices and documents, including the Annual Report, to shareholders by e-mail, who have registered for the same. This has led to a significant reduction in paper consumption annually.

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

Yes, the emissions and waste generated were within permissible limits stated by GPCB.

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

No notices were received by the Company during the year ended on December 31, 2021.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

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

The Company is a member of Textile Machinery Manufacturers Association (TMMA), Gujarat Chamber of Commerce & Industry (GCCCI) and Ahmedabad Management Association (AMA).

7.2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)

No.

Principle 8: Businesses should support inclusive growth and equitable development:

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

The Company has a well-defined CSR policy in line with the Companies Act, 2013, for undertaking various CSR initiatives for the support and development of society. The report on the CSR projects carried by the Company during the year is annexed with the Board's report.

8.2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

The Company contributes its CSR contribution to the government and NGO. Please refer annual CSR report of the Company annexed to the director's report of this annual report for further details.

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

No.

8.4. What is your Company's direct contribution to community development projects: Amount in Rs. and the details of the projects undertaken?

The Company has made no direct contribution to the community except the CSR contribution as mentioned above.

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

Not applicable.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

9.1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

There are no consumer cases outstanding as at the end of the financial year. However, the customer complaints with respect to the Company's goods have been taken care of by a separate team and resolved within the committed timelines.

9.2. Does the Company display product and service information on the product label, over and above what is mandated as per local laws?

No.

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

No.

9.4. Did your Company carry out any consumer survey/consumer-satisfaction trends?

The customer feedback/comments are taken by the Company and appropriate actions are taken as may be applicable.

STATEMENT OF DISCLOSURE OF REMUNERATION

(Pursuant to Section 197(12) of the Act and Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

- (i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021 and the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary during the financial year 2021.

Sr. No.	Name of Director / Key Managerial Personnel	Designation	*Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Shailesh Wani	Managing Director	35.19: 1	8.20%
2	Mr. Paras Mehta	Chief Financial Officer	Not Applicable	14.33%
3	Mr. Sanjeev Singh Sengar	Company Secretary	Not Applicable	9.00%

*remuneration includes variable pay on provisional basis.

- (ii) The percentage increase in the median remuneration of employees for the financial year 2021 was 10.73%.
- (iii) The Company had 251 permanent employees on the rolls of the Company as on December 31, 2021.
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 10.60 % whereas the increase in the managerial remuneration was 8.20%. The average increases every year is an outcome of the Company's market competitiveness and business performance. As per Nomination and Remuneration policy and benchmarking results, the increases reflect the market practice.
- (v) It is hereby affirmed that the remuneration paid during the financial year 2021 is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of Board of Directors

Date: February 25, 2022
Place: Mumbai

K. M. Thanawalla
Chairman
DIN: 00201749

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2021

FORM NO. MR 3

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

To,
The Members,
Stovec Industries Limited
CIN: L45200GJ1973PLC050790
N.I.D.C, Near Lambha Village,
Post: Narol, Ahmedabad – 382 405, Gujarat, India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Stovec Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st December, 2021 (hereinafter referred to as "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2021 according to the provisions of:

- (i.) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii.) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii.) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv.) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (*Not applicable to the Company during Audit Period*)
- (v.) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

During period under report, no specific law is applicable to the Company.

We have also examined compliance with the applicable clauses/regulations of the following, to the extent applicable to the Company during the audit period:

- (i.) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii.) The Listing Agreements entered into by the Company with Stock Exchange i.e. BSE Limited.
- (iii.) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

We report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above.

We further report that, there were no actions/ events in pursuance of:

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time;
- d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 as amended from time to time;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

requiring compliance thereof by the Company during the financial year.

"Annexure – A"

We further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by auditor/other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

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

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period, there were no other specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Sandip Sheth & Associates
Firm Unique Code: P2001GJ041000
 Practicing Company Secretaries

Sandip Sheth

Partner

FCS : 5467

CP No : 4354

Date: February 25, 2022

Place: Ahmedabad

UDIN :F005467C002806199

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

To,

The Members,

Stovec Industries Limited

CIN: L45200GJ1973PLC050790

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

Post: Narol, Ahmedabad– 382 405, Gujarat, India

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the representations from the Management and respective departmental heads about the Compliance of laws, rules and regulations and happening of events etc. during the audit period.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis, for the purpose of issuing Secretarial Audit Report.
6. The Secretarial Audit 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.
7. We conducted our audit in the manner specified under section 204 of the Companies Act, 2013 and Rules made there under, which seeks an opinion and reasonable assurance about the compliance status of various applicable acts and rules to the Company.

Sandip Sheth & Associates
Firm Unique Code: P2001GJ041000
 Practicing Company Secretaries

Sandip Sheth

Partner

FCS : 5467

CP No : 4354

Date: February 25, 2022

Place: Ahmedabad

UDIN :F005467C002806199

INDEPENDENT AUDITOR'S REPORT

To the Members of **Stovec Industries Limited**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Stovec Industries Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 as amended ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company

in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Recognition of revenue from contracts with customers for sale of textile machinery (refer note 3.06, 18 and 31 of the financial statements)</p> <p>Revenue from sale of textile machinery of ₹ 511.99 million is recognized in accordance with Ind AS 115, Revenue from Contracts with Customers, based on the dispatch/delivery of machines on completion of manufacturing (at a point in time). A certain portion of revenue is also deferred and recognised when the installation is completed to the satisfaction of the customers.</p> <p>We consider revenue recognition from such contracts to be a Key Audit Matter because management's assessments and terms of contracts significantly impact the determination of the performance obligations related to the individual contracts, which critically affects the revenue recognised for the year. These assessments include, in particular, the scope of deliveries and services required to fulfil contractually defined obligations.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> ● Obtained understanding and tested design and operating effectiveness of internal controls over revenue recognition. ● Assessed revenue recognition accounting policy to be compliance with Ind AS 115. ● Performed tests of details, on a sample basis, verified the underlying customer contracts and relevant supporting documents to analyse the dispatch/delivery conditions i.e. point in time and distinct performance obligations under contract. ● Evaluated management assumption for the allocation of transaction price between various performance obligation including variable consideration. ● Obtained and verified documents supporting dispatch / delivery of the machines. Obtained and read installation report and other relevant documents maintained by the Company installation of machines. ● Assessed the relevant disclosures made by the company in accordance with Ind AS 115.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p>Valuation of inventories and allowance for receivables (refer note 43 of the financial statements)</p> <p>Due to continuing effect of COVID-19 pandemic, Textile industry has been affected. Accordingly, there has been slow moving and non-moving of certain inventories and delay in recovery of receivables.</p> <p>As at December 31, 2021, the carrying amount of inventories was ₹ 394.26 million net of write downs. Further, the carrying amount of receivable amounting to ₹ 313.22 million net allowance for receivable of ₹ 11.09 million as at December 31, 2021.</p> <p>The Company writes down inventories based on policy due to various reasons viz: slow-moving, non-moving etc. as well as makes provision for overdue trade receivables based on policy, past experience, current trend and future expectations.</p> <p>Accordingly, the assessment of valuation of inventories and allowance for receivables especially due Covid-19 period requires significant management judgment and hence same is considered as Key Audit Matter.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> ● Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to written down of inventories valuation and allowance of receivable. ● Tested the aging report of inventories and receivable and on sample basis, tested the calculation of the inventory provision and receivable as per the policy of the Company. ● Obtained an understanding of management's estimate on business impact of COVID 19 pandemic on valuation of inventories and receivables. ● For specific provisions made, on a sample basis, assessed the basis, assumption used by the management, obtained and read management approvals. ● Assessed the Company's disclosures in Note 43 on impact of Covid-19 on the financial statement of the company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash

flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on December 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2021, from being appointed as a director in terms of section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended December 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 29 to the financial statement s;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sukrut Mehta

Partner

Membership Number: 101974

UDIN: 22101974ADQGPW4108

Place of Signature: Ahmedabad

Date: February 25, 2022

INDEPENDENT AUDITOR'S REPORT (Contd.)

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE OF STOVEC INDUSTRIES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2021;

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment;
- b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification;
- c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of
- section 186 of the Act in respect of investments made have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to manufacture and supply of textile machineries, spares and related services, sugar screen, organic and inorganic chemicals and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) a) According to the information explanation given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues are generally regularly deposited with government authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income-tax, goods and services tax, duty of custom, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

- c) According to the information and explanation and records of the Company, the dues of income-tax, value added tax, duty of customs, service tax and goods and services tax on account of any dispute which are not deposited, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	3.97	AY 2007-08, AY 2013-14 and AY 2017-18	Commissioner of Income Tax (Appeals)
The Finance Act, 1994	Service Tax	0.45	FY 2012-13 FY 2013-14 FY 2014-15	Commissioner of Central Excise (Appeals)
Gujarat Value Added Tax Act	Gujarat Value Added Tax	1.55	FY 2015-16 FY 2016-17 FY 2017-18	Commissioner of Gujarat Value Added Tax

Apart from above, the Company has deposited ₹ 1.65 million with various tax authorities although the same have been disputed with the respective authorities.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year and hence, reporting under clause (viii) is not applicable to the Company and hence not commented upon.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans and hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company and hence, reporting under clause (xii) is not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting under clause (xiv) are not applicable to the company and not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sukrut Mehta

Partner

Membership Number: 101974

UDIN: 22101974ADQGPW4108

Place of Signature: Ahmedabad

Date: February 25, 2022

INDEPENDENT AUDITOR'S REPORT (Contd.)

