spgprints®   STOVEC®

ISO 9001 BUREAU VERITAS Certification — Excluding Design

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 : +917961572300
+91 79 25710407 to 410
Fax : +91 79 25710406 (Corporate)
+91 79 25710420 (IMD)
E-mail : admin@stovec.com

Reference : **Scrip Code- 504959**
Date : **April 13, 2019**
Subject : **Notice convening 45th Annual General Meeting & Annual Report 2018**

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the financial year ended December 31, 2018 including Notice convening the 45th Annual General Meeting of the Company, to be held on Thursday, May 9, 2019 at 11.00 a.m. at the registered office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad– 382 405, Gujarat, India.

We request you to take the above on your records.

Thanking you,

Yours sincerely,

For, **Stovec Industries Limited**

STOVEC INDUSTRIES LIMITED AHMEDABAD

Sanjeev Singh Sengar
Company Secretary & Compliance Officer

Encl.: As above

45th ANNUAL
Report 2018

STOVEC® INDUSTRIES LIMITED

spgprints®

Core Activities

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

Core Competencies

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

Technologies

- Metal Coating / Plating
- Electroforming

Market / Customers

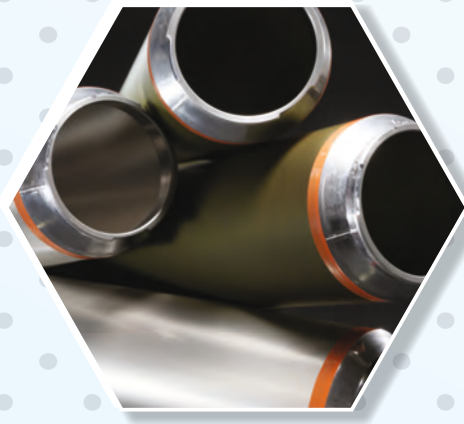
- Textile Printing and Processors
- Packaging and Label Printers and Converters
- Industrial/Security Printers

Market Position

- Technology and Market Leadership in Rotary Screen and Printing Machinery

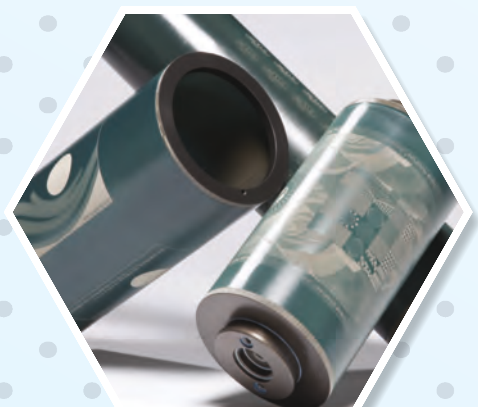
Pegasus Evo Rotary Screen Printing Machine

RD8 Rotary Screen Printing Machine



Rotary Screens and Consumables for Textile Printing

Digital Textile Printing Ink



Anilox and Screens for Graphic Printing

BOARD OF DIRECTORS

Mr. K. M. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mr. Eiko Ris	(Additional Director w.e.f March 12, 2019)
Ms. Sangeeta Sachdev	(Additional Director w.e.f May 2, 2018)
Mr. Marco Philippus A. Wadia	
Mr. Shailesh Wani	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Paras Mehta

COMPANY SECRETARY

Mr. Sanjeev Singh Sengar (w.e.f. April 5, 2019)

STATUTORY AUDITOR

Deloitte Haskins & Sells LLP
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

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.

BANKERS

Axis Bank Limited
Citibank N.A
Yes Bank Limited

REGISTERED OFFICE AND FACTORY

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

CONTENTS

LETTER FROM CHAIRMAN

Dear Shareholders,

It is my privilege to present the 45th Annual Report of your Company for the year ended December 31, 2018.

India continues to retain its tag of 'fastest growing economy in the world' and is expected to be one of the top three economic powers of the world in next two decades, backed by its strong democracy and partnerships. In 2018, India's GDP growth is estimated at 7.3% driven by strong domestic demand, improved government spending and industrial production. Weaker Private investment, tighter financial conditions, non-performing loans in the banking sector, farmers distress and global trade protectionism, still remain a concern area for the Indian economy. However, robust government spending, lower oil prices, improved measures in obtaining finances from Banks may help Indian economy to maintain its growth.

In 2018, Global growth is estimated at 3.7% due to weak momentum in later half of the year 2018. Moderate activity and heightened risks are clouding global economic growth prospects in 2019. Softening international trade and investment, elevated trade tensions, financial market pressures, is posing challenge for global economic growth. The steps to further eliminate barriers to investment, boosting human capital, promoting trade integration may help to address these challenges and improve growth.

Indian Textile Industry is gradually moving forward from low value-added products to high-end products. There is a vast scope on the horizon for India to improve its textiles production and consumption as it is expected to become a burgeoning growth sector. Indian Textile Manufacturing is quite fragmented, wherein most of its sectors are unorganized. Consolidation of unorganized textile manufacturing may help achieve more inclusive growth for textile as well as for the country. Absence of Free Trade Agreements with major economies like European Union and United States, makes Indian exports to these countries significantly more expensive compared to that from other competing countries. Early finalization of Free Trade Agreement with major economy(ies) may address the tariff disadvantage and help achieve growth in exports. Competitive lending rates, neutral duty structure, setting up of mega textile clusters is expected to make India an attractive destination for investment in textile and to further promote India's 'Make in India' program.

Since last couple of years, investment in textile industry is showing declining trend. Difficulty in obtaining finance from banks, working capital strain and soft order book position at our customer's end resulted in reduced demand for Company's Capital Products. Increased penetration of organized retail, favorable demographics, customer preference for branded clothes and rising income levels are expected to drive demand for textile industry. Ease in availing finance, continuation of technology upgradation fund scheme, conducive indirect tax structure, early finalization of free trade agreements with major economies of the world may help Indian Textile Industry to achieve its real growth momentum and thereby improving the performance of your Company.

In 2018, Your Company achieved standalone revenue from operations of Rs. 1930.16 Million (Previous year Rs.2175.69 Million), a decline of about 13% in revenue in comparison to previous year. This is mainly due to decline in sales of Company's Capital Products. Despite challenging business environment and decline in revenue, your Company with the quality products in hand and strong sales force, has achieved the standalone Operational Profit (excluding gain arising out of sale of Company's galvanic business) of Rs. 410.46 Million (Previous year Rs. 393.96 Million), a growth of about 4% in comparison to previous year. In 2018, the consolidated revenue from operations and consolidated Profit before tax stood at Rs. 1948.04 Million and Rs. 414 Million respectively.

I am confident that with the quality products in hand, increased market penetration, various programs for cost reduction of company's product without compromising the quality, disciplined credit control system, our customer centric and focused approach and with highly engaged and committed work-force, your Company will maintain and reinforce its strong position across its markets.

In conclusion, on behalf of the entire Board of Directors of Stovec Industries Ltd., I would like to sincerely thank our valued customers and other stakeholders for their continued confidence, support, co-operation and understanding. I would also like to thank our dedicated employees for their inexorable commitment and passion towards the Company that gives impetus for continuous improvement and growth.

Warm regards,

K. M. Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the FORTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED (CIN: L45200GJ1973PLC050790) will be held on Thursday, 9th day of May, 2019 at 11:00 a.m. at the registered office of the Company, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

a) the Audited Financial Statements of the Company for the financial year ended December 31, 2018, together with the Report of the Board of Directors and the Auditor's thereon; and

b) the Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2018 and the Report of the Auditors thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. Dirk Wim Joustra (DIN: 00481154), who retires by rotation and being eligible, offers himself for re-appointment.

4. To partially modify the resolution related to appointment of Statutory Auditors and if thought fit, to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013, as amended by the Companies (Amendment) Act 2017, effective from May 7, 2018, the consent of the members of the Company be and is hereby accorded to delete the requirement of seeking ratification of appointment of Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) at every Annual General Meeting, from the resolution passed at the 43rd Annual General Meeting of the Company held on May 11, 2017."

SPECIAL BUSINESS:

5. Appointment of Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) as a Director of the Company

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

"RESOLVED THAT Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) who was appointed by the Board of Directors as an Additional Director w.e.f. May 2, 2018 to hold office upto the date of 45th Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Mr. Eiko Ris (DIN: 07428696) as a Director of the Company

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

"RESOLVED THAT Mr. Eiko Ris (DIN: 07428696) who was appointed by the Board of Directors as an Additional Director w.e.f. March 12, 2019 to hold office upto the date of 45th Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. Re-appointment of Mr. Shailesh Wani (DIN: 06474766) as a 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, 203 and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof for the time being in force), and as recommended by the Nomination and Remuneration Committee and subject to such other approval as may be necessary, the consent of the Members of the Company, be and is hereby accorded for the re-appointment and remuneration payable to Mr. Shailesh Wani (DIN: 06474766), as the Managing Director of the Company, with effect from October 1, 2019, for a period of 3 (three) years, on the terms and conditions including those relating to remuneration as set out in the Agreement executed with the Managing Director and as mentioned in the explanatory statement attached to this notice, with liberty to the Board of Directors or a Committee thereof 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 of Directors and Mr. Shailesh Wani."

"**RESOLVED FURTHER THAT** subject to such statutory approvals as may be necessary, consent of the Members of the Company, be and is hereby accorded to pay gross remuneration (including variable pay) not exceeding Rs. 20 Million (Rupees Twenty Million only) per annum to Mr. Shailesh Wani, Managing Director, during the tenure of his employment till 30^{th} September, 2022, with liberty to the Board of Directors or a Committee thereof to alter and/or vary, increase, enhance or widen the scope of said remuneration in accordance with Schedule V and other applicable provisions, if any, of the Act (including any amendment, modification, variation or re-enactment thereof) and in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani."

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

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary and as it may in its sole and absolute discretion deem fit, to give effect to this resolution."

8. Approval of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2019

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), M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending on December 31, 2019, in respect of products/activities of the Company covered under the Companies (Cost Records and Audit) Rules, 2014 (as amended), be paid a remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) per annum plus applicable Goods & Service Tax and out of pocket expenses, if any, that may be incurred during the course of audit."

"**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."