ANNEXURE 2 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF STOVEC INDUSTRIES LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Stovec Industries Limited ("the Company") as of December 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT (Contd.)**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because

of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at December 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Sukrut Mehta

Partner

Membership Number: 101974

UDIN: 22101974ADQGPW4108

Place of Signature: Ahmedabad

Date: February 25, 2022

BALANCE SHEET

AS AT DECEMBER 31, 2021

(₹ in Million)

	Note	As at December 31, 2021	As at December 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	360.67	296.28
(b) Capital work-in-progress	4	0.50	-
(c) Other Intangible assets	4	-	0.21
(d) Financial assets			
(i) Investments	5	-	8.36
(ii) Other financial assets	9	80.67	7.53
(e) Deferred tax assets (net)	25	4.38	5.18
(f) Other assets	10	48.20	28.84
Total Non-current Assets		494.42	346.40
Current assets			
(a) Inventories	6	394.26	310.83
(b) Financial assets			
(i) Investments	5	5.79	-
(ii) Trade receivables	7	313.22	245.49
(iii) Cash and cash equivalents	8	157.08	136.43
(iv) Bank balances other than (iii) above	8	586.90	732.28
(v) Other financial assets	9	27.87	22.42
(c) Other assets	10	29.73	12.03
Total Current Assets		1,514.85	1,459.48
Total Assets		2,009.27	1,805.88
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	20.88	20.88
(b) Other Equity	12	1,586.21	1,333.67
Total Equity		1,607.09	1,354.55
Liabilities			
Non-current liabilities			
(a) Provisions	16	20.21	21.12
Total Non-current Liabilities		20.21	21.12
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	13	15.73	1.04
- total outstanding dues of creditors other than micro enterprises and small enterprises	13	137.41	200.66
(ii) Other financial liabilities	14	84.66	51.99
(b) Other liabilities	15	122.43	140.29
(c) Provisions	16	21.74	35.09
(d) Current tax liabilities (net)	17	-	1.14
Total Current Liabilities		381.97	430.21
Total Liabilities		402.18	451.33
Total Equity and Liabilities		2,009.27	1,805.88
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta

Partner

Membership No. 101974

For and on behalf of the Board of Directors

Stovec Industries Limited

K. M. Thanawalla

Chairman

(DIN: 00201749)

Shailesh Wani

Managing Director

(DIN: 06474766)

Paras Mehta

Chief Financial Officer

Sanjeev Singh Sengar

Company Secretary

FCS No.: 7835

Place : Ahmedabad

Date : February 25, 2022

Place : Ahmedabad

Date : February 25, 2022

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

(₹ in Million)

	Note	Year ended December 31, 2021	Year ended December 31, 2020
INCOME			
Revenue from operations	18	2,333.61	1,510.23
Other income	19	56.20	58.27
Total Income		2,389.81	1,568.50
EXPENSES			
Cost of raw material consumed	20	1,254.78	782.06
Purchase of stock-in-trade	21	46.89	18.03
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22	(25.51)	(0.28)
Employee benefits expense	23	239.25	209.48
Depreciation and amortisation expense	4	51.02	45.34
Other expenses	24	448.82	342.25
Total expenses		2,015.25	1,396.88
Profit Before Exceptional Items and Tax		374.56	171.62
Exceptional items (refer note 42)		15.90	-
Profit Before Tax		390.46	171.62
Tax expense	25		
- Current tax		91.74	40.44
- Adjustment of income tax related to earlier years (net)		0.41	1.81
- Deferred tax charge / (credit)		1.90	(5.26)
Total Tax Expenses		94.05	36.99
Net Profit for the year		296.41	134.63
Other Comprehensive Income ("OCI")			
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)			
(i) Remeasurements (loss) on the defined benefit plans		(3.28)	(1.88)
(ii) Fair valuation (loss) on equity instruments through other comprehensive income		5.35	(0.33)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		2.07	(2.21)
Total Comprehensive Income for the year, net of tax		298.48	132.42
Earnings per share [Face Value of share ₹ 10/- (December 31, 2020 - ₹ 10/-)]			
Basic and Diluted earnings per share (in ₹)	26	141.96	64.48
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta

Partner

Membership No. 101974

For and on behalf of the Board of Directors

Stovec Industries Limited

K. M. Thanawalla

Chairman

(DIN: 00201749)

Shailesh Wani

Managing Director

(DIN: 06474766)

Paras Mehta

Chief Financial Officer

Sanjeev Singh Sengar

Company Secretary

FCS No.: 7835

Place : Ahmedabad

Date : February 25, 2022

Place : Ahmedabad

Date : February 25, 2022

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(₹ in Million)

	Year ended December 31, 2021	Year ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	390.46	171.62
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	51.02	45.34
Interest income	(35.00)	(37.58)
Unrealised foreign exchange (gain) / loss	(0.22)	0.82
Loss on sale of property, plant and equipment (net)	0.04	1.04
Provision for doubtful receivables (net)	1.92	4.77
Liabilities and provisions no longer required written back	(12.11)	(12.62)
Provision / (Reversal) for warranty (net)	4.34	(0.55)
Operating profit before working capital changes	400.45	172.84
Adjustments for changes in working capital:		
(Increase) in other assets	(23.29)	(9.51)
(Increase) / Decrease in inventories	(83.43)	20.78
(Increase) / Decrease in trade receivables	(70.43)	64.26
(Decrease) / Increase in other liabilities and provisions	(20.66)	52.20
(Decrease) in trade payables	(47.56)	(14.24)
Cash generated from operations	155.08	286.33
Direct taxes paid (net)	(112.32)	(64.57)
Net cash flow generated from operating activities	42.76	221.76
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Payment toward purchase of property, plant and equipment	(91.73)	(41.02)
Proceeds from sale of property, plant and equipment	0.47	0.28
Proceeds from sale of investments	7.92	-
(Redemptions) / Investments in bank deposits (net)	72.24	(270.65)
Interest received	34.93	36.90
Net cash flow generated from / (used in) investing activities	23.83	(274.49)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid on equity shares	(45.94)	(124.40)
Net cash flow (used in) financing activities	(45.94)	(124.40)
Net (decrease) / Increase in cash and cash equivalents (A+B+C)	20.65	(177.13)
Cash and cash equivalents as at the beginning of the year	136.43	313.56
Cash and cash equivalents as at the end of the year	157.08	136.43

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

Notes :

1 Components of cash and cash equivalents (refer note 8) (₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Cash on hand	0.43	0.20
Bank Balances :		
- In Current Accounts	61.65	87.23
- Deposits with original maturity less than 3 months	95.00	49.00
Cash and cash equivalents at end of the year	157.08	136.43

2 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

3 Changes in liabilities arising from financial activities: (₹ in Million)

	January 1, 2021	Net Cash flow	December 31, 2021
Dividend paid on equity shares	-	45.94	-
Total	-	45.94	-

(₹ in Million)

	January 1, 2020	Net Cash flow	December 31, 2020
Dividend paid on equity shares	-	124.40	-
Total	-	124.84	-

4 Figures in brackets represents cash outflows.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta

Partner

Membership No. 101974

Place : Ahmedabad

Date : February 25, 2022

For and on behalf of the Board of Directors

Stovec Industries Limited

K. M. Thanawalla

Chairman

(DIN: 00201749)

Paras Mehta

Chief Financial Officer

Place : Ahmedabad

Date : February 25, 2022

Shailesh Wani

Managing Director

(DIN: 06474766)

Sanjeev Singh Sengar

Company Secretary

FCS No.: 7835

STATEMENT OF CHANGE IN EQUITY

FOR THE YEAR ENDED ON DECEMBER 31, 2021

A. EQUITY SHARE CAPITAL

Equity shares of ₹ 10 each issued, subscribed and fully paid (refer note 11)	No. of Shares	(₹ in Million)
As at January 1, 2020	20,88,016	20.88
Add/(Less): Changes during the year	-	-
As at December 31, 2020	20,88,016	20.88
As at January 1, 2021	20,88,016	20.88
Add/(Less): Changes during the year	-	-
As at December 31, 2021	20,88,016	20.88

B. OTHER EQUITY

	Reserves and Surplus					Retained Earnings (refer note 12)	Comprehensive Income - Equity instrument through OCI (refer note 12)	Items of Other Comprehensive Income - OCI (refer note 12)	Total
	General Reserve (refer note 12)	Securities Premium (refer note 12)	Capital Redemption Reserve (refer note 12)	Capital Reserve (refer note 12)	Capital Reserve on Business Combination (refer note 12)				
As at January 1, 2020	181.95	79.62	0.35	0.35	(190.26)	1,259.69	(5.17)	1,326.53	
Profit for the year	-	-	-	-	-	134.63	-	134.63	
Change in fair value of investments measured at FVTOCI (net of tax)	-	-	-	-	-	-	(0.33)	(0.33)	
Remeasurement (loss) of the defined benefit plans (net of tax)	-	-	-	-	-	(1.88)	-	(1.88)	
Total Comprehensive Income for the year	-	-	-	-	-	132.75	(0.33)	132.42	
Final dividend	-	-	-	-	-	(125.28)	-	(125.28)	
As at December 31, 2020	181.95	79.62	0.35	0.35	(190.26)	1,267.16	(5.50)	1,333.67	
As at January 1, 2021	181.95	79.62	0.35	0.35	(190.26)	1,267.16	(5.50)	1,333.67	
Profit for the year	-	-	-	-	-	296.41	-	296.41	
Change in fair value of investments measured at FVTOCI (net of tax)	-	-	-	-	-	-	5.35	5.35	
Remeasurement (loss) of the defined benefit plans (net of tax)	-	-	-	-	-	(3.28)	-	(3.28)	
Total Comprehensive Income for the year	-	-	-	-	-	293.13	5.35	298.48	
Final dividend	-	-	-	-	-	(45.94)	-	(45.94)	
As at December 31, 2021	181.95	79.62	0.35	0.35	(190.26)	1,514.35	(0.15)	1,586.21	

(₹ in Million)

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E-3000003

per Sukrut Mehta

Partner

Membership No. 101974

Place : Ahmedabad

Date : February 25, 2022

For and on behalf of the Board of Directors

Stovec Industries Limited

K. M. Thanawalla

Chairman

(DIN: 00201749)

Place : Ahmedabad

Date : February 25, 2022

Shailesh Wani

Managing Director

(DIN: 06474766)

Paras Mehta

Chief Financial Officer

Sanjeev Singh Sengar

Company Secretary

FCS No.: 7835

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

Stovec Industries Limited ("the Company") was incorporated on June 5, 1973. The Company's factory and registered office is located in Ahmedabad, Gujarat. The Company is listed on Bombay Stock Exchange. The ultimate parent company is Print Holdings B.V., Netherland. The Company is engaged in the manufacturing and selling of Textile Machinery & Consumables, Graphics Consumables and Galvanic Screens. The Company is a Technology and Market leader in Rotary Screen Printing Industry in India.

The Financial statements were approved for issued in accordance with a resolution of the Board of Directors on February 25, 2022.

2. BASIS OF PREPARATION

The Financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act 2013, (Ind AS compliant Schedule III), as applicable to Financial statements.

These Financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in ₹ in Millions and all values are disclosed in ₹ in million except when otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements:

3.01 Current versus non-current classification:

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability

for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has considered 12 months as its operating cycle."

3.02 Property, Plant and Equipment:

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of its purchase price and other incidental expenses that are directly attributable to the acquisition of the asset. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Subsequent expenditure related to an item of property plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of stores and spares above the threshold determine by management and which qualify as property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Repairs and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress comprises cost of capital assets that are not yet installed and ready for their intended use at the balance sheet date.

A Property Plant and equipment is derecognised upon disposal or when no future economic benefits

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

are expected from its use or disposal. Any gain or loss arising upon derecognition of the assets which is the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit and loss when the asset is derecognised.

Depreciation

Depreciation on property, plant and equipment (except free hold land) is provided on straight line basis over their useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act 2013.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if required.

3.03 Intangible Assets

Intangible assets acquired separately by the company and that have finite useful lives are measured on initial recognition at cost. The cost of intangible assets acquired through consolidated business prices are apportioned to the various assets class on a fair value basis as determined by competent valuer. Following initial recognition, other Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Amortisation

Amortisation on the following intangible assets are provided on straight line basis over the useful lives of the assets as estimated by management based on internal assessment. The management estimates the useful lives as follows:

Useful Life (Years)

Computer Software	3
-------------------	---

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss when the asset is derecognised.

3.04 Impairment of non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognized in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, recent market transactions are taken into account, if available.

The Company bases its impairment calculation on future cash flows after considering economic condition and estimated future operating results which are prepared separately for each of the Company's CGU.

After impairment, depreciation/ amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3.05 Inventories

Inventories of Raw material, Work-in-progress, Finished goods, packing materials, stores, spares and tools and stock in trade (traded goods) are measured at the lower of cost and net realisable value. Raw material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- i) Raw materials, packing materials, stores, spares and tools and traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on a moving weighted average cost basis.
- ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on moving weighted average cost basis comprising material, labour and related factory overheads.

Net realisable value is determined based on estimated selling price, less estimated costs of completion.

The Company writes down the inventory value where the realisable value is estimated to be lower than the inventory carrying value because of slow or non-moving inventories, as per policy consistently followed by the Company.

3.06 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

Sale of goods and services

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on the dispatch / delivery of the product. In case of sale of Textile Machines, revenue recognised is based on the dispatch /delivery of machines on completion of manufacturing. A certain portion of revenue towards

installation is also deferred and recorded when the installation is completed to the satisfaction of the customers.

The Company collects Goods and Services Tax (GST) on behalf of the Government which is not economic benefits flowing to the company and hence, is excluded from revenue.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Service income including income on short notice for termination of contract is recognised at the point in time after completion of services in accordance with the terms of contracts. In case of Annual Maintenance Services, revenue recognised over period of time. The same is recorded net of GST.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs its obligations under the contract (i.e., transfers control of the related goods or services to the customer).

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section Financial instruments – initial recognition and subsequent measurement.

Rights of Return

A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

Cost to obtain a contract and cost to fulfil a contract

The company recognise sales commission as an expense in the period in which related revenue is recognised as per the election of the optional practical expedient.

Cost to fulfil a contract i.e. freight, insurance and other selling expenses are recognised as an expense in the period in which related revenue is recognised."

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Other Revenue

Commission income is recognised and accounted on accrual basis.

Interest income

Interest income primarily comprise of interest from deposit with bank. Interest Income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Export Benefits

Export benefits are recognized for export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

Lease rental Income

Lease rental income from operating leases are recognised on accrual basis.

Sale of Scrap

Revenue from the sale of scrap is recognised at the point in time when scrap has been dispatched / sold.

3.07 Retirement and other employee benefits:

a) Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits :

(i) Defined contribution plan

Retirement benefit in the form of provident fund are defined contribution scheme. Provident fund contribution is made to the Government administered provident fund. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund as an expenditure, when an employee renders the related service.

ii) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plan. A defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

c) Other long term employment benefits:

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as other long-term employee benefit for measurement purposes. Such other long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3.08 Financial instruments

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Financial assets at amortised cost (debt instruments)

A Financial asset is measured at amortised cost if both the following condition are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is classified as at the fair value through other comprehensive income if both the followings criteria are met:

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

Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

The Company has equity investments in two entities which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (refer note 5). Fair value is determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

in the manner described in below note. Dividends on equity investments are recognised in the statement of profit and loss when the right of payment has been established.

- **Financial assets at fair value through profit or loss (FVTPL)**

Any finance assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised in the statement of profit and loss when the right of payment has been established.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is adopted only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss

- (iii) **De-recognition of financial assets**

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

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

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When

it has neither transferred nor retained substantially all of the risks and rewards of the asset and has not transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

- (iv) **Impairment of financial assets**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., trade receivables and bank balance.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit loss is recognised. Loss allowance of equal to the lifetime expected credit losses is recognised if the credit risk of the financial asset has significantly increased since initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ income in the Statement of Profit and Loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for financial assets measured as at amortised cost: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b) Financial liabilities and equity instruments

(i) Initial recognition and measurement of financial liabilities

Financial liabilities such as loans, borrowings and payables are classified, at initial recognition, as financial liabilities, net of directly attributable transaction costs, at fair value through profit or loss, as appropriate.

The Company's financial liabilities include trade and other payables and derivative financial instruments.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Company has not designated any liability at fair value through profit or loss.

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest Rate - EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms

of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contract to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

d) Re-classification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.09 Fair value measurement

The Company measures financial instruments such as derivatives at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.10 Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.11 Operating Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor:

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.12 Foreign currencies

The Company's financial statements are presented in Indian Rupee (INR), which is the functional currency of Company.

Transactions and balances

Transactions in foreign currencies are initially recorded in the Company's functional currency using exchange rate prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency with closing rates of exchange at the reporting date. Exchange differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of transaction.

3.13 Taxation

Tax expense comprises of current income tax and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside

Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3.14 Governments Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

3.15 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.16 Research and development expenditure

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development"

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

3.17 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Warranty Provision

The Company estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about returns. The timing of outflows will vary based on the actual warranty claims.

3.18 Contingent Liabilities:

Contingent liabilities are disclosed for (i) 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 (ii) 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 the amount of the obligation cannot be measured with sufficient reliability. The company does not recognize a contingent liability but discloses its existence in the financial statements.

3.19 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and for the purpose of cash flow statement, comprise cash at bank including demand deposits readily realisable with banks with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value and cash in hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term

deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.20 Cash dividend distribution to equity holders

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.22 Significant Accounting judgments, estimates and assumptions:

The preparation of the Company's financial statements as per Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates that require a material adjustment to the carrying amount of assets or liabilities. Revisions to accounting estimates are recognised prospectively.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as below:

i) Useful lives of property, plant and equipment/ intangible assets:

Determination of the estimated useful lives of property, plant and equipment/ intangible assets and the assessment as to which components of the cost may be capitalized. Useful lives of property, plant and equipment/ intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

ii) Fair value measurement of financial instruments:

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to note no 35 for the details of financial instruments valued at fair value.

iii) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, attrition rate and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Information about the various estimates and assumptions made in determining the present value of defined benefit obligations are disclosed in note no 27.

iv) Taxes

Significant management judgement is required to determine the amounts of current taxes, deferred taxes and tax credits that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies (refer note 25).

v) Product warranties

Significant management judgments are involved in determining the estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about returns. The timing of outflows will vary based on the actual warranty claims (refer note 16).

vi) Impairment of financial assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vii) Written down of inventories

An inventory obsolete provision is recognised where the realisable value is estimated to be lower than the inventory carrying value. The inventory written down is estimated taking into account various factors, including policy of the company, aging of inventory, past experience, current trend and future expectations (refer note 6).

3.23 Changes in accounting policies and disclosure

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2020. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective

a) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

4. PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS:

(₹ in Million)

	Property, Plant and Equipments										Other Intangible Assets		
	Land-Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total Property, Plant and Equipments	Computer Software	Total Intangible assets	Capital work in progress		
Cost													
As at January 1, 2020	0.47	95.49	225.86	12.48	4.84	15.37	16.57	371.08	7.27	7.27	45.74		
Additions	-	1.38	77.30	1.68	-	1.41	1.82	83.59	-	-	37.84		
Deletions	-	-	3.41	-	-	0.97	0.88	5.26	-	-	83.58		
As at December 31, 2020	0.47	96.87	299.75	14.16	4.84	15.81	17.51	449.41	7.27	7.27	-		
Additions	-	15.01	93.39	0.25	2.19	1.92	2.95	115.71	-	-	116.21		
Deletions	-	-	0.60	-	0.07	1.13	1.80	3.60	-	-	115.71		
As at December 31, 2021	0.47	111.88	392.54	14.41	6.96	16.60	18.66	561.52	7.27	7.27	0.50		
Depreciation and Amortisation													
As at January 1, 2020	-	11.69	80.30	3.48	1.48	6.38	9.41	112.74	6.06	6.06	-		
Charge for the year	-	4.10	32.32	1.12	0.66	2.99	3.15	44.34	1.00	1.00	-		
On Deletions	-	-	2.65	-	-	0.53	0.77	3.95	-	-	-		
As at December 31, 2020	-	15.79	109.97	4.60	2.14	8.84	11.79	153.13	7.06	7.06	-		
Charge for the year	-	4.04	39.00	1.24	0.77	2.82	2.94	50.81	0.21	0.21	-		
On Deletions	-	-	0.54	-	0.02	0.84	1.69	3.09	-	-	-		
As at December 31, 2021	-	19.83	148.43	5.84	2.89	10.82	13.04	200.85	7.27	7.27	-		
Net Book Value													
As at December 31, 2021	0.47	92.05	244.11	8.57	4.07	5.78	5.62	360.67	-	-	0.50		
As at December 31, 2020	0.47	81.08	189.78	9.56	2.70	6.97	5.72	296.28	0.21	0.21	-		

Notes:

- Freehold Land includes ₹ 10,000/- being face value of 100 shares of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.
- The Company has elected to continue with the carrying value for all of its Property, plant and equipments as recognised in its previous GAAP (Indian accounting principle generally accepted in India) as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, as deemed cost at the transition date i.e. January 1, 2016 as per option permitted under Ind AS 101 for the first time adoption. Accordingly, the accumulated depreciation / amortisation as at the transition date was eliminated against the gross carrying amount of the assets.