9. Approval for Related Party Transaction(s) with M/s SPGPrints B.V. for the financial year 2019 and 2020

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

"**RESOLVED THAT** pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to the Board of Directors (including Committee(s) of the Board), to enter into material contract(s)/ arrangement(s)/ transaction(s) for a period of 2 (two) financial years i.e. from January 1, 2019 to December 31, 2020, with M/s SPGPrints B.V., the Holding Company of the Company, (a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations), for purchase of raw materials and components, which are commercial transactions as detailed in the explanatory statement attached to this Notice."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including Committee(s) of the Board) be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution."

10. Approval for Material Related Party Transaction relating to Acquisition of Service and Spare Parts Business for rotary printing equipment from M/s SPGPrints B.V.

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

"**RESOLVED THAT** pursuant to Section 188 and other applicable provisions, if any, of the Companies Act 2013, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), and other applicable laws for the time being in force, approval of the Members of the Company be and is hereby accorded to the

Board of Directors of the Company to enter into material contract(s)/ arrangement(s)/ transaction(s) with SPGPrints B.V., the Holding Company of the Company, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for acquiring the Service and Spare parts Business for rotary printing equipment worldwide, which includes, designs and drawings, customer and supplier database and other related assets, each of which forms an integral part of the Service and Spare Parts Business, on such terms and conditions, as the Board of Directors may deem fit, at a total consideration of EURO 2.49 Million (equivalent to approx. INR 199 Million), based on valuation report of an Independent Valuer at arm's length basis."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution."

***Notes*:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing Proxy as per the format included in the Annual Report, duly completed, stamped and signed should be returned to the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority letter/power of attorney, as applicable, issued by the member organization. Corporate Members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company, a certified true copy of Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.

3. Pursuant to the provisions of Section 105 of the Companies Act, 2013 and the Rules framed thereunder, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such proxy shall not act as a proxy for any other person or Member.

4. 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. The Company during the year has transferred a sum of Rs. 4,82,133/- being unclaimed dividend amount for the financial year 2010 to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2011 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) dates mentioned below and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred. The details of unclaimed dividends are available on the Company's website at www.stovec.com and Ministry of Corporate Affair's website at www.mca.gov.in.

Financial Year	Final Dividend/Interim Dividend	Tentative Date for transfer to IEPF
2011	Final Dividend	June 8,2019
2012	Final Dividend	July 17, 2020
2013	Final Dividend	June 15, 2021
2014	Final Dividend	June 7,2022
2015	Final Dividend	June 28, 2023
2016	Final Dividend	June 13, 2024
2017	Final Dividend	June 3, 2025

Further, pursuant to the provisions of Section 124 of the Act and 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. The Company timely sent individual intimation to all such shareholders who have not claimed their dividend for seven consecutive years. All such Shareholders are requested to claim their Unclaimed Dividend expeditiously failing which their shares shall be transferred to Demat Account of IEPF and no claim shall lie against the Company. The Shareholders thereafter need to claim their shares from IEPF Authority by filing E-Form-5 and by following such procedures as prescribed in the IEPF Rules (as may be amended from time to time).

5. **The Register of Members and Share Transfer Book shall remain closed from May 2, 2019 to May 9, 2019 (both days inclusive).** If the final dividend on equity shares, as recommended by the Board of Directors is declared at the 45th Annual General Meeting, payment of such dividend will be made on or after May 16, 2019 as under:

   i. To all Members in respect of shares held in physical form, after giving effect to valid transfer in respect of transfer request lodged with the Registrar and Transfer Agent on or before the close of business hours on May 1, 2019.

   ii. To all Beneficial Owners in respect of shares held in electronic form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of business hours on May 1, 2019.

6. Members/Proxies should bring the attendance slip sent herewith duly filled in & signed for attending the Meeting. The copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

7. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the National Electronic Clearing System (NECS)/National Automated Clearing House (NACH). **It is in Members interest to avail NECS/NACH facility as it is quick and much convenient way of getting dividend directly in your bank account.** Members desirous of availing NECS/NACH facility are requested to submit bank particulars in ECS Mandate Form, the format of which is annexed at the end of this Annual Report.

8. 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.

9. Brief profile of Director(s) seeking appointment/re-appointment at the 45th Annual General Meeting, is annexed and forms integral part of the Notice.

10. As per Securities and Exchange Board of India (SEBI) norms, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015), for registration of transfer of shares, the transferee(s) as well as transferor(s) are required to furnish a copy of their PAN card to Company's Registrar and Share Transfer Agent.

11. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, securities of listed company can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, members are advised to dematerialize shares held by them in physical form.

12. The Ministry of Corporate Affairs has allowed paperless compliances by companies through electronic mode by providing the same under the Companies Act, 2013 and rules framed thereunder. The Members can now receive various notices and documents including Annual Reports through electronic mode. Members who have not registered their e-mail address are encouraged to participate in this green initiative by registering their e-mail id for e-communication. Members holding shares in dematerialized form are requested to register / update their e-mail id for e-communication with the Depository Participants, while Members holding shares in physical form are requested to register their e-mail id by sending a request on ahmedabad@linkintime.co.in or secretarial@stovec.com. Even after registering for e-communication, Member(s) are entitled to receive communication(s)

including Annual Report in physical form, free of cost, on receipt of written request for the same. Members may also note that the Annual Report for the financial year 2018 together with the Notice of 45th Annual General Meeting, Attendance Slip, Proxy Form and Route Map will also be available on the website of the Company viz. www.stovec.com for their download.

13. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Report of the Company for the financial year 2018 and this Notice inter-alia indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and Route Map are being sent by email, unless any Member has requested for a physical copy of the same, to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories. For Members who have not registered their e-mail address, physical copies of the Annual Report for the financial year 2018 and this Notice of 45th Annual General Meeting of the Company inter-alia indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and Route map are being sent through the permitted mode.

14. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Public holidays between 11.00 a.m. to 2.00 p.m. up to the date of the 45th Annual General Meeting of the Company.

15. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.

16. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the meeting. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any DP, with whom the members/ investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE755D01015. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact Company's Registrar and Share Transfer Agent for assistance in this regard.

17. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participant.

18. **Voting through electronic means**

    In compliance with 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 as per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the facility to cast their vote by electronic means i.e. remote e-voting, through the e-voting services provided by Central Depository Services (India) Ltd ("CDSL") on all resolutions set forth in this Notice. The instructions for remote e-voting are enclosed with this notice.

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 : April 5, 2019
Place : Ahmedabad

By **Order of the Board of Directors**

Sd/-
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 Business at Item No. 5 to 10 of the Notice is annexed hereto and forms part of this Notice.

Item No. 5

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379), aged 49 years, as an Additional Director on the Board of Directors of the Company with effect from May 2, 2018. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act"), Ms. Sachdev holds office of Additional Director up to the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act, from a Member signifying his intention to propose the appointment of Ms. Sachdev as a Director of the Company. Ms. Sangeeta Sachdev has done Bachelors in Commerce from H.R. College of Commerce & Economics, Bombay and is an Associate in Applied Science (Textile Surface Design Major) from Fashion Institute of Technology, New York. She has also done Diploma in Business Management from Sydenham Institute of Management, Bombay. She has been working with SPGPrints America Inc since September 2003 and has been designated as Managing Director of SPGPrints America Inc since 2016. She has a rich experience of more than 29 years in Textile Design, Sales & Marketing. Brief Profile of Ms. Sachdev is provided in this Notice. The Board of Directors is confident that her knowledge and experience will be of immense value to the Company and hence recommends the Resolution at Item No. 5 of this Notice for the approval of Members.

Ms. Sachdev is not a Member of any Committees of the Board of Directors of the Company.

Ms. Sachdev is not related to any Directors or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof except Ms. Sachdev, are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 5 of this Notice.

Item No. 6

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Eiko Ris (DIN: 07428696), aged 60 years, as an Additional Director on the Board of Directors of the Company with effect from March 12, 2019. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act"), Mr. Eiko Ris holds office of Additional Director up to the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act, from a Member signifying his intention to propose the appointment of Mr. Eiko Ris as a Director of the Company. Mr. Eiko Ris holds the degree of MsC (RA) from the Netherlands Institute of Register Accounts, The Netherlands. He is a Chief Financial Officer and a Member of Executive Board of SPGPrints B.V., the Holding Company of the Company, since 2016. He has a rich experience of more than 39 years in finance. Brief profile of Mr. Eiko Ris is provided in this Notice. The Board of Directors is confident that his knowledge and experience will be of immense value to the Company and hence recommends the Resolution at Item No. 6 of this Notice for the approval of Members.

Mr. Eiko Ris is a Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Ris is not related to any Directors or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. Eiko Ris, are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 6 of this Notice.

Item No. 7

Mr. Shailesh Wani, aged 51 years, was first appointed as a Managing Director of the Company w.e.f. October 1, 2013 for a period of 3 (three) years and his term of appointment and remuneration including payment of variable pay were approved in the Annual General Meeting of the Company held on May 13, 2014. Based on his performance, the Board of Directors had re-appointed him as a Managing Director of the Company for a further period of 3 (three) years w.e.f. October 1, 2016. The present tenure of Mr. Shailesh Wani, Managing Director is expiring on September 30, 2019. Based on the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors at its meeting held on February 14, 2019, subject to the approval of Members have approved the re-appointment and remuneration payable to Mr. Shailesh Wani, Managing Director, for a further period of 3 (three) years w.e.f. October 1, 2019. The Board of Directors is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Shailesh Wani's service and recommend the resolution at Item No. 7 of this notice for the approval of Members.

Mr. Shailesh Wani is the Chairman of Corporate Social Responsibility Committee and a Member of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Shailesh Wani has attended all the Meetings of Board of Directors held during the financial year 2018.

Mr. Shailesh Wani is not related to any Director, Promoters or Key Managerial Personnel of the Company nor does he hold any shares in the Company.