(3) Carrying value of property, plant and equipment given on operating lease on temporary basis are as follows :

(₹ in Million)

Description of assets	Buildings	Land - Freehold
Carrying amount:		
As at December 31, 2020	2.81	0.17
As at December 31, 2021	2.69	0.17

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

5. INVESTMENTS

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Non-Current		
Investments in equity instruments (quoted, fair value through OCI) (refer note 36)		
Nil (December 31, 2020 : 173,107) equity shares of ₹ 1/- each fully paid of Jaysynth Dyestuff (India) Ltd.	-	8.36
Investments in equity instruments (unquoted, valued at cost)[§]		
30 Shares (December 31, 2020 : 30) of ₹ 100/- each fully paid of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	-	-
Total - A	-	8.36
Current		
Investments in equity instruments (quoted, fair value through OCI) (refer note 36)		
78,146 (December 31, 2020 : Nil) equity shares of ₹ 1/- each fully paid of Jaysynth Dyestuff (India) Ltd.	5.79	-
Total - B	5.79	-
Total (A+B)	5.79	8.36
Details of quoted/unquoted investments:		
(a) Aggregate amount of quoted investments and market value thereof;		
Purchase Cost	6.34	13.69
Market Value	5.79	8.36
(b) Aggregate amount of unquoted investments;		
Purchase Cost [§]	-	-
(c) Aggregate amount of impairment in value of investments	0.55	5.33

§ Figures shown as Nil due to conversion to ₹ in million.

6. INVENTORIES

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Raw Materials (refer note 1 below) [Includes Goods-in-transit ₹ 5.15 million (December 31, 2020: ₹ 2.06 million)]	186.98	132.98
Work -in-process	67.53	28.20
Finished goods	113.87	132.69
Stock-in-trade	12.56	7.56
Packing material, stores, spares and tools	13.32	9.40
Total	394.26	310.83

Notes:

1 Raw materials include inventories lying with third parties of ₹ 2.28 million (December 31, 2020: ₹ 2.52 million).

7. TRADE RECEIVABLES

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Trade Receivables considered good - Unsecured (refer note 30)	299.10	227.76
Trade Receivables which have significant increase in credit risk	17.35	22.61
Trade Receivables - credit impaired	7.86	4.78
Total - A	324.31	255.15
Expected credit allowance (allowance for bad and doubtful debts)		
Trade Receivables which have significant increase in credit risk	3.23	4.88
Trade Receivables - credit impaired	7.86	4.78
Total - B	11.09	9.66
Total - (A+B)	313.22	245.49

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Notes:

- The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on ageing of the days the receivables are over/past due. Below is the age of trade receivables as at reporting date:

(₹ in Million)

Age of Trade receivables	Year ended December 31, 2021	Year ended December 31, 2020
Within the credit period	265.83	204.48
1 - 30 days past due	30.80	22.01
31 - 120 days past due	13.92	14.70
121 - 365 days past due	8.00	7.79
More than 365 days past due	5.76	6.17
	324.31	255.15

Below is the movement of expected credit loss allowance: (₹ in Million)

	Year ended December 31, 2021	Year ended December 31, 2020
Opening balance	9.66	4.88
Additions during the year	2.10	5.58
Reversals during the year	0.67	0.80
Closing balance	11.09	9.66

- No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member, other than dues from related parties disclosed as mentioned in note 30.
- For terms and conditions relating to related party receivables, refer note 30. Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

8. CASH AND BANK BALANCE

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Cash and cash equivalents		
Cash on hand	0.43	0.20
Balances with banks		
In Current accounts	61.65	87.23
Deposits with original maturity of less than three months	95.00	49.00
Total	157.08	136.43
Bank balance other than cash and cash equivalents		
Deposits with remaining maturity of less than twelve months	551.99	698.00
Margin money deposit (refer note 2 below)	25.31	24.54
Unpaid dividend accounts	9.60	9.74
Total	586.90	732.28

Notes :

- Deposits are made for varying periods of between one week and one year, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
- Margin money deposits are marked as lien against the outstanding bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

9. OTHER FINANCIAL ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Non-current		
Deposits with remaining maturity of more than twelve months	73.00	-
Security deposits	7.67	7.53
Total - A	80.67	7.53
Current		
Interest receivable on deposits	3.29	3.22
Security deposits	0.21	0.26
Export incentive receivables	5.61	18.94
Others (refer note 42)	18.76	-
Total - B	27.87	22.42
Total (A+B)	108.54	29.95

Note : The fair value of non-current financial assets is not materially different from the carrying value presented.

10. OTHER ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Non-Current		
Capital advances	0.26	-
Tax paid under protest (refer note 29)	5.60	5.53
Income-tax receivables (net of provision for taxation)	42.34	23.31
Total - A	48.20	28.84
Current		
Advances for goods and services	16.40	8.39
Returnable assets	5.21	-
Prepaid expenses	2.62	3.64
Balances with government authorities	5.50	-
Total - B	29.73	12.03
Total (A+B)	77.93	40.87

11. EQUITY SHARE CAPITAL

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Authorised share capital:		
2,900,000 (December 31, 2019 : 2,900,000) Equity Shares of ₹ 10/- each	29.00	29.00
10,000 (December 31, 2019 : 10,000) Preference Shares of ₹ 100/- each	1.00	1.00
Total	30.00	30.00
Issued, Subscribed and fully Paid-up share capital:		
2,088,016 (December 31, 2019 : 2,088,016) Equity Shares of ₹ 10/- each fully paid-up	20.88	20.88
Total	20.88	20.88

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

Equity Share capital	As at December 31, 2021		As at December 31, 2020	
	No. of Shares	(₹ in Million)	No. of Shares	(₹ in Million)
At the beginning of the year	20,88,016	20.88	20,88,016	20.88
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	20,88,016	20.88	20,88,016	20.88

b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share held.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive the residual assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by Holding Company

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as mentioned below:

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
SPGPrints B.V., Netherlands, the Holding Company.		
1,483,777 (December 31, 2020 : 1,483,777) equity shares	14.84	14.84

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

	As at December 31, 2021		As at December 31, 2020	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10/- each fully paid				
SPGPrints B.V., Netherlands	14,83,777	71.06%	14,83,777	71.06%

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

12. OTHER EQUITY

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
a. Capital Reserve		
Balance at the beginning of the year	0.35	0.35
Balance at the end of the year Total - A	0.35	0.35
b. Capital Reserve on account of business combination (refer note (i) below)		
Balance at the beginning of the year	(190.26)	(190.26)
Balance at the end of the year Total - B	(190.26)	(190.26)
c. Capital Redemption Reserve (refer note (ii) below)		
Balance at the beginning of the year	0.35	0.35
Balance at the end of the year Total - C	0.35	0.35
d. Securities Premium (refer note (iii) below)		
Balance at the beginning of the year	79.62	79.62
Balance at the end of the year Total - D	79.62	79.62
e. General Reserve (refer note (iv) below)		
Balance at the beginning of the year	181.95	181.95
Balance at the end of the year Total - E	181.95	181.95
f. Retained Earnings (refer note (v) below)		
Balance at the beginning of the year	1,267.16	1,259.69
Profit for the year	296.41	134.63
Final dividend	(45.94)	(125.28)
Remeasurement (losses) on defined benefit plans (net of tax)	(3.28)	(1.88)
Balance at the end of the year	1,514.35	1,267.16
g. Equity instrument through other comprehensive income (refer note (vii))		
Balance at the beginning of the year	(5.50)	(5.17)
Change in fair value of investments measured at FVTOCI (net of tax)	5.35	(0.33)
Balance at the end of the year Total - G	(0.15)	(5.50)
Total (A+B+C+D+E+F+G)	1,586.21	1,333.67

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

12. OTHER EQUITY (Contd...)

Notes :

- (i) Capital Reserve is created on account of business combination transaction between the Company and SPGPrints B.V.
- (ii) Capital Redemption Reserve created on redemption of Redeemable Preference shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- (iii) Securities Premium represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.
- (iv) General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- (v) Retained Earnings can be distributed by the Company as dividend to its equity shareholders and the same is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.
- (vi) This reserve represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

13. TRADE PAYABLES

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises (refer note below)	15.73	1.04
- Outstanding dues of creditors other than micro enterprises and small enterprises (refer note below)	137.41	200.66
Total	153.14	201.70

Note:

- 1 Trade payables are non-interest bearing and are normally settled on 45 to 90 days term.
- 2 For terms and conditions with related parties, refer note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

13. TRADE PAYABLES (Contd...)

(₹ in Million)

- 3 The disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

	Year ended December 31, 2021	Year ended December 31, 2020
a) Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end towards:		
- Principal	15.25	0.15
- Interest	0.48	0.89
b) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	0.41	-
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 Micro, Small and Medium Enterprise Development Act, 2006;	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	0.48	0.89
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 Enterprise Development Act, 2006.	-	-

The information 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. This has been relied upon by the auditors.

14. OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Deposits payable	1.70	1.70
Payable for capital expenditure	26.78	2.04
Employee benefits payable	46.58	38.51
Unpaid dividend (refer note 1 below)	9.60	9.74
Total	84.66	51.99

Notes:

- 1 There is no amount due and outstanding as at December 31, 2020 to be credited to Investor Education and Protection Fund.

15. OTHER CURRENT LIABILITIES

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Contract Liabilities - Advance from customers (refer note 31)	81.21	126.54
Contract Liabilities - Deferred Revenue (refer note 31)	8.90	5.62
Statutory dues	24.83	8.13
Refundable liabilities	7.49	-
Total	122.43	140.29

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

16. PROVISIONS

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Employee Benefits		
Provision for compensated absences (refer note 27)	20.21	21.12
Total - A	20.21	21.12
Current		
Employee Benefits		
Provision for Gratuity (refer note 27)	4.47	1.25
Provision for Compensated absences (refer note 27)	1.54	2.69
Provision for warranty (refer note 2 below)	10.52	9.56
Provision others (refer note 1 below)	5.21	21.59
Total - B	21.74	35.09
Total (A+B)	41.95	56.21

Note :

- The Company provides installation/ upgradation services to the customers of SPG Prints Austria GMBH in India for which the invoices are raised on SPG Prints Austria GMBH. The Company was not charging GST on such invoices considering it to be exempt on account of export of services. However, there was an ambiguity on whether the above transactions fall within definition of export of services, hence the Company had preferred to apply for Advance Ruling with tax authorities. During the current year, the Company has received unfavorable decision from Advance Ruling Authority. The Company had made provision of ₹ 11.87 million as at December 31, 2020 against the said matter which has been paid off along with interest liability thereon.
 - The Company follows provisioning policy of pending Sales tax C Forms for which provision made of ₹ 0.33 million (December 31, 2020 ₹ 0.33 million).
 - The Company has made provision for disputed Labour matters for ₹ 4.89 million (December 31, 2020: ₹ 4.89 million) for claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit in earlier years.
 - The Company had made provision for disputed excise and service tax matters for ₹ 3.58 million as on December 31, 2020. Against the said disputed case, the company has received a favourable order from the authority subsequent to year end. Hence, the provision has been reversed and the said amount has also been refunded by the authority.
- A provision is recognised for expected warranty claims on products sold during the 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 current sales level and information for best possible estimate available on returns.

(₹ in Million)

	Year ended December 31, 2021	
	Other Provisions	Warranty
Balance at the beginning of the year	21.59	9.56
Additions during the year	5.18	7.93
Reversals during the year	3.58	3.58
Utilisations during the year	17.98	3.39
Balance at the end of the year	5.21	10.52

17. CURRENT TAX LIABILITIES (NET)

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Current tax liabilities	-	1.14
(Net off Advance tax and TDS is ₹ Nil (December 31, 2020: ₹ 36.94 million))		
Total	-	1.14

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

18. REVENUE FROM OPERATIONS

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue from contract with customers (refer note 30 and 31)		
Sale of goods	1,973.99	1,293.77
Sales of traded goods	52.91	30.97
Sale of services	50.12	33.17
Total A	2,077.02	1,357.91
Other operating income		
Commission income (refer note 30)	17.16	14.34
Sale of manufacturing scrap	215.67	118.40
Export incentives	9.68	10.52
Others	14.08	9.06
Total B	256.59	152.32
Total (A + B)	2,333.61	1,510.23

19. OTHER INCOME

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest Income on:		
Bank deposits	34.70	37.29
Others	0.30	0.30
Liabilities no longer required written back	12.11	12.62
Provision for warranty (net) (refer note 16)	-	0.55
Lease rentals (refer note 28)	5.00	4.89
Net gain on foreign currency transactions	-	0.04
Insurance claims received	0.60	1.13
Miscellaneous income	3.49	1.45
Total	56.20	58.27

20. COST OF RAW MATERIAL CONSUMED

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Inventory at the beginning of the year	132.98	154.25
Add: Purchases during the year	1,308.78	760.79
	1,441.76	915.04
Less: Inventory at the end of the year	186.98	132.98
Cost of raw material consumed (refer note 1 below)	1,254.78	782.06

1 Cost of raw material consumed includes primary packing material consumed of ₹ 1.84 million (December 31, 2020: ₹ 1.77 million).

21. PURCHASE OF STOCK-IN-TRADE

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Purchase of :		
Perforated rotary screens	38.79	16.73
Others	8.10	1.30
Total	46.89	18.03

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Opening Stock		
- Work-in-process	28.20	12.24
- Finished goods	132.69	137.92
- Stock-in-trade	7.56	18.01
	168.45	168.17
Closing Stock		
- Work-in-process	67.53	28.20
- Finished goods	113.87	132.69
- Stock-in-trade	12.56	7.56
Total-B	193.96	168.45
Total (A-B)	(25.51)	(0.28)

23. EMPLOYEE BENEFITS EXPENSE

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Salaries, wages and bonus (refer note 27)	211.69	186.39
Contribution to provident and other funds (refer note 27)	8.79	7.83
Gratuity expenses (refer note 27)	3.38	2.97
Staff welfare expense	15.39	12.29
Total	239.25	209.48

24. OTHER EXPENSES

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Consumption of packing materials	10.78	7.79
Consumption of stores and spares	17.32	10.41
Power and fuel	174.42	117.20
Rates and taxes	3.71	5.73
Repairs and maintenance		
- Buildings	2.81	5.37
- Plant and Equipment	7.47	6.21
- Others	5.75	5.06
Insurance	4.35	3.47
Auditors' Remuneration:		
- Statutory audit fees	2.60	2.10
- Tax audit fees	0.91	0.50
- Others	0.65	0.60
- Out - of - pocket expenses	0.11	0.01
Royalty (refer note 30)	27.75	20.18
Provision for doubtful receivables (net) (includes bad debt written off of ₹ 0.49 million) (refer note 7)	1.92	4.78
Provision for warranty (net) (refer note 16)	4.34	-
Commission / service charges	15.66	13.74
Directors' Commission and sitting fees (refer note 30)	2.94	2.66
Freight and forwarding charges	30.06	20.40
Group management fees (refer note 30)	77.53	68.89
Loss on foreign currency transactions (net)	2.49	-
Loss on sale of property, plant and equipment (net)	0.04	1.04
Contribution towards corporate social responsibility activities (refer note 39)	7.40	8.77
Other miscellaneous expenses	47.81	37.34
Total	448.82	342.25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

25. INCOME TAX EXPENSES

The major component of income tax expenses for the year ended December 31, 2020 and December 31, 2019 are as under:

a Expenses recognised in statement of profit and loss (₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Current tax		
Current tax charges	91.74	40.44
Adjustment of income tax related to earlier years (net)	0.41	1.81
Total-A	92.15	42.25
Deferred tax		
Deferred tax credit	1.90	(5.26)
Total deferred tax credit	1.90	(5.26)
Tax expense reported in the Statement of Profit and Loss	94.05	36.99
Expenses recognised in Other Comprehensive income ('OCI')		
Tax on remeasurements of (loss) on the defined benefit plans	(1.10)	(0.64)
Tax on fair valuation on equity instruments through OCI	-	1.68
Total	(1.10)	1.04

b A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Accounting profit before tax	390.46	171.62
Statutory Income tax rate	25.17	25.17
Expected Income tax expenses	98.28	43.20
Tax effect of adjustments to reconcile expected income tax expenses to reported income tax expenses		
Non-deductible expenses	1.86	0.47
Income tax related to prior years	0.41	1.81
Expenses allowable under only Income Tax Act, 1961 (on account of common control business combination transaction between the Company and SPGPrints B.V.)	(6.36)	(8.49)
Income tax at lower rate	0.06	-
Others	(0.20)	-
Income tax expenses as per normal tax rate	94.05	36.99
Consequent to reconciliation items shown above, the effective tax rate	24.09%	21.55%

c Deferred tax:

The movement in deferred tax (assets) / liabilities during the year ended December 31, 2021 and December 31, 2020 are given below:

(₹ in Million)

	Opening balance as at January 1, 2021	Deferred tax charge / (credit) recognised in P&L	Deferred tax charge / (credit) recognised in OCI	Closing balance at December 31, 2021
Property, plant and equipment	(14.63)	2.34	-	(12.29)
Impairment allowance (Including expected credit loss allowance)	2.43	0.36	-	2.79
Provision for contingency and inventory obsolescence	8.61	(3.55)	-	5.06
Remeasurement gains / (losses) on defined benefit plans	0.32	(0.30)	1.10	1.12
Other timing differences allowable on payment basis	8.45	(0.75)	-	7.70
Total Deferred tax assets (net)	5.18	(1.90)	1.10	4.38

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(₹ in Million)

	Opening balance as at January 1, 2020	Deferred tax charge / (credit) recognised in P&L	Deferred tax charge / (credit) recognised in OCI	Closing balance at December 31, 2020
Property, plant and equipment	(15.88)	1.25	-	(14.63)
Impairment allowance (Including expected credit loss allowance)	1.23	1.20	-	2.43
Provision for contingency and inventory obsolescence	4.56	4.05	-	8.61
Remeasurement gains / (losses) on defined benefit plans	0.92	(1.23)	0.63	0.32
Change in Fair Value of investments measured at FVTOCI	1.68	(0.01)	(1.67)	-
Other timing differences allowable on payment basis	8.46	(0.01)	-	8.45
Total Deferred tax (liabilities) / assets (net)	0.97	5.25	(1.04)	5.18

26. EARNINGS PER SHARE

	Year Ended December 31, 2021	Year Ended December 31, 2020
Profit for the year attributable to equity shareholders (₹ in Million)	296.41	134.63
Weighted average number of equity shares (Nos.)	20,88,016	20,88,016
Nominal value of an equity share (in ₹)	10	10
Earnings Per Share (Basic and Diluted) (in ₹)	141.96	64.48

27. DISCLOSURES AS REQUIRED BY IND AS - 19 EMPLOYEE BENEFITS:

(a) Defined Contribution Plan :

The Company operates defined contribution plans in the form of provident and other funds. The Company has no obligation, other than the contribution payable to the provident and other funds. The Company recognizes contribution payable to the provident and other funds as an expense, when an employee renders the related service.