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

i. Mr. Shailesh Wani has been re-appointed as a Managing Director at a gross remuneration of Rs. 1,19,97,480/- per annum. Over and above the gross remuneration he is also entitled to variable pay of minimum 38% and maximum of 50% of annual fixed salary (as per the scheme applicable to Managing Directors' of SPGPrints Operating Companies) based on the targets achieved. He shall also be entitled to Mediclaim Insurance for self, spouse and children's under the Group Mediclaim Policy of the Company.

ii. The re-appointment is for a period of 3 (three) years w.e.f. October 1, 2019.

iii. He is re-appointed as a Managing Director of the Company and as such he shall have substantial powers of Management of the Company. He shall perform duties and exercise such powers subject to the superintendence, control and direction of the Board of Directors of the Company.

iv. The Company has entered into agreement with Mr. Shailesh Wani for his re-appointment as a Managing Director, which may be terminated by either party by giving other party six months' written notice or amount equivalent to six months' salary in lieu thereof.

v. Mr. Shailesh Wani's appointment is by virtue of his employment in the Company.

Statement containing information required to be given as per Section II of Part II of Schedule V to the Companies Act, 2013

I. General Information:

1)	Nature of Industry	Manufacturing of perforated nickel rotary screens, rotary screen printing machines, anilox rollers, engraving chemicals, engraving equipment's, rotamesh screens and rotaplate at its factory situated at N.I.D.C. Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat.
2)	Date of Commencement of commercial production	The commercial production has already begun and the Company is not a new Company.
3)	Financial Performance for the financial year ended 31.12.2018	Turnover : Rs. 1930.16 Million Profit Before Tax : Rs. 410.46 Million (before exceptional items)
4)	Export Performance	For the year ended 31.12.2018, the Company has achieved export turnover of FOB value of Rs. 119.67 Million.
5)	Foreign Investment or Collaboration	a) SPGPrints B.V., The Netherlands (Formerly known as Stork Prints B.V.) are the Promoters of the Company holding 71.06 % of the equity share capital. b) The Plant was established in technical collaboration with the holding company as above.

II. Information about the appointee:

1. Background details :

- Mr. Shailesh Wani has around 31 years of experience in Sales, Marketing, Operations Management and Finance.
- Mr. Shailesh Wani 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 Cost and Works Accountants of India.
- Prior to joining Stovec, he was working with Thermax SPX Energy Technologies Ltd as a Chief Executive Officer.

2. **Past Remuneration:**

Remuneration of Mr. Shailesh Wani is as under:

For the period	Gross Remuneration*
01.01.2018 to 31.12.2018	1,51,65,167

*Includes remuneration and variable pay on provisional basis.

3. **Recognition or Awards:**

Mr. Shailesh Wani is a **'Gold Medalist'** from IIM Bangalore in M.P.T. (Management Programme for Technologists) for 'Best All Round Performance'.

4. **Job Profile and his suitability:**

Mr. Shailesh Wani is responsible for the day to day Management of the Company and assisted by Senior Executives of the Company. He is working under the superintendence and control of Board of Directors. Under his leadership since October 1, 2013, Company has grown and demonstrated good performance and achieved a growth in Revenue from Operations of about 150% and in PBT of about 171%. Mr. Shailesh Wani's multi-functional experience will help the Company to further grow under his leadership in the years to come. The Board of Directors is of the opinion that it is in the interest of the Company to receive the benefit of his service.

5. **Remuneration proposed:**

Total Remuneration including variable pay shall not exceed Rs. 20 Million (Rupees Twenty Million) per annum during the tenure of his employment till September 30, 2022.

6. **Comparative Remuneration, Profile with respect of industry, size of the Company:**

Looking into the Industry Standards for remuneration of Professional Managing Director, size of the Company and his responsibilities as a Managing Director of the Company, the remuneration is appropriate.

7. **Pecuniary Relationship directly or indirectly with the Company or relationship with managerial personnel, if any:**

Mr. Shailesh Wani is not related to any Director, Promoters or Key Managerial Personnel of the Company.

III. Other Information:

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

The profits of the Company are in line with the current industrial scenario and are reasonable, but the remuneration to Mr. Shailesh Wani, as mentioned here above, during its tenure till September 30, 2022, may or may not fulfill the terms of the provisions of Section 197 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, and may exceed the limits prescribed thereunder, and therefore the Company is seeking approval of Members of the Company by way of Special Resolution. The Company has been consistently delivering good results and is hopeful to continue good performance in terms of turnover and profitability in the coming years as well.

IV. Disclosures:

Remuneration Package:

Total remuneration of Mr. Shailesh Wani, Managing Director of the Company shall not exceed Rs. 20 Million (Rupees Twenty Million) per annum including variable pay which is maximum 50% of annual fixed salary, based on the targets achieved by the Managing Director. His Contract as a Managing Director is for a period of 3 years commencing 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. He is not entitled to any Stock Options.

None of the Directors, Key Managerial Personnel and relatives thereof except Mr. Shailesh Wani, are in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 7 of this Notice.

Item No. 8

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, 2019.

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 at Item No. 8 of this Notice, for ratification/approval of the remuneration amounting to Rs. 1,25,000/- 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, 2019, in respect of products/ activities of the Company covered under the Companies (Cost Records and Audit) Rules, 2014 (as amended).

The Board accordingly recommends the resolution at Item No. 8 of this Notice 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 at Item No. 8 of this Notice.

Item No. 9

SPGPrints B.V. ("SPGPrints"), based out at Netherlands, is a global leader in the textile and graphics printing market and known for its quality products. In order to meet the quality standards prescribed by SPGPrints and considering the business needs in India, Company needs to import certain raw materials and components from SPGPrints. Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of Members of the Company. Taking into consideration the past trends, it is likely that transactions with SPGPrints during the financial year 2019 & 2020, may cross the materiality threshold prescribed under Listing Regulations and thus would require approval of shareholders by Ordinary Resolution. Accordingly transactions entered/ to be entered with SPGPrints during the financial year 2019 & 2020, as set out at Item No. 9 of this Notice, has been placed before the Members for their approval by way of Ordinary Resolution.

The particulars of the contracts / arrangements / transactions are as under:

Particulars	**Information**
Name of the Related Party	SPGPrints B.V.
Nature of Relationship	Holding Company of the Company
Name of Director(s) or Key Managerial Personnel who is related, if any.	None except Mr. Dirk Joustra, Mr. Eiko Ris and Ms. Sangeeta Sachdev
Nature and Particulars of transactions	Purchase of Raw Materials and Components
Material terms of the Contracts/Arrangement/ Transactions	In the ordinary course of business and on arm's length basis.
Duration of Related Party Transactions	These transactions are on-going depending upon the needs of business.
Value of Related Party Transaction during the financial year 2018	INR 154,070,894/-
Estimated Related Party Transaction for the financial year 2019 & 2020, as a % of Annual Consolidated Turnover of the Company.	During mentioned financial years, Related Party Transaction with SPGPrints B.V. with respect to purchase of raw materials and components shall not exceed 20% of Annual Consolidated Turnover of the Company as per last audited financial statements of the Company. **Note:** For determining Material Related Party Transactions for the financial year 2019, the Annual Consolidated Turnover of the Company for the financial year 2018 will be considered and for determining Material Related Party Transactions for the financial year 2020, the Annual Consolidated Turnover of the Company for the financial year 2019 will be considered.

The Related Party Transactions as mentioned above are necessary, normal and incidental to business and also play a significant role in the Company's business operations and accordingly the Board recommends the Ordinary Resolution as set forth in Item No. 9 of this Notice for the approval of the Members in terms of Regulation 23 (4) of the Listing Regulations.

None of the Director's, Key Managerial Personnel and relatives thereof except Mr. Dirk Joustra, Mr. Eiko Ris and Ms. Sangeeta Sachdev, are in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 9 of this Notice.

Item No. 10

SPGPrints B.V. ("SPGPrints"), based out in the Netherlands, is a global leader in the textile and graphics printing market and known for its quality products. Stovec Industries Ltd is one of the major subsidiary of SPGPrints.

In the past, SPGPrints has provided technology for manufacturing high end Rotary Printing Equipment & Rotary Screens, which has contributed to the growth of your Company.

SPGPrints operates the "service and spare parts" business relating to its global installed base of its rotary printing equipment, which includes, the provision of services and the supply of spare parts of rotary printing equipment, customer & supplier database, designs & drawings and other related assets, each of which forms an integral part of the Service and Spare Parts Business (the "Service and Spare Parts Business").

In order to take advantage of synergy, improved efficiency and to provide cost-effective services, it is necessary that your Company becomes responsible for all activities related to rotary printing equipment. In the process, the transfer of "service and spare parts" is the last step to meet the objective of making Stovec, the complete competence centre for all rotary printing equipment including service and supply of spare parts. Therefore, the Company wishes to acquire and SPGPrints, the Holding Company intends to sell, the Service and Spare Parts Business.

With the acquisition, the Company shall be able to provide end to end solutions for rotary printing equipment worldwide starting from supply of machines to supply of spare parts and providing services thereto, which will help the Company to further strengthen and reinforce its market position in rotary printing, resulting into increase in revenue & EBIDTA. Your company expects to generate annual revenues of about INR 160 Million from this profitable high margin business. After this acquisition, Stovec shall have full control on rotary printing business and can further develop the global business and being able to source parts in India, potentially resulting in higher EBIDTA.

Based on the recommendation of Audit Committee, the Board of Directors' of the Company at its meeting held on April 5, 2019, have approved the acquisition of service and spare parts business, at a total consideration of EURO 2.49 Million (Equivalent to approximate INR 199 Million), which is based on independent valuation. The valuation at arms-length is also required as per OECD rules relating to Base Erosion and Profit Shifting (BEPS) with respect to Transfer Pricing, for SPGPrints, the Netherlands, where future taxable profits are leaving the country. The Dutch Tax Authorities also expects an at arms-length selling price for selling the business to your Company in India.

Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Members. Since the proposed related party transaction exceeds the threshold limit prescribed under the Companies Act, 2013 and the Listing Regulations for materiality, Members' approval to the above material related party transaction is sought in terms of Section 188 of the Companies Act, 2013 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The particulars of the contracts / arrangements / transactions are as under:

Particulars	**Information**
Name of the Related Party	SPGPrints B.V.
Nature of Relationship	Holding Company of the Company
Name of Director(s) or Key Managerial Personnel who is related, if any.	None except Mr. Dirk Joustra, Mr. Eiko Ris and Ms. Sangeeta Sachdev.
Nature and Particulars of the contract or arrangement	Purchase of Service and Spare Parts Business.
Material terms of the Contracts/Arrangement/ Transactions.	1. The Purchase Price shall be paid in cash via wire transfer to the bank account of seller. 2. The Purchase Price is based on independent valuation report. 3. The completion date shall not be later than September 30, 2019. Further terms shall be as per agreement(s) to be executed between the Company and SPGPrints B.V.
Duration of Related Party Transactions	Not Applicable.
Any advance paid or received for the contract or arrangement, if any.	NIL
Value of Related Party Transaction	EURO 2.49 Million (Equivalent to approximately INR 199 Million)
The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.	Pricing is based on Independent Valuation Report. Other Commercial terms shall be as per agreement(s) to be executed between the Company and SPGPrints B.V.

The Board recommends the Ordinary Resolution as set forth in Item No. 10 of this Notice for the approval of the Members.

None of the Director's, Key Managerial Personnel and their respective relatives except Mr. Dirk Joustra, Mr. Eiko Ris and Ms. Sangeeta Sachdev, are in any way, concerned or interested, financially or otherwise, in the resolution.

The Members' approval is solicited for the resolutions at Item No. 10 of the accompanying Notice.

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 : April 5, 2019
Place : Ahmedabad

By **Order of the Board of Directors**

Sd/-
Sanjeev Singh Sengar
Company Secretary
Membership No. FCS 7835

Brief profile of Director(s) seeking appointment/re-appointment at the forthcoming Annual General Meeting of the company pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India.

Name of Director	**Mr. Dirk Wim Joustra**	**Ms. Sangeeta Sachdev**
Director Identification Number	00481154	08118379
Date of Birth	February 8, 1958	April 30, 1969
Nationality	Dutch	Indian
Date of Appointment	January 29, 1999	May 2, 2018
Expertise in specific functional areas	Business Strategy, Sales and Marketing	Sales & Marketing
Qualifications	Degree in Business Administration from HTS Enschede Institute de Baak, Noordwijk and Institute Nijenrode.	She has done Bachelors in Commerce from H.R. College of Commerce & Economics, Bombay and is an Associate in Applied Science (Textile Surface Design Major) from Fashion Institute of Technology, New York. She has also done Diploma in Business Management from Sydenham Institute of Management, Bombay.
Terms and conditions of appointment/re-appointment	Non-Executive Director liable to retire by rotation.	Non-Executive Director liable to retire by rotation.
Experience	He has significant experience in the areas of Business Strategy, Sales and Marketing.	She has a rich experience of more than 29 years in Textile Design, Sales & Marketing.
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
Remuneration sought to be paid	Nil	Nil
No. of Board Meetings attended during the financial year 2018	1 (One)	1 (One)
List of other companies in which directorship held as on December 31, 2018 [excluding Pvt. Companies, Foreign Companies & Companies under Section 8 of the Companies Act, 2013].	None	None
Chairman/Member of the *Committees of other Companies as on December 31, 2018	None	None

Name of Director	Mr. Eiko Ris	Mr. Shailesh Wani
Director Identification Number	07428696	06474766
Date of Birth	October 17, 1958	February 2, 1968
Nationality	Dutch	Indian
Date of Appointment	March 12, 2019	October 1, 2013
Expertise in specific functional areas	Finance & General Management	Sales, Marketing, Operations Management & Finance.
Qualifications	He holds the degree of MsC (RA) from the Netherlands Institute of Register Accounts.	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.
Experience	He has rich experience of more than 39 years in Finance.	He has rich experience of around 31 years in Sales, Marketing, Operations Management and Finance.
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
Remuneration sought to be paid	Nil	As mentioned in the resolution no. 7 read with explanatory statement thereof.
No. of Board Meetings attended during the financial year 2018	Nil (As appointed on March 12, 2019)	5 (Five)
List of other companies in which directorship held as on December 31, 2018 [excluding Pvt. Companies, Foreign Companies & Companies under Section 8 of the Companies Act, 2013].	None	None
Chairman/Member of the *Committees of other Companies as on December 31, 2018	None	None

* The Committee includes the Audit Committee and the Stakeholders Relationship Committee only.

INSTRUCTIONS FOR REMOTE E-VOTING

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Monday, **May 6, 2019 @ 9.00 hours** (IST) and ends on Wednesday, **May 8, 2019 @ 17.00 hours** (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form as on the **cut-off date i.e. Wednesday, May 1, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form 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). Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number which is printed on Attendance Slip in the PAN Field.
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. 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 (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <**Stovec Industries Limited**> on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) 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.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non – Individual Shareholders and Custodians:**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts 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.

(xx) In case you have any queries or issues regarding e-voting, 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. The official designated to address the grievances in this regard will be Mr. Rakesh Dalvi, Manager and can be contacted at helpdesk.evoting@cdslindia.com or at toll free no. 1800 22 55 33.

Other Instructions

1. The Members who have not casted their vote by remote e-voting prior to the Annual General Meeting ("AGM") can exercise their voting rights at the AGM by way of polling/ballot paper. The Members who have already exercised their right to vote by remote e-voting may attend the AGM but shall not be entitled to vote at the AGM. If a Member casts vote again at the AGM, then votes casts through remote e-voting facility shall prevail and voting at the Meeting will be treated invalid.
2. The Voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date, Wednesday, May 1, 2019.**
3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Ownership maintained by the RTA/Depositories, as the case may be, as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the Member of the Company as on the cut-off date will not be entitled for remote e-voting or voting at the AGM and should treat this Notice for information purpose only. Any person, who becomes Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at ahmedabad@linkintime.co.in or to the Company at secretarial@stovec.com. However, if you are already registered with CDSL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.
4. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
5. The Board has appointed Mr. Sandip Sheth (Membership No. 5467) and failing him Mr. Prashant Prajapati (Membership No. ACS 32597) of M/s Sandip Sheth and Associates, Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting process (electronically and otherwise) in a fair and transparent manner.
6. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of ballot or polling paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
7. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
8. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.stovec.com and on the website of CDSL www.cdslindia.com within 48 hours of the passing of the resolutions at the 45th Annual General Meeting of the Company and shall also be communicated to BSE Limited, where the shares of the Company are listed.

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the 45th Annual Report and the Audited Financial Statement of the Company for the year ended December 31, 2018.

1. FINANCIAL RESULTS

Particulars		Current Year 31.12.2018 (₹ in Millions)		Previous Year 31.12.2017 (₹ in Millions)
Revenue from Operations (net)	1930.16		2175.69	
Other Income	61.27		38.44	
(a) Total Income:		1991.43		2214.13
(b) Total Expenditure:		1528.44		1760.36
Gross Profit before Depreciation and Amortization expenses		**462.99**		**453.77**
Less: Depreciation & Amortization expenses		52.53		59.81
Profit Before Exceptional Items and Tax		**410.46**		**393.96**
Add: Exceptional items		141.08		-
Profit before tax		**551.55**		**393.96**
Less: Current Tax	158.96		137.08	
Deferred tax	(3.05)		0.79	
(Excess)/Short provision of income tax of earlier years (Net)	-	**155.91**	(0.86)	**137.02**
Profit After Tax		**395.64**		**256.94**
Add: Profit brought forward from previous year		**827.56**		**649.52**
Dividend on equity shares		**(75.17)**		**(64.73)**
Tax on Dividend		**(15.45)**		**(13.18)**
Remeasurement gains/(losses) on defined benefit plans (net of tax)		**(1.57)**		**(0.99)**
Profit available for appropriation		**1,131.01**		**827.56**
Profit carried forward to Balance Sheet		**1,131.01**		**827.56**

2. PERFORMANCE OVERVIEW

Standalone

The business environment in general and in particular of the textile industry remained somewhat subdued in 2018, contributed by liquidity issues and difficulty in obtaining finance from Banks at our customers end. In financial year 2018, despite tough business environment, your Company has achieved standalone revenue from operations of Rs. 1,930.16 Million (Previous year Rs. 2,175.69 Million) a decline of about 13% in revenue as compared to previous year. The decline in revenue from operations is mainly on account of low capital investment by our customer(s) and textile industry in general, which resulted in reduced demand for Company's Capital Products. However, despite decline in sales, with the quality products in hand and strong sales force, your company has maintained the margins and achieved Operational Profit of Rs. 410.46 Million (Previous year Rs. 393.96 Million); a growth of about 4% as compared to previous year. During the year, the Company has made profit from exceptional item of Rs. 141.08 Million from divestment by the Company of its 100% equity investment in Atul Sugar Screens Pvt. Ltd. ("Atul") and sale of certain identified assets of galvanic business to Atul.

Consolidated

Your Company has achieved consolidated revenue from operations of Rs. 1948.04 Million and Operational Profit of Rs. 414 Million. The Company has also made profit from exceptional item of Rs. 80.90 Million from divestment of 100% equity investment in Atul and sale of certain identified assets of galvanic business to Atul.

3. RESERVES AND SURPLUS:

The Company has not transferred any amount to General Reserves for the financial year 2018.

4. DIVIDEND:

Considering the Company's financial performance, the Board of Directors have recommended payment of Final Dividend of Rs. 55/- per equity share having face value of Rs. 10/- each (i.e. 550%) for the financial year ended on December 31, 2018. This comprises of normal dividend of Rs. 40/- per equity share and a special dividend of Rs. 15/- per equity share on account of gain arising from divestment of equity investment and sale of assets of galvanic business. This Final Dividend is subject to the approval of Members in the 45th Annual General Meeting of the Company.

5. DIVESTMENT OF EQUITY INVESTMENT HELD IN WHOLLY OWNED SUBSIDIARY

Based on recommendation of Audit Committee, the Board of Directors of the Company at its meeting held on March 1, 2018 had in-principle approved divestment of 100% equity investment held by the Company in Atul, a Wholly Owned Subsidiary Company (Not a Material Subsidiary) and constituted Divestment Committee to finalize the said divestment. The Divestment Committee in its meeting held on March 7, 2018, had approved divestment of 100% equity investment held in Atul for a total consideration of INR 104 Million, pursuant to a group restructuring exercise. The consideration was arrived at on the basis of valuation report issued by Independent Valuer. Consequent to such divestment, Atul ceased to be subsidiary of the Company w.e.f March 22, 2018.