The amount recognised as an expense for defined contribution plans is as under:

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Employer's contribution to		
- Provident Fund	8.43	7.14
- ESI	0.35	0.68
- Others	0.01	0.01
	8.79	7.83

(b) Defined Benefit Plans :

The Company operates a defined benefit plan (the Gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The scheme is funded with the Life Insurance Corporation of India in form of a Group Gratuity Policy. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

i. Cost charged to statement of profit and loss (₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Current service cost	3.30	2.71
Interest Cost	0.08	0.26
Sub-total included in statement of profit and loss	3.38	2.97
Remeasurement (gains) / losses in other comprehensive income		
Actuarial losses	4.37	2.39
Return on plan assets, excluding amount recognised in interest income	0.01	0.13
Sub-total included in Other Comprehensive Income	4.38	2.52

ii. Reconciliation of opening and closing balances of defined benefit obligation (₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Present value of defined benefit obligations at the beginning of the year	24.95	22.13
Current service cost	3.30	2.71
Interest cost	1.64	1.60
Benefit paid directly by the employer	(1.24)	(3.87)
Benefit paid from the funds	(0.07)	-
Re-measurement or actuarial (gain) / loss arising from:		
Change in demographic assumptions	0.01	0.20
Change in financial assumptions	2.88	1.95
Experience variance (i.e. actual experience vs assumptions)	1.49	0.23
Present Value of Defined Benefit Obligations at the end of the year	32.96	24.95

iii. Reconciliation of opening and closing balances of the fair value of plan assets (₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Fair value of plan assets at the beginning of the year	23.72	18.51
Interest income	1.56	1.34
Expected return on plan assets, excluding interest income	(0.01)	(0.13)
Employer's contribution	3.29	4.00
Benefit paid from the fund	(0.07)	-
Fair value of plan assets at the end of the year	28.49	23.72

iv. Reconciliation of the present value of defined benefit obligation and Fair value of plan assets

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Present value of defined benefit obligations at the end of the year	32.96	24.95
Fair value of plan assets at the end of the year	28.49	23.72
Net defined (liability) recognized in Balance Sheet as at the end of the year	(4.47)	(1.23)
Current	4.47	1.25
Non-current	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

- v. **The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:**

	Year Ended December 31, 2021	Year Ended December 31, 2020
Discount Rate (per annum)	7.08%	6.56%
Annual Increase in Salary Cost	15.00% p.a. one year, 8.00% p.a. thereafter	10.00% p.a. for two years, 7.00% p.a. thereafter
Rate of Employee Turnover	For all service groups 3.00% p.a.	For all service groups 3.00% p.a.
Mortality Rates	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

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

- vi. **Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another. The results of sensitivity analysis is given below:

(₹ in Million)

	Sensitivity level	Year Ended December 31, 2021	Year Ended December 31, 2020
Discount Rate (- / + 1%)	Increase	(3.71)	(2.79)
(% change compared to base due to sensitivity)	Decrease	4.49	3.38
Salary Growth Rate (- / + 0.5%)	Increase	2.10	1.59
(% change compared to base due to sensitivity)	Decrease		
Attrition Rate (- / + 1%)	Increase	(0.41)	(0.19)
(% change compared to base due to sensitivity)	Decrease	0.46	0.21

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash accumulation scheme with Life Insurance Corporation of India	94%	94%
Cash and cash equivalents	6%	6%

- viii. **Asset Liability Matching Strategies**

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

- ix. **Effect of Plan on Entity's Future Cash Flows**

- a) **Funding arrangements and Funding Policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

b) Maturity Profile of Defined Benefit Obligation

	As at December 31, 2021	As at December 31, 2020
Weighted average duration (based on discounted cash flows)	14 years	14 years

x. Expected cash flows over the next (valued on undiscounted basis): (₹ in Million)

	As at December 31, 2021	As at December 31, 2020
1st Following Year	1.42	1.15
2nd Following year	1.97	0.74
3rd Following Year	1.00	2.19
4th Following Year	1.06	0.81
5th Following Year	1.47	0.85
Sum of Years 6 to 10	10.93	8.06
Sum of Years 11 and above	82.71	55.09

- xi.** The average future duration of the defined benefit plan obligation at the end of the reporting period is 17 years (December 31, 2020: 17 years).

(c) Other long-term employee benefits:

The actuarial liability for compensated absences as at year ended December 31, 2021 is ₹ 21.75 million (non-current provision ₹ 20.21 million and current provision ₹ 1.54 million). The same as at year ended December 31, 2020 ₹ 23.81 million (non-current provision ₹ 21.12 million and current provision ₹ 2.69 million).

28. LEASES

Operating Lease : As a Lessor

The Company has entered into cancellable lease agreements for use of certain area of its building premises for a period of one year. The lease rentals aggregating ₹ 5.00 million (December 31, 2020: ₹ 4.89 million) have been included under the head "Other Income" Note 19 "Lease Rentals" of Statements of Profit and Loss.

29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS:

a) Contingent Liabilities not provided for in respect of (₹ in Million)

	As at December 31, 2021	As at December 31, 2020
Disputed labour matters #	4.00	4.00
Disputed Income tax matters ^	4.38	4.30
Disputed Indirect tax matters*	2.83	2.78
	11.21	11.08

Disputed Labour matters include ₹ 4.00 million (December 31, 2020: ₹ 4.00 million) for claim filed by employees for compensation under Voluntary Retirement Scheme (VRS) benefit in earlier years.

^ Disputed Income tax matters include:

- 1) Demand from Income tax authorities for payment of additional income taxes of ₹ 4.30 million (December 31, 2020: ₹ 4.30 million) for the assessment years 2007-08 to 2017-18 for matters related to disallowance of provision for warranty expenditure against which Company has preferred an appeal before appropriate authorities. Against these tax matters company has paid ₹ 0.80 million (December 31, 2020: ₹ 0.80 million) under protest.
- 2) Demands from Income tax authorities for payment of additional income taxes of ₹ 0.08 million (December 31, 2020: ₹ NIL) for the assessment year 2013-14 for matters related to disallowance of weighted deduction claimed u/s 35(2AB) of the Income Tax Act, 1961, against which Company has preferred an appeal before appropriate authorities.

*Disputed Indirect tax matters include:

- 1) Sales tax demands raised for FY 2015-16 and FY 2016-17 not considering carry forward tax credit of earlier years and disallowance of tax credit ₹ 1.69 million (December 31, 2020: ₹ 1.69 million), against which the Company has appealed before appropriate authorities. The Company has paid ₹ 0.19 million (December 31, 2020: ₹ 0.09 million) under protest against this matter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

- 2) Service tax demands for credit taken on sales commission expense for the period February 2013 to February 2016 of ₹ 1.09 million (December 31, 2020: ₹ 1.09 million), against which the Company has appealed before appropriate authorities. The Company has paid ₹ 0.65 million (December 31, 2020: ₹ 0.65 million) under protest against this matter.
- 3) VAT assessment demands for FY 2017-18 of ₹ 0.05 million (December 31, 2020: ₹ NIL), against which the Company has appealed before appropriate authorities. The Company has paid ₹ 0.01 million (December 31, 2020: ₹ NIL) under protest against this matter.

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) as at December 31, 2021 is ₹ 5.74 million (December 31, 2020 is ₹ Nil).

30. RELATED PARTY DISCLOSURES:

Related party disclosures as required under the Indian Accounting Standard (AS) – 24 on “Related Party Disclosures” are given below:

A. Parties where control exists:

Name of Related Party	Nature of Relationship
SPGPrints B.V.	Holding Company
Print I B.V.	Parent of Holding Company
Print Holdings B.V.	Ultimate Holding Company

B. Name of the related party with whom transactions have been entered during the year:

Name of Related Party	Nature of Relationship
SPGPrints Printing Systems Wuxi Co.,Ltd	Fellow subsidiary
SPG Prints Mexico S.A. De C.V	Fellow subsidiary
SPGPrints Austria GMBH	Fellow subsidiary
Shandong Tongda Printing Systems Co. Ltd	Fellow subsidiary
SPGPrints Baski Sistemleri Tic. Ltd. Sti	Fellow subsidiary
SPGPrints Brasil Ltda.	Fellow subsidiary
Spgprints America Inc	Fellow subsidiary
Tinctura Colour Private Limited	Fellow subsidiary (w.e.f. June 4, 2020)

C. Key Management Personnel:

Name of Related Party	Nature of Relationship
Mr. Shailesh Wani	Managing director
Mr. Paras Mehta	Chief financial officer
Mr. Sanjeev Singh Sengar	Company secretary

D. Directors of company:

Name of Related Party	Nature of Relationship
Mr. K M Thanawalla	Independent directors
Mr. Marco Wadia	Independent directors
Mrs. Kiran Dhingra	Independent directors (w.e.f. April 1, 2020)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

E. Transactions with related parties during the year and balance as at year end:

(₹ in Million)

	Parties referred to in (A) above		Parties referred to in (B) above		Parties referred to in (C & D) above	
	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Sale of Products						
SPGPrints B.V.	1.05	2.94	-	-	-	-
Shandong Tongda Printing Systems Co. Ltd	-	-	2.67	0.07	-	-
SPG Prints Mexico, S.A. de C.V.	-	-	1.29	0.91	-	-
SPGPrints Brasil Ltda	-	-	5.69	3.14	-	-
SPGPrints Printing Systems Wuxi Co.,Ltd	-	-	0.43	0.60	-	-
Spgprints America Inc	-	-	5.22	7.47	-	-
SPGPrints Baskı Sistemleri Tic. Ltd. Şti.	-	-	151.81	38.36	-	-
Sub - Total	1.05	2.94	167.11	50.55	-	-
Sale of Services						
Spgprints America Inc	-	-	0.17	0.35	-	-
SPGPrints Austria GMBH	-	-	19.25	8.59	-	-
Sub - Total	-	-	19.42	8.94	-	-
Purchase of Raw Material and Components						
SPGPrints B.V.	81.52	42.04	-	-	-	-
SPGPrints Austria GMBH	-	-	0.01	1.18	-	-
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	1.30	1.22	-	-
SPGPrints Baskı Sistemleri Tic. Ltd. Şti.	-	-	0.17	-	-	-
SPGPrints Brasil Ltda	-	-	0.19	-	-	-
Sub - Total	81.52	42.04	1.67	2.40	-	-
Purchase of Property, Plant and Equipment						
SPGPrints B.V.	25.08	5.58	-	-	-	-
SPGPrints Austria GMBH	-	-	0.51	0.32	-	-
Sub - Total	25.08	5.58	0.51	0.32	-	-
Expenses Recovered from other companies						
SPGPrints B.V.	0.02	0.89	-	-	-	-
SPGPrints Austria GMBH	-	-	6.30	0.90	-	-
SPGPrints Brasil Ltda	-	-	0.44	0.32	-	-
Shandong Tongda Printing Systems Co. Ltd*	-	-	0.07	-	-	-
SPGPrints Baskı Sistemleri Tic. Ltd. Şti.	-	-	3.44	1.00	-	-
SPGPrints Mexico, S.A. de C.V.	-	-	0.66	0.28	-	-
SPGPrints Printing Systems Wuxi Co.,Ltd	-	-	-	0.14	-	-
Tinctura Colour Private Limited	-	-	0.58	-	-	-
Sub - Total	0.02	0.89	11.49	2.64	-	-
Remuneration (refer note 1 and 4 below)						
Mr. Shailesh C Wani	-	-	-	-	15.26	12.30
Mr. Paras Mehta	-	-	-	-	5.20	4.19
Mr. Sanjeev Singh Sengar	-	-	-	-	2.44	2.27
Sub - Total	-	-	-	-	22.90	18.76
Commission to Independent Directors (refer note 4 below)						
Mr. K M Thanawalla	-	-	-	-	0.72	1.49
Mr. Marco Wadia	-	-	-	-	0.25	0.51
Mrs. Kiran Dhingra	-	-	-	-	0.25	-
Sub - Total	-	-	-	-	1.22	2.00
Sitting fees (refer note 4 below)						
Mr. K M Thanawalla	-	-	-	-	0.46	0.28
Mr. Marco Wadia	-	-	-	-	0.43	0.27
Mrs. Kiran Dhingra	-	-	-	-	0.27	0.11
Sub - Total	-	-	-	-	1.16	0.66