6. SALE OF IDENTIFIED ASSETS RELATED TO SUGAR SCREENS BUSINESS

Based on the recommendation of Audit Committee, the Board of Directors of the Company in its meeting held on April 5, 2018, had approved the sale of identified assets related to Sugar Screens business and assignment of trademark "Atul" to Atul Sugar Screens Pvt. Ltd. at a total consideration of INR 99.62 Million. The sale consideration was arrived at as per valuation report issued by Independent Valuer.

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

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

8. FIXED DEPOSITS

During the year, the Company has not accepted any deposits falling within the purview of Section 73 of the Act and rules made there under.

9. CORPORATE GOVERNANCE

A separate report on Corporate Governance Compliance and a Management Discussion and Analysis Report as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") forms part of the Director's Report as **Annexure-II and III** respectively along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance.

10. 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. The recommendations of Audit Committee were duly accepted by the Board of Directors.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors has appointed Ms. Sangeeta Sachdev (DIN: 08118379) and Mr. Eiko Ris (DIN: 07428696) as an Additional Director on the Board of the Company w.e.f May 2, 2018 and March 12, 2019 respectively, who holds office up to the date of forthcoming Annual General Meeting and are eligible for appointment as a Director of the Company. Notice under Section 160 of the Act has been received from Member(s) proposing their candidature for the office of Director of the Company. The Board recommends their appointment as Directors to the members of the Company.

Ms. Everdina Herma Slijkhuis (DIN: 06997013) due to her other pre-occupations has resigned from the Board of the Company w.e.f. May 2, 2018. The Board placed on record its appreciation for the contribution made by her as a Board Member.

At the 45th Annual General Meeting, Mr. Dirk Wim Joustra (DIN: 00481154) retires by rotation and being eligible, offers himself for re-appointment.

The Members at the 41st Annual General Meeting, appointed Mr. Khurshed. M. Thanawalla (DIN: 00201749) and Mr. Marco Wadia (DIN: 00244357) as an Independent Director of the Company for a term of five consecutive years as per the requirement of the Act. The abovenamed Independent Directors have furnished declarations to the Company, confirming that they meet the criteria prescribed for Independent Directors under Section 149 (6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

As per SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, the Company has received the approval of Members of the Company by way of Postal Ballot on January 2, 2019, for continuation of directorship of Mr. K.M. Thanawalla, who has attained the age of seventy five years on December 24, 2017 and for payment of commission to Mr. K.M. Thanawalla exceeding 50% of total commission that may be payable to Independent Directors of the Company for the financial year 2018.

The tenure of Mr. Shailesh Wani, as a Managing Director of the Company expires on September 30, 2019. The Board of Directors in its meeting held on February 14, 2019, noted that Company has grown under his leadership and it will be in the interest of the Company to re-appoint him. Based on the recommendation of Nomination and Remuneration Committee, the Board has re-appointed Mr. Shailesh Wani, as a Managing Director of the Company for a further period of three years w.e.f. October 1, 2019, subject to the approval of Members of the Company.

Mrs. Varsha Adhikari resigned as a Company Secretary of the Company with effect from the close of business hours of January 21, 2019. Consequently, she also ceases to be the Compliance Officer and Key Managerial Personnel of the Company. The Board had appointed Mr. Vijay Moolani as the Compliance Officer of the Company w.e.f. February 14, 2019. He resigned as the Compliance Officer of the Company w.e.f April 5, 2019. The Board has appointed Mr. Sanjeev Singh Sengar, as the Company Secretary and Compliance Officer of the Company w.e.f April 5, 2019 and categorized him as a Whole-time Key Managerial Personnel of the Company.

12. BOARD MEETING

During the financial year ended December 31, 2018, five meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meeting are mentioned in the Corporate Governance Report annexed hereto.

Your Directors confirm that to the best of their knowledge and belief, applicable provisions related to Secretarial Standards on Meetings of the Board of Directors, issued by The Institute of Company Secretaries of India and approved by the Central Government, have been complied with.

13. PERFORMANCE EVALUATION

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.

14. CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act and Rules framed thereunder, the Company has constituted a Corporate Social Responsibility ("CSR") Committee of Directors. The details of composition of CSR Committee are given in the Corporate Governance Report. The details of CSR policy and CSR spending by the Company as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, have been provided as **Annexure-IV** to this report.

15. REMUNERATION POLICY

The details of the Remuneration Policy is 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** forming part of this Report.

16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope of Internal Audit is well defined in the organization. The Internal Audit Report is regularly placed before the Audit Committee of the Board. The Management monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with standard operating procedures, accounting procedures and policies. Based on the report of Internal Auditors, process owners undertake corrective action 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 of the Board.

17. EXTRACTS OF ANNUAL RETURN

The extracts of Annual Return in Form MGT-9 as required under Section 92(3) of the Act (as amended) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended), is available at the website of the Company at www.stovec.com at https://www.spgprints.com/spgprints-group/companies-agents/stovec-industries-ltd.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

The Particulars of contract or arrangement with Related Parties referred to in Section 188 (1) of the Act, in the prescribed Form AOC-2 forms part of this Report as **Annexure VI**.

Further, based on the recommendation of Audit Committee, the Board of Directors of the Company at its meeting held on April 5, 2019, subject to the approval of Members in the forthcoming Annual General Meeting, have approved material related party transaction relating to acquisition of Service and Spare Parts Business relating to rotary printing equipment, which includes, design & drawings, customer & supplier database and other related assets, each of which forms an integral part of the Service and Spare Parts Business, from SPGPrints B.V., the Holding Company of the Company, at a total consideration of Euro 2.49 Million (equivalent to approximately INR 199 Million), which is based on independent valuation.

19. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The details of Investments under Section 186 of the Act is provided in note no. 5 of Notes to the Standalone Financial Statements.

20. VIGIL MECHANISM

As per the provisions of Section 177(9) of the Act, the Company is required to establish a Vigil Mechanism for Directors and Employees to report genuine concerns. The Company has a Whistle Blower Policy (also known as Vigil Mechanism) in place and the details of the Whistle Blower Policy are provided in the Report on Corporate Governance forming part of this Report.

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*.

21. 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.

22. 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, 2018, 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, 2018 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, 2018, 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.

23. 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 and accordingly the Company has complied with the provisions relating to the constitution of Internal Complaints Committee in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint with allegations of sexual harassment was received by the Company.

24. REPORTING OF FRAUDS

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.

25. STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditor's) Rules, 2014, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) were appointed as Statutory Auditors of the Company for a term of 5 consecutive years to hold office from the conclusion of 43rd Annual General Meeting until the conclusion of 48th Annual General Meeting, subject to ratification of their appointment by Members at every subsequent Annual General Meeting.

The Ministry of Corporate Affairs vide Companies Amendment Act, 2017, omitted the requirement related to ratification of appointment of Statutory Auditors at every Annual General Meeting w.e.f. May 7, 2018. Pursuant to the amendment, the Board hereby recommends to the Members of the Company to delete the requirement of seeking ratification of appointment of Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) at every Annual General Meeting, from the resolution passed at the 43rd Annual General Meeting of the Company held on May 11, 2017."

26. 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 (as amended), it is stated that the cost accounts and records are made and maintained by the Company as specified by Central Government.

Further, 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 2019, at a remuneration as mentioned in the Notice convening the 45th 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 45th Annual General Meeting of the Company and the same is recommended for the consideration and approval of Members. The Company had filed Cost Audit Report for financial year ended December 31, 2017 on May 30, 2018, which is within the time limit as prescribed under The Companies (Cost Records and Audit) Rules, 2014 (as amended).

27. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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, 2018. The Secretarial Audit Report is provided as **Annexure-VII** to this report.

28. AUDITORS REPORT

There are no qualifications, reservations or adverse remarks made by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors, in their audit report and by M/s. Sandip Sheth & Associates, Practicing Company Secretaries, Secretarial Auditors in their secretarial audit report and therefore need not require any comments under section 134(3)(f) of the Act.

29. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE END OF THIS REPORT.

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

However, the Company, subject to the approval of Members in the forthcoming Annual General Meeting of the Company to be held on 9th May 2019, has proposed acquisition of Service and Spare Parts Business relating to rotary printing equipment from SPGPrints B.V., the Holding Company of the Company, at a total consideration of Euro 2.49 Million (equivalent to approximately INR 199 Million), based on independent valuation. The said transaction has also been reported at Sr. No. 18 to this report.

30. 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.

31. 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), is provided in the Annexure forming part of the 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 aforesaid Annexure. The said information is available for inspection by the Members at the Registered Office of the Company as per the details mentioned in the Notice of 45th Annual General Meeting, on any working day of the Company (i.e. except Saturday, Sunday and Public Holidays) up to the date of the 45th Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary of the Company.

Your Directors place on record their deep appreciation for the contribution made by the employees of the Company at all levels.

32. ACKNOWLEDGEMENT

The Board of Directors express its deep sense of appreciation for the contribution, co-operation and confidence reposed in the Company by SPGPrints B.V. – the Parent Company. The Board of Directors also extend its gratitude to its valued shareholders, employees, customers, bankers, suppliers and other stakeholders for their continued co-operation and support.

For and on behalf of Board of Directors

Sd/-
K.M.Thanawalla
Chairman
DIN: 00201749

Date: April 5, 2019
Place: Ahmedabad

Annexure – I

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	• Conducted third party energy audit and suitable actions are implemented as suggested in Audit report. • Continued with initiatives such as, o Gradual replacement of old motors with new one for improved efficiency. o Maintained Nickel bath efficiency by optimizing operating voltages. o Maintained & improved power factor by installing additional capacitor banks. o Replaced old lighting fixtures with LED lighting. o Maintained high standards of condition monitoring and preventive maintenance which helped maintaining higher energy efficiency of equipment.
(ii)	The steps taken by the company for utilizing alternate sources of energy.	None
(iii)	The capital investment on energy conservation equipment's	Used energy efficient rectifiers in all the new installation and replacements made during the year.

B. Technology Absorption

(i)	The efforts made towards technology absorption	The Company continues to perform R&D activities to improve quality of products and to reduce production cost to serve its customer better.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	• Development of New Products • Reduction of Product cost • Product and Process improvement
(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;	Manufacturing of Nova Screen
	(b) the year of import;	2015
	(c) whether the technology been fully absorbed;	The above technologies have been fully absorbed.
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure - Nil Revenue Expenditure - INR 37,90,174

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Amount (in ₹)
Earnings in foreign exchange from Goods and Services exported, Commission etc.	119,669,119
Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc.	659,968,932

Annexure – II

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

The composition of the Board with reference to the number of Executive, Non-Executive Directors and Woman Directors, meets the requirement of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company has an optimum combination of Non-Executive Directors.

The present Board comprises of Six Directors which includes Non-Executive & Independent Chairman, Executive Director, Non-Executive & Non-Independent Directors (including one Woman Director) & Non-Executive & Independent Director as under-

Name of Director	Executive / Non - Executive / Independent	No. of Outside Directorship	No. of outside Committee position held	
			Member	Chairman
Mr. K.M. Thanawalla (DIN: 00201749)	Non-Executive & Independent (Chairman)	1	-	-
Mr. Marco Wadia (DIN: 00244357)	Non-Executive & Independent	7	4	5
Mr. Dirk Wim Joustra (DIN: 00481154)	Non-Executive & Non-Independent	-	-	-
Ms. Everdina Herma Slijkhuis (DIN: 06997013) (Ceased to be Director w.e.f May 2, 2018.)	Non-Executive & Non-Independent	-	-	-
Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) (Ceased to be Director w.e.f March 12, 2019)	Non-Executive & Non-Independent	-	-	-
Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) (Appointment as Additional Director w.e.f May 2, 2018)	Non-Executive & Non-Independent	-	-	-
Mr. Eiko Ris (Appointed as Additional Director w.e.f March 12, 2019)	Non-Executive & Non-Independent	-	-	-
Mr. Shailesh Wani (DIN: 06474766)	Executive (Managing Director)	-	-	-

Notes:

1. None of the Directors are related to any other director.
2. Outside directorship does not include Alternate Directorship, Directorship of Private Ltd. Companies, Section 8 Company and of Companies incorporated outside India. The Number of outside committee position held includes Audit Committee and Stakeholders' Relationship Committee only.

The Board met 5 (five) times during the year i.e. March 1, 2018, April 5, 2018, May 2, 2018, August 9, 2018 and November 14, 2018 and maximum time gap between any two consecutive meetings was not more than 120 days.

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

DETAILS ABOUT THE BOARD MEETING

Directors	No of Board Meetings held	No of Board Meetings attended	Attendance at the last AGM
Mr. K.M. Thanawalla	05	04	Yes
Mr. Marco Wadia	05	05	Yes
Mr. Dirk Wim Joustra	05	01	Yes
Mr. Guillaume Cornelis Gerardus Roncken	05	05	Yes
Ms. Sangeeta Sachdev	05	01	N.A.
Mr. Shailesh Wani	05	05	Yes

Shareholding of Non-Executive Director

The Shareholding of Non-Executive Directors in the Company as on December 31, 2018 are as follows:

Directors	No. of Shares held	% of total shares of the Company
Mr. K.M. Thanawalla	Nil	Nil
Mr. Marco Wadia	2150	0.1029
Mr. Dirk Wim Joustra	Nil	Nil
Mr. Guillaume Cornelis Gerardus Roncken	Nil	Nil
Ms. Sangeeta Sachdev	Nil	Nil

Appointment / Re-appointment of Directors:

The disclosure regarding appointment/re-appointment of Directors has been given under Sr. No. 11 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. Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors/Independent Directors/Nomination and Remuneration Committee (as applicable) has undertaken an evaluation of their own performance, the performance of Committees of Board and of all the individual Directors including Chairman of the Board of Directors based on various parameters relating to roles, responsibilities, obligations, level and effectiveness of participation e.g. inputs provided by the Director based on his/her knowledge, skills and experience, independence in judgment, understanding of the Company's business and strategy, guidance on corporate strategy, sharing knowledge and experience in their respective areas, contribution of Directors at meetings and functioning of Committees. The result of above performance evaluation was presented to the Nomination and Remuneration Committee and the Board of Directors (as applicable).

The Board of Directors (excluding the Director being evaluated) evaluated the performance of Mr. K.M. Thanawalla and Mr. Marco Wadia, Independent Directors of the Company and has determined to continue with the term of appointment of the Independent Directors.

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. The Independent Directors found the same satisfactory.

Familiarization Programme for Independent Directors

The familiarization programme was organized for Independent Directors on August 8, 2018. The details of familiarization Programme is available at the website of the Company www.stovec.com at *https://www.spgprints.com/uploads/documents/Stovec/News/Familiarization-Programme.pdf.*

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.

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 utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization 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) 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 Agreements entered into with the Stock Exchanges where the securities of the Company are listed and the guidelines, circulars and notifications issued by Securities and Exchange Board of India (“SEBI”)/Ministry of Corporate Affairs (“MCA”) from time to time.

(xxiv) 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 the Members of the Audit Committee during the financial year 2018 are given below:

Directors	**Position held in Committee**	**Independent/ Executive/ Non-Executive Director**	**No. of Meetings held**	**No. of Meetings attended**
Mr. K.M. Thanawalla	Chairman	Independent & Non-Executive Director	05	05
Mr. Marco Wadia	Member	Independent & Non-Executive Director	05	05
Mr. Shailesh Wani	Member	Managing Director	05	05

The Committee met 5 (five) times during the year i.e. March 1, 2018, April 5, 2018, May 2, 2018, August 8, 2018 and November 14, 2018.

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:

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 Nomination and Remuneration Committee 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.

Composition & Attendance at the Meeting

The composition of the Nomination and Remuneration Committee and details of meetings attended by the Members of the Nomination and Remuneration Committee during the financial year 2018 are given below:

Directors	Position held in Committee	Independent / Executive / Non-Executive Director	No. of Meetings held	No. of Meetings attended
Mr. Marco Wadia	Chairman	Independent & Non-Executive Director	2	2
Mr. K.M. Thanawalla	Member	Independent & Non-Executive Director	2	2
Mr. Guillaume Cornelis Gerardus Roncken (Ceased to be Member w.e.f March 12, 2019)	Member	Non-Executive Director	2	2

Mr. Eiko Ris has been appointed as a Member of Nomination and Remuneration Committee w.e.f March 12, 2019.

The Nomination and Remuneration Committee met 2 (two) times during the year on March 1, 2018 and May 2, 2018 .

Company Secretary act as the Secretary to the Committee.

Remuneration Policy:

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

The Board of Directors/Nomination and Remuneration Committee is authorized 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 a variable component comprising of Gross Bonus of minimum 38% and maximum of 50% of annual fixed salary (as per the scheme applicable to Managing Directors' of SPGPrints Operating Companies) based on the targets achieved. The Managing Director will be entitled to bonus provided the conditions for awarding bonus have been met.

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 financial year 2018 are given below:-

(A) Managing Director Remuneration:

The details of remuneration to Managing Director are as follows:

(In INR)

Managing Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and Other Funds	Total*
Mr. Shailesh Wani	13,473,499	910,003	781,665	15,165,167

* Includes remuneration and variable pay on provisional basis.

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

Mr. Shailesh Wani's contract as a Managing Director is for a period of 3 years commencing from October 1, 2016 to September 30, 2019, terminable by six months' notice by either side or amount equivalent to six months' salary in lieu thereof.

(C) Non-Executive Directors:

The Independent Directors' are paid remuneration by way of Sitting fees and Commission.

Meetings	Sitting Fees per Meeting
Board of Directors	Rs. 54,000/-
Audit Committee	Rs. 27,000/-
Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Committee of Directors	Rs. 13,500/-
Stakeholders Relationship Committee	Nil

Commission

The Members of the Company at the 43rd Annual General Meeting held on May 11, 2017 have approved payment of Commission to Independent Directors within the overall ceiling of not exceeding 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 commencing from January 1, 2017, with Powers to Board to decide the amount to be paid as Commission to Independent Directors, within the above referred ceiling of Commission.

The amount of Commission payable to each Independent Director is decided by the Board of Directors based on the recommendation of Nomination and Remuneration Committee and distributed among the Independent Directors based on their attendance and contribution at the Board and Committee Meetings, Role and Responsibility as a Chairman/ Member of the Board/Committee.

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

Remuneration paid/payable to the Independent Directors for the financial year 2018 are as under:

Name	Sitting Fees* for Board /Committee Meetings Attended (In INR)	Commission* (In INR)	Total (In INR)	Number of Equity Shares of Rs. 10 each held as on 31.12.2018
Mr. K.M. Thanawalla	4,05,000	14,89,300	18,94,300	Nil
Mr. Marco Wadia	4,45,500	5,10,700	9,56,200	2,150

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

Note:

(1) Mr. Dirk Wim Joustra, Ms. Everdina Herma Slijkhuis (Ceased to be Director w.e.f May 2, 2018), Mr. Guillaume Cornelis Gerardus Roncken (Ceased to be Director w.e.f March 12, 2019), Ms. Sangeeta Sachdev (Appointed as Additional Director

w.e.f. May 2, 2018) and Mr. Eiko Ris (Appointed as Additional Director w.e.f March 12, 2019), Non-Executive Directors opted not to accept any sitting fees for attending Board/Committee Meetings, as applicable.

(2) As approved by Members of the Company in the 43rd Annual General Meeting, Commission is payable only to Independent Directors.

(3) Commission mentioned above will be paid to Independent Directors after the approval of Annual Financial Statements for the financial year 2018 by the Members at the ensuing Annual General Meeting.

(4) The Company has received the approval of Members of the Company by way of Postal Ballot on January 2, 2019, for payment of Commission to Mr. K.M. Thanawalla exceeding 50% of total commission that may be payable to Independent Directors of the Company for the financial year 2018.

During the year, there were no pecuniary relationships or transactions between the Non-Executive Directors and the Company.

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE

The terms of reference of the Stakeholders Relationship 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:

The brief terms of reference of the Stakeholders Relationship Committee 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.