* Figure shown as nil due to conversion to ₹ in million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(₹ in Million)

	Parties referred to in (A) above		Parties referred to in (B) above		Parties referred to in (C & D) above	
	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of services						
SPGPrints B.V.	1.49	1.03	-	-	-	-
Spg Prints Brasil Ltda	-	-	-	1.17	-	-
SPGPrints Printing Systems Wuxi Co.,	-	-	0.52	0.75	-	-
SPGPrints Baski Sistemleri Tic. Ltd. Şti.	-	-	0.65	-	-	-
Sub - Total	1.49	1.03	1.17	1.92	-	-
Expenses charged by other companies						
SPGPrints B.V.	5.52	5.28	-	-	-	-
SPGPrints Brasil Ltda	-	-	-	0.52	-	-
Spgprints America Inc	-	-	1.96	-	-	-
Sub - Total	5.52	5.28	1.96	0.52	-	-
Group management fees						
SPGPrints B.V.	77.53	68.89	-	-	-	-
Sub - Total	77.53	68.89	-	-	-	-
Royalty expense						
SPGPrints B.V.	27.75	20.18	-	-	-	-
Sub - Total	27.75	20.18	-	-	-	-
Dividend paid						
SPGPrints B.V.	32.64	89.03	-	-	-	-
Sub - Total	32.64	89.03	-	-	-	-
Commission received						
SPGPrints B.V.	0.32	-	-	-	-	-
SPGPrints Austria GMBH	-	-	16.84	14.34	-	-
Sub - Total	0.32	-	16.84	14.34	-	-
Lease rent received						
Tinctura Colour Private Limited	-	-	0.76	0.39	-	-
Sub - Total	-	-	0.76	0.39	-	-
Balance payable at the year-end						
SPGPrints B.V.	26.28	61.30	-	-	-	-
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	0.04	0.31	-	-
SPGPrints Austria GMBH	-	-	0.38	1.50	-	-
SPGPrints Baski Sistemleri Tic. Ltd. Şti	-	-	0.58	-	-	-
Spgprints America Inc	-	-	2.03	-	-	-
Remuneration Payable to Shailesh Wani	-	-	-	-	0.45	0.20
Remuneration Payable to Paras Mehta	-	-	-	-	0.21	0.17
Remuneration Payable to Sanjeev Singh	-	-	-	-	0.11	0.11
Sengar	-	-	-	-	-	-
Sub - Total	26.28	61.30	3.03	1.81	0.77	0.48
Balance receivable at the year-end						
SPGPrints B.V.	-	0.63	-	-	-	-
SPGPrints Baski Sistemleri Tic. Ltd. Şti	-	-	39.60	26.15	-	-
SPGPrints Austria GMBH	-	-	4.17	2.81	-	-
Shandong Tongda Printing Systems Co. Ltd	-	-	-	0.07	-	-
Spgprints America Inc	-	-	2.78	0.15	-	-
Tinctura Colour Private Limited	-	-	0.03	0.03	-	-
SPGPrints Printing Systems Wuxi Co.,Ltd	-	-	0.02	0.17	-	-
SPGPrints Brasil Ltda	-	-	1.78	-	-	-
Spgprints Mexico S A De C V	-	-	0.56	-	-	-
Sub - Total	-	0.63	48.94	29.38	-	-

Notes:

- (1) The key managerial personnel are covered by the Company's gratuity policy along with other employees of the company. The proportionate amount of gratuity pertaining to the Key Managerial Persons has not been included in the aforementioned disclosures as these are not determined on individual basis and the management considered disclosure is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

E. Transactions with related parties during the year and balance as at year end: (Contd...)

- (2) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash other than for advance.
- (3) The Company has not provided any commitment to the related party as at December 31, 2021 (December 31, 2020: Nil).
- (4) Sitting fees and commission to independent directors as well as variable pay to key managerial personnel are disclosed on actual payment basis.

(₹ in Million)

31. (a) Revenue from contracts with customers	Year Ended December 31, 2021	Year Ended December 31, 2020
Sales of goods	1,973.99	1,293.77
Sales of traded goods	52.91	30.97
Sale of services	50.12	33.17
Total	2,077.02	1,357.91
(b) Revenue from contracts with customers disaggregated based on geography		
India	1,680.31	1,092.68
Outside India	396.71	265.23
Total	2,077.02	1,357.91
(c) Timing of Revenue recognition		
Revenue from goods and services transferred to customers at a point in time	2,076.48	1,357.42
Revenue from services transferred to customers over time	0.54	0.49
Total	2,077.02	1,357.91

(d) Contract Balances

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
i) Trade Receivables		
- Opening Balance	245.49	314.42
- Closing Balance	313.22	245.49
The increase / decrease in trade receivables is mainly due to increase / decrease in sales. Refer note 7 for terms of contract balances.		
ii) Contract Liabilities		
- Opening Balance	132.16	80.57
- Closing Balance	90.11	132.16

Contract liabilities include advance from customers and transaction price allocated to unexpired service obligations.

(e) The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
- Revenue recognized from performance obligations satisfied	4.09	4.55
- Revenue recognized from supply of Goods	252.90	74.75

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(f) Performance obligation

i) Revenue from goods and installation:

Performance obligation is satisfied upon delivery of goods and upon completion of installation. Payment is generally due within 15 to 120 days after delivery of goods / completion of installation.

ii) Revenue from annual maintenance services:

Performance obligation of revenue from AMC services is satisfied over time.

(g) Transaction price allocated to remaining performance obligation

(₹ in Million)

	As at December 31, 2021	As at December 31, 2020
(unsatisfied or partially unsatisfied) as at 31 December		
- Within one year	306.18	266.05
- More than one year	-	-

(h) Reconciliation of the amount of Revenue recognised in statement of profit and loss with the contracted price :

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue as per Contracted Price	2,105.65	1,369.70
Adjustments		
Deferment of unexpired performance obligation	(13.07)	(11.17)
Volume discounts and others	(8.07)	(0.62)
Provision for sales return	(7.49)	-
Revenue from contracts with customers	2,077.02	1,357.91

For information about product segments and major customers, refer note 32.

32. SEGMENT REPORTING:

A. Basis for segmentation

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

The Company has determined following reporting segments based on the information reviewed by the Company's CODM.

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

Segment revenue and results:

The expenses / income which are not directly attributable to any business segment are shown as unallocable expenditure. The assets/ liabilities which are not directly attributable to any business segment are shown as unallocable assets / liabilities.

Segment assets and liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, Inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

32. SEGMENT REPORTING: (Contd...)

B. Information about reportable segments

(₹ in Million)

	Year Ended December 31, 2021				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic (Refer Note 42)	Unallocated	Total
Revenue from Operations					
External sales and services including other operating revenue (net of indirect taxes)	1,851.27	103.29	379.05	-	2,333.61
Total Revenue	1,851.27	103.29	379.05	-	2,333.61
Results					
Segment result	338.52	54.03	64.23	-	456.78
Interest Income net of expense	-	-	-	35.00	35.00
Unallocated expenditure net of unallocated income	-	-	-	(117.22)	(117.22)
Profit before exceptional items and tax	338.52	54.03	64.23	(82.22)	374.56
Exceptional items (refer note 42)	-	-	15.90	-	15.90
Profit Before Tax	338.52	54.03	80.13	(82.22)	390.46
Current Tax	-	-	-	92.15	92.15
Deferred Tax	-	-	-	1.90	1.90
Net Profit for the year	338.52	54.03	80.13	(176.27)	296.41
Other Information					
Segment Assets	949.92	26.72	112.10	920.53	2,009.27
Segment Liabilities	299.26	4.55	27.47	70.90	402.18
Capital Expenditure	108.91	-	-	7.30	116.21
Depreciation	40.57	1.23	0.12	9.10	51.02
Non cash items	40.31	0.90	0.04	(31.26)	9.99

(₹ in Million)

	Year Ended December 31, 2020				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic (Refer Note 45)	Unallocated	Total
Revenue from operations					
External sales and services including other operating revenue (net of indirect taxes)	1,168.90	70.76	270.57	-	1,510.23
Total Revenue	1,168.90	70.76	270.57	-	1,510.23
Results					
Segment result	169.45	32.10	47.59	-	249.14
Interest Income net of expense	(0.04)	-	-	37.59	37.55
Unallocated expenditure net of unallocated income	-	-	-	(115.07)	(115.07)
Profit before tax	169.41	32.10	47.59	(77.48)	171.62
Current tax	-	-	-	42.25	42.25
Deferred tax	-	-	-	(5.26)	(5.26)
Net profit for the year	169.41	32.10	47.59	(114.47)	134.63
Other Information					
Segment assets	746.45	34.08	74.94	950.41	1,805.88
Segment liabilities	339.95	10.28	4.03	97.07	451.33
Capital expenditure	32.41	0.52	-	4.92	37.85
Depreciation	33.76	1.57	0.12	9.89	45.34
Non cash items	29.18	0.40	0.06	(28.42)	1.22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

C. Information about secondary business segments

The Company uses same set of assets for the sales made in the India and outside India. The expenses incurred for sales to be made in India and outside are Common. Accordingly, geographical segment is analysed based on the location of customers. The following provides an analysis of the Company's sales by geographical Markets:

(₹ in Million)

Particulars	Year Ended December 31, 2021			Year Ended December 31, 2020		
	India	Outside India	Total	India	Outside India	Total
Revenue*	1,919.74	413.87	2,333.61	1,230.66	279.57	1,510.23
Non-current operating assets**	361.43	-	361.43	296.49	-	296.49
Capital Expenditure incurred	116.21	-	116.21	37.85	-	37.85

* Segment revenue is based on location of customers and includes other operating revenue.

** Segment assets based on geographical location of assets. Non-current operating assets exclude Investment, deferred tax assets, tax receivable balances and other non-current financial assets.