Composition

The composition of the Stakeholder’s Relationship Committee is as under:

Directors	Position held in Committee	Independent/Executive / Non-Executive Director
Mr. K.M. Thanawalla	Chairman	Independent & Non-Executive Director
Mr. Shailesh Wani	Member	Managing Director

Mr. Eiko Ris has been appointed as a Member of Stakeholders Relationship Committee w.e.f March 12, 2019.

During the year under report, the committee met on March 1, 2018 and all the members were present at the meeting.

Company Secretary act as the Secretary to the Committee.

Compliance Officer:

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

Stovec Industries Limited
N.I.D.C., Nr. Lambha Village, Post: Narol,
Ahmedabad, Gujarat – 382 405, India.
Tel: +91 79 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 financial year 2018 are as follows:-

Complaints received	Pending as on 31.12.2018
3	NIL

3.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

The composition of the Corporate Social Responsibility Committee is as under:

Directors	Position held in Committee	Independent/ Executive / Non-Executive Director	No. of Meetings held	No. of Meetings attended
Mr. Shailesh Wani	Chairman	Managing Director	2	2
Mr. K.M. Thanawalla	Member	Independent & Non-Executive Director	2	1
Mr. Guillaume Cornelis Gerardus Roncken (Ceased to be Member w.e.f March 12, 2019)	Member	Non-Executive Director	2	2

Mr. Eiko Ris has been appointed as a Member of Corporate Social Responsibility Committee w.e.f March 12, 2019.

During the year, the Corporate Social Responsibility Committee met 2 (two) times i.e. on March 1, 2018 and August 9, 2018.

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.

CSR Policy

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

Company Secretary acted as the Secretary to the Committee.

3.5 OTHER COMMITTEES

a) Committee of Directors

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

During the year 2018, no meeting of Committee of Directors was held.

b) Divestment Committee

Directors	Position held in Committee	Independent/Executive / Non-Executive Director
Mr. K.M. Thanawalla	Chairman	Independent & Non-Executive Director
Mr. Marco Wadia	Member	Independent & Non-Executive Director
Mr. Shailesh Wani	Member	Managing Director

During the year 2018, the Divestment Committee met once on March 7, 2018. All the members of the Committee were present in the meeting. The Divestment Committee has been dissolved w.e.f April 5, 2019.

3.6 SEPARATE INDEPENDENT DIRECTOR'S MEETING

Pursuant to requirements of the Act and Regulation 25 of Listing Regulations, the Company's Independent Directors during the year under review met on March 1, 2018, without the presence of Non-Independent Directors and members of the Management.

4. CODE OF BUSINESS CONDUCT AND ETHICS:

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

5. GENERAL BODY MEETINGS' DISCLOSURES:

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

Year	Type	Location	Date	Time
2017	General Meeting	**Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405**	May 2, 2018	11:00 am
2016			May 11, 2017	11:00 am
2015			May 25, 2016	11:00 am

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

Date of Meeting	Summary
May 2, 2018	Nil
May 11, 2017	Nil
May 25, 2016	Re-appointment of Mr. Shailesh Wani as a Managing Director of the Company

6. DISCLOSURE

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

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

6.3 Pursuant to the provisions of Regulation 17 (8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have issued a certificate to the Board for the financial year ended December 31, 2018.

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 Whistle Blower Policy:

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 at www.stovec.com. No personnel has been denied access to the Audit Committee to report its genuine concerns or grievances.

6.6 Related Party Transactions

There were no materially significant related party transactions during the financial year 2018. Related Party Transaction Policy has been formulated in order to regulate the transact ions between Company and Related Parties. The Related Party Transaction Policy is available at the website of the Company at www.stovec.com at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Related_Party_Transaction_Policy.pdf.

6.7 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.

6.8 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).

6.9 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 www.stovec.com at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Policy for determining Material Subsidiaries.pdf.

6.10Policy for determining Material Information

As required by Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement s) Regulations, 2015, the Board of Directors have approved the Policy for determining Material Information, which is effective from December 1, 2015 and is available at the website of the Company at www.stovec.com at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_determining_Material_Information.pdf.

6.11 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.spgprints.com/uploads/documents/Stovec/Stovec-policies/Policy for Preservation of Documents Archival Policy.pdf.

6.12 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.

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

High quality Nickel, which is the principal raw material for the Company is 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. The Company takes forward cover as per its forex risk coverage policy. The Company does not undertake commodity hedging activities.

The Company has put in place risk management policy 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.

6.14 Disclosure in relation to Sexual Harassment of Women at Workplace

The disclosure has been given at Sr. No. 23 to the Directors' Report.

6.15 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.

7. SUBSIDIARY COMPANY

Atul Sugar Screens Private Limited was the Wholly Owned Subsidiary of the Company till March 21, 2018 and ceased to be the Subsidiary Company w.e.f March 22, 2018. The provisions of Regulation 24 of the Listing Regulations, as applicable, have been complied with.

8. MEANS OF COMMUNICATION

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

Type of Result	Date on which Published	Daily News Paper (English)	Daily News Paper (Gujarati)
Quarterly of March 31, 2018	May 4, 2018	Business Standard	Loksatta Jansatta
Quarterly of June 30, 2018	August 11, 2018	Business Standard	Jaihind
Quarterly of September 30, 2018	November 15, 2018	Business Standard	Jaihind
Annual as on December 31, 2018	February 16, 2019	Business Standard	Jaihind

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

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

9. GENERAL INFORMATION FOR MEMBERS

9.1 Annual General Meeting:

Day, Date and Time	Thursday, May 9, 2019 at 11:00 A.M.
Venue	Stovec Industries Limited, N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India.

9.2 Financial Calendar:

Financial Year	Ending December 31, 2018
Date of Book Closure	May 2, 2019 to May 9, 2019 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval of Dividend by the Shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

9.3 Listing:

The Company's shares are listed on the BSE Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The Company has paid annual listing fees to BSE in respect of the year 2018-2019.

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

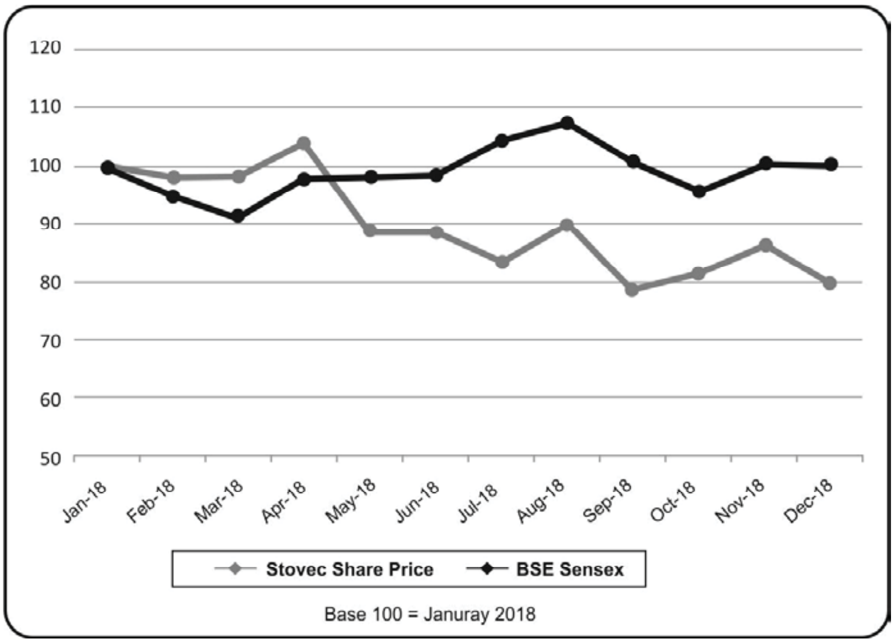
Type of Shares	ISIN No.	Stock Code	
		BSE	ASE
Ordinary Share	INE755D01015	504959	57410

9.5 Market Information:

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

Month	BSE		
	High (₹)	Low (₹)	No. of Shares
Jan-18	3470.00	3000.00	6228
Feb-18	3184.90	2701.00	4764
Mar-18	3145.00	2955.00	11628
Apr-18	3237.00	2956.15	5179
May-18	3220.00	2655.00	11349
Jun-18	2875.00	2600.00	7638
Jul-18	2668.50	2211.00	19870
Aug-18	2790.00	2316.00	16144
Sep-18	2779.00	2400.00	8688
Oct-18	2498.95	2272.00	7661
Nov-18	2734.95	2380.00	6921
Dec-18	2690.00	2343.95	5126

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



***source:** www.bseindia.com

9.6 Registrar and Transfer Agents:-

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

M/s Link Intime India Private Limited, 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, Fax: +91(0) 79 - 2646 5179.

9.7 Share Transfer System:

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

9.8 Reconciliation of Share Capital Audit & Certificate pursuant to Regulation 40 (9) of Listing Regulations:

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

Pursuant to Regulation 40 (9) of Listing Regulations, certificate on half-yearly basis have been issued by a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

9.9 Report on Corporate Governance:

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

9.10 Shareholding Pattern of the Company:

Category	As on 31.12.2018		As on 31.12.2017		%
	No. of Shares	%	No. of Shares	%	Variance 18 v/s 17
Promoters & Promoter Group	1,483,777	71.06	1,483,777	71.06	-
Mutual Funds/UTI	0	0	100	0.01	(0.01)
Foreign Portfolio Investors	600	0.03	2347	0.11	(0.08)
Investor Education and Protection Fund	25,263	1.21	23598	1.13	0.08
Financial Institutions/Banks	1,451	0.07	1451	0.07	-
Bodies Corporate	24,733	1.19	28,658	1.37	(0.18)
NRIs (Repatriable)	5,932	0.28	7,543	0.36	(0.08)
NRIs (Non-Repatriable)	9,894	0.47	9,157	0.44	0.03
Clearing Members	6,705	0.32	4,695	0.22	0.10
Directors & their Relatives	5,864	0.28	5,864	0.28	-
Individuals/HUF	5,23,697	25.08	5,20,726	24.94	0.14
Trusts	100	0.01	100	0.01	-
Total	**2,088,016**	**100.00**	**2,088,016**	**100.00**	**-**

9.11 Distribution of Shareholding as on December 31, 2018:

Range of Shares	Number of Shareholders	Percentage of Total Shareholders	Number of Shares	Percentage of Total Shares
1 - 500	6736	97.8927	310304	14.8612
501 - 1000	81	1.1772	55910	2.6777
1001 - 2000	38	0.5522	53597	2.5669
2001 - 3000	9	0.1308	23123	1.1074
3001 - 4000	4	0.0581	14578	0.6982
4001 - 5000	2	0.0291	9450	0.4526
5001 - 10000	6	0.0872	35008	1.6766
10001 or more	5	0.0727	1586046	75.9595
TOTAL	**6,881**	**100**	**2,088,016**	**100.00**

9.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2018:

Name of Shareholder	No. of Shares held	% of Share Capital
SPGPrints B.V. (Formerly Stork Prints B.V.)	14,83,777	71.06
Nanda Kishore Sharma	35,485	1.6995
Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	25,263	1.2099
Amit Shantilal Motla	25,000	1.1973

9.13 Dematerialization of Shares & Liquidity:

As on December 31, 2018, shares comprising 95.57% of the Company's Equity Share Capital have been dematerialized.