The Company derives revenue in excess of 10% from one major customer for the year ended December 31, 2021 i.e. Atul Sugar Screens Private Limited - ₹ 286.31 million (December 31, 2020 ₹ 209.79 million). The same contributes to the Galvanic business segment.

33. DISCLOSURE OF FINANCIAL INSTRUMENTS BY CATEGORY

(₹ in Million)

	As at December 31, 2021			As at December 31, 2020		
	FVTPL*	FVOCI**	Amortized cost	FVTPL*	FVOCI**	Amortized cost
Financial assets						
Investments#	-	5.79	-	-	8.36	-
Trade receivables	-	-	313.22	-	-	245.49
Cash and cash equivalents	-	-	157.08	-	-	136.43
Other bank balance	-	-	586.90	-	-	732.28
Other financial assets	-	-	108.54	-	-	29.95
Total Financial Asset	-	5.79	1,165.74	-	8.36	1,144.15
Financial liabilities						
Trade Payables	-	-	153.14	-	-	201.70
Other financial liabilities	-	-	84.66	-	-	51.99
Total Financial Liabilities	-	-	237.80	-	-	253.69

*FVTPL = Fair value through profit and loss

**FVOCI = Fair value through other comprehensive income

Figure under amortized cost shown as Nil due to conversion to ₹ in million.

34. FAIR VALUE DISCLOSURES FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(₹ in Million)

	As at December 31, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Investments	5.79	5.79	8.36	8.36
Total Financial Asset	5.79	5.79	8.36	8.36

The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

35. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for financial assets and financial liabilities as at December 31, 2021 and December 31, 2020

(₹ in Million)

Assets measured at fair value	Fair value measurement using		
	Date	Quoted Price (Level 1)	Total
Investments	December 31, 2021	5.79	5.79
	December 31, 2020	8.36	8.36

There have been no transfers between level 1 and level 2 during the years.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to carry out Company's operations in its normal operating cycle. The Company's principal financial assets include trade and other receivables, cash & cash equivalents and other bank balance that it derives directly from its operations.

The Company's business activities are exposed to a variety of financial risks, namely market risk, credit risk and liquidity risk. The Company's overall risk management focuses to minimize potential adverse effects of financial risks.

The Company's senior management have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. This committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

(a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and commodity risk. Financial instruments affected by market risk include bank deposits, trade receivables, trade and other payables.

Within the various methodologies to analyse and manage risk, Company has assessed risk based on "sensitivity analysis" on symmetric basis. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 5%

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at December 31, 2021 and December 31, 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits. The interest rates for the tenure of the fixed deposits are fixed. However, with the continuous decrease in the returns on fixed deposits, the income earned on such deposits may change in future based on the interest rates.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits:

(₹ in Million)

	Effect on profit before tax	
	Year Ended December 31, 2021	Year ended December 31, 2020
Interest rate sensitivity		
Increase in interest rates - 0.50%	3.61	3.60
Decrease in interest rates - 0.50%	(3.61)	(3.60)

Foreign currency risk :

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises out of various imports of raw materials and exports of its finished goods. The Company has a forex policy in place where the objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through use of foreign currency forward contracts. The Company follows netting principle for managing the foreign exchange exposure.

The carrying amounts of the company's foreign currency denominated monetary assets and liabilities based on gross exposure at the end of the reporting period is given in note no 38. There are no open derivative contracts at the end of the year.

Foreign currency sensitivity

The following table demonstrates the sensitivity in the USD and EURO to the functional currency of the Company, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. There are no forward exchange contracts designated as cash flow hedges and net investment hedges and hence, there is no impact on the Company's pre-tax equity due to changes in the foreign currency rates. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities has been given below:

(₹ in Million)

	Effect on profit before tax	
	Year Ended December 31, 2021	Year ended December 31, 2020
USD sensitivity		
USD – Increase by 5%	0.02	(0.07)
USD – Decrease by 5%	(0.02)	0.07
EURO sensitivity		
EURO – Increase by 5%	1.49	(0.81)
EURO – Decrease by 5%	(1.49)	0.81

Commodity risk :

The Company is exposed to the purchase price volatility of commodity i.e. Nickel based on London Metal Exchange. Any material fluctuation in price is expected to have impact on profitability of the company. As a policy, the company keeps safety stock for couple of month to avoid immediate price impact. Further, the company has made arrangement with its large customers to mitigate risk of such price fluctuation by building it in its future price. For other customers, the company appropriately changes its sale price to minimise the impact on profitability.

Considering above, the company manages its commodity risk quite successfully and hence the management believes that sensitive disclosure is not required to be given as there is no major impact on profitability of the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(b) Credit risk :

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk related to operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company does not have significant credit risk exposure to any single counterparty.

Trade receivables

Customer credit risk is managed by each division subject to the established policy, procedures and control relating to customer credit risk management. Credit risk is managed through credit approvals and establishing credit limits. Outstanding customer receivables are regularly monitored. The Company has concentration of credit risk with respect to one customer as at December 31, 2021 i.e. Atul Sugar Screens Private Limited - ₹ 48.61 million (December 31, 2020 ₹ 32.04 million).

The Company has used a practical expedient by computing the expected loss allowance for trade receivable based on historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due. The details disclosed related to ageing and provision movement has been given in note no 7.

Financial Instruments and cash deposits

Credit risk from balances with banks is managed by the Company's finance department. The Company's maximum exposure to credit risk from balance with bank is the carrying value of each class of financial assets disclosed in note no 8.

(c) Liquidity risk :

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity by ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended December 31, 2021 and December 31, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecast to ensure it has sufficient cash on an on-going basis to meet operational needs. Any Short term cash generated, over and above its working capital management and other operational requirement, is retained as cash and cash equivalents (to the extent required) and any excess is invested in term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Million)

	Carrying Amount	Within 1 Year	1 to 5 Year	More than 5 Year
As at December 31, 2021				
Trade payables	153.14	153.14	-	-
Other financial liabilities	84.66	84.66	-	-
Total	237.80	237.80	-	-
As at December 31, 2020				
Trade payables	201.70	201.70	-	-
Other financial liabilities	51.99	51.99	-	-
Total	253.69	253.69	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

37. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The Company manages its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. The Company maintains a debt free status and regularly declares dividend to its shareholders.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2021 and December 31, 2020.

38. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE:

	Currency	Amount in Foreign	(₹ in Million)	Amount in Foreign	(₹ in Million)
		Currency in Million		Currency in Million	
		December 31, 2021		December 31, 2020	
Amount Receivable	EURO	0.60	51.50	0.39	35.04
	USD	0.06	4.28	0.01	0.58
Amount Payable	EURO	0.25	21.67	0.57	51.33
	USD	0.05	3.90	0.03	2.04
	CNY*	-	0.04	-	0.04

* Figure shown as nil due to conversion to ₹ in million.

39. DETAILS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
(a) Gross amount required to be spent by the Company during the year		
- CSR obligation for current financial year	7.37	8.77
- Unspent amount of CSR obligation of previous financial year	-	-
- Total CSR obligation	7.37	8.77
(b) Amount spent during the year:		
(i) On purposes of construction / acquisition of any assets:	-	-
(ii) On purposes other than (i) above:	7.40	8.77

40. DIVIDEND REMITTED IN FOREIGN CURRENCY

	Year Ended December 31, 2021	Year Ended December 31, 2020
Amount remitted (₹ in Million)	32.64	89.03
Dividend related to financial year	December 31, 2020	December 31, 2019
Number of non-resident shareholders	1	1
Number of shares	14,83,777	14,83,777

41. RESEARCH AND DEVELOPMENT EXPENSES

(₹ in Million)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Capital expenditure	-	-
Revenue expenditure	3.89	3.15
	3.89	3.15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

42. The Company received notice from Atul Sugar Screens Private Limited ('Atul') on November 10, 2020 intimating termination of the Contract Manufacturing Agreement ('CMA'), earlier than the notice period stipulated in CMA entered into with the Company in April 2018 for manufacturing the sugar sieves for Atul. Pursuant to the above notice, the Company has entered into a "Settlement Agreement" with Atul during September 2021, determining the compensation and schedule of activities for closure of CMA over the period of time not later than July 2022. Upon completion of activities mentioned in the Settlement Agreement, the revenue from Galvanic business will be discontinued. During the current year ended December 31, 2021, pursuant to completion of certain activities mentioned in the agreement, the company has recorded consideration for such activity amounting to ₹ 15.90 million which has been disclosed as 'exceptional item' in these financial statements.

43. Textile Industry as well as Company's performance was affected as a result of Covid 19 in India. Accordingly, Company's revenue and operations for the previous year was lower compared to current year ended December 31, 2021. Further, the Company has also considered the possible effects that may result on account of COVID-19 and has made detailed assessment of its liquidity position, including recoverability and carrying values of its financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the COVID-19, the Company has at the date of approval of these financial statements, used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on the current estimates, the management has concluded that there are no other adjustments required in the financial statements. Given the uncertainties because of COVID-19 however, the final impact on the company's assets in future may differ from that estimated as at the date of approval of these financial statements. The Company will therefore continue to closely monitor any material changes arising of future economic conditions and impact on its business. Capital Investment in India remained muted due to COVID, geo-political climate & increased inflation.

44. EVENTS OCCURRED AFTER BALANCE SHEET DATE:

Board of Directors have recommended the dividend of ₹ 57 per equity share having face value of ₹ 10 each (570%) for the financial year ended December 31, 2021, which is subject to approval of the members at their annual general meeting.

45. PREVIOUS YEAR FIGURES:

Previous year figures have been regrouped /reclassified whenever necessary to conform this year's classification.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No.: 324982E/E300003

per Sukrut Mehta

Partner

Membership No. 101974

Place : Ahmedabad

Date : February 25, 2022

For and on behalf of the Board of Directors

Stovec Industries Limited

K. M. Thanawalla

Chairman

(DIN: 00201749)

Paras Mehta

Chief Financial Officer

Place : Ahmedabad

Date : February 25, 2022

Shailesh Wani

Managing Director

(DIN: 06474766)

Sanjeev Singh Sengar

Company Secretary

FCS No.: 7835





STOVEC[®]

INDUSTRIES LIMITED

Regd. Office:

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

Tel: +91 (0) 79 6157 2300 | Fax:+91 (0) 79 2571 0406

Email: secretarial@stovec.com

Website: www.stovec.com

CIN:L45200GJ1973PLC050790