ISIN No.:- INE755D01015

9.14 Plant Location & Address for Correspondence:

Stovec Industries Limited
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
E-mail	: secretarial@stovec.com

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, 2018.

For, Stovec Industries Limited

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Date: April 5, 2019
Place: Ahmedabad

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, 2018. 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.

Place: Ahmedabad
Date: April 5, 2019

For, Sandip Sheth & Associates
Firm Unique Code : P2001GJ041000
Practicing Company Secretaries
Sd/-
Sandip Sheth
Partner
FCS: 5467
CP No.: 4354

Annexure-III

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT:

Stovec is a part of SPGPrints Group, The Netherlands and is a Market leader for Rotary Screens and Printing Machines. Stovec essentially operates in two verticals viz. Textile Printing (Rotary & Digital) and Graphics Printing.

Textiles (Rotary & Digital)

Textile Printing Segment is the key customer segment for Stovec. Over the past couple of years, investment in textile industry is reflecting a declining trend. Difficulty in obtaining finance from Banks, weak order book at customer's end has led to low capital investment, which resulted in reduced demand for Company's Capital Products.

Government has taken several initiatives to support the domestic textile sector such as increasing basic custom duty to 20% from 10% on several textile products, approval of new skill development scheme named "Scheme for Capacity Building in Textile Sector (SCBTS)" with an outlay of Rs. 1,300/- crores during 2017-18 to 2019-20 and upward revision in rates of Merchandise Exports from India Scheme for two sub-sectors of Textile Industry i.e. Readymade-garments and Made-ups.

Increased penetration of organized retail, favorable demographics and rising income levels are expected to drive demand for textile industry. Growth in building and construction is anticipated to raise demand for non-clothing textiles. Abundant availability of key raw material like cotton, wool, silk and jute, skilled manpower and cheaper cost of production give a competitive edge to India over other countries. Government measures towards easing the availability of finance, continuation of technology upgradation fund scheme, conducive indirect tax structure may help Indian Textile Industry to achieve its real growth momentum.

Being one of the major contributor in India's GDP, Textile Industry has an important place in the Indian manufacturing sector and is the second largest employer after agriculture sector employing around 45 million people. Textiles Industry still stands as a major foreign currency revenue generator for India, generating around 15% of export revenues for the country and holds 14% share of industrial production, making India as one of the largest exporters of readymade garments to the world and the second most preferred sourcing destination for major global retailers. The Indian textile and apparel industry is expected to grow at a Compounded Annual Growth Rate (CAGR) of around 8.6% by 2023.

Rotary Textile Printing continues to enjoy major market share amongst all textile printing technologies. It is preferred by most of the textile houses on account of its lower operating costs, consistent quality & suitability for high volume printing.

Digital Textile Printing in India is creating its own space and is gradually getting acceptance from the market. Commercially viable, competitive pricing and easy availability of digital textile printing technologies is anticipated to add growth of digital textile printing in India. Faster adaptability of fashion designs, fast moving fashion cycle, cost advantage on short run cycles, creative designs, quick time to market for new trends, lower wastage and power consumption are some of the key aspects that is expected to drive the demand for digital textile printing. With the expected growth in demand for textiles, the textile and décor and direct to garment segment is expected to account for maximum share of Digital Textile Printing Market. The Digital Textile Printing Market is expected to grow in next five years at a CAGR of 5.59%.

Graphics Printing

Indian Packaging and Label Industry is expected to see a notable growth and continues to grow strongly in coming years driven by rapid growth of Indian e-commerce sector. Organized retail and e-commerce thrive, which offers huge potential for future growth of retailing will continue to support the packaging and labeling industry. The growth in lifestyle and consumption patterns is expected to increase the demand for the packaged products resulting in growth of packaging industry. In years to come, Printers who have technology and resources will be at added advantage and can cater to a demanding consumer oriented market.

COMPANY PERFORMANCE:

Standalone:

Your Company has achieved standalone revenue from operations of Rs. 1,930.16 Million (Previous year Rs. 2,175.69 Million) a decline of about 13% in revenue as compared to previous year. The decline in revenue from operations is mainly on account of low capital investment by our customers and textile industry in general, which resulted in reduced demand for Company's Capital Products. However, despite decline in sales, with the quality products in hand and strong sales force, your company has maintained the margins and achieved Operational Profit of Rs. 410.46 Million (Previous year Rs. 393.96 Million); a growth of about 4% as compared to previous year. During the year, the Company has made profit from exceptional item of Rs. 141.08 Million from divestment by the Company of its 100% equity investment in Atul and also sale of certain identified assets of galvanic business to Atul.

Consolidated:

Your Company has achieved consolidated revenue from operations of Rs. 1948.04 Million and Operational Profit of Rs. 414 Million. The Company has also made profit from exceptional item of Rs. 80.90 Million from divestment of 100% equity investment in Atul and sale of certain identified assets of galvanic business to Atul.

SEGMENT-WISE PERFORMANCE:

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

(Amount in INR Millions)

Particulars	2018	2017
Textile Consumables & Textile Machinery	1540.04	1835.98
Graphic Products	92.87	100.39
Galvanic	297.25	239.31

OPERATIONS PERFORMANCE:

The Company has state of the art manufacturing facility in Ahmedabad. It follows best-in-class manufacturing practices and several operational excellence initiatives are taken by the Company to drive the operational efficiency.

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

The Company participated and marked its impressive presence in Label Expo, held in Greater Noida.

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

OUTLOOK & OPPORTUNITIES:

As per latest International Monetary Fund report, Indian economy is poised to pick up in 2019, benefitting from lower oil prices and slower pace of monetary tightening, as inflationary pressure eases. As per latest World Economic Prospects report by World Bank, India’s GDP is estimated to grow at 7.3% in 2018-19, as economic activity continued to recover with strong domestic demand. In 2019-20, India is expected to grow at 7.5% driven by expected robust private consumption, as the country reaps the benefit of structural reforms and of a revival of credit growth. However, fiscal slippage in the run up to the general elections this year, global trade protectionism and volatility in oil prices may affect the outlook.

At the Global front, growth for 2018 is estimated at 3.7% due to softer momentum in second half of 2018. The global growth projected for 2019 is on a lower side i.e. 3.5% taking into account among others the trade disagreements between US and China.

In 2019, growth in private consumption is expected to create strong domestic demand for textiles. Increased penetration of organized retail, favorable demographics, fast changing fashion, preference to branded products, consumer preference to procure via e-commerce and rising income levels are likely to drive the demand for textiles. India’s growing population has been a key driver of textile consumption growth in the country complemented by a young population which is growing and at the same time is exposed to changing tastes and fashions. Adequate fund allocation under key scheme for textiles like Textile Upgradation Fund Scheme (“TUFS”) and steps to further incentivize textile exports is looked upon by the Industry, in order to make Indian textiles more competitive at the global front which in turn is expected to lift growth of Indian Textiles. Increase in import duties for many of the textile items and accelerating the refund of GST is expected to help the textile industry. Trade disagreement between some of the countries if continued longer may lead to shift in additional demand of textiles from India, which will be an opportunity to look upon and may lead to increase in capacity expansion by textile manufacturers.

RISKS AND CONCERNS:

For India, fiscal slippage in the run up to the general elections this year, global trade protectionism, volatility in oil prices, rising inflation and the possibility of delay in needed structural reforms to address weaknesses in the balance sheet of banks and non-banking financial companies, further deterioration in current account deficit and a faster than expected tightening of global financing conditions may affect the outlook for India adversely and may also affect the business in general as well as your Company's business.

Tightened global financing conditions, moderate industrial production, elevated trade tensions and financial stress in large emerging and developing economies are some of the key risks for the global economy.

The volatility in cotton and nickel may impact the Company's performance. The fluctuations in exchange rate, liquidity issues and rising power and labour cost continues to be a key challenge for the industry. The overall economic climate and in particular the health of textile processing industry which continues to remain confronted by environment related issues, may have impact on the Company's business plans. The Company continues to take suitable steps to minimize these risks and their impact on Company's overall performance.

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures and systems are in place.

HUMAN RESOURCE MANAGEMENT:

The Company has focused on creating performance based culture within the organization and emphasize on employees training and development. The Company intends to attract, retain and develop talent through good HR practices. The Company had total 222 permanent employees on the rolls of the Company as on December 31, 2018.

CAUTIONARY STATEMENT:

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

Note : *Some parts of the content of this annual report are taken from sources like www.worldbank.org, www.imf.org, www.ibef.org, Report of FICCI on building a new age Textile Industry, articles published in various newspapers/websites etc.*

For and on behalf of the Board of Directors

Sd/-
K.M. Thanawalla
Chairman
(DIN: 00201749)

Date: April 5, 2019
Place: Ahmedabad

Annexure-IV

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

In alignment with vision of the Company, the Company through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as *Socially Responsible Corporate*, with environmental concern.

OBJECTIVE OF CSR POLICY:

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- Demonstrate commitment to the common good through responsible business practices and good governance.
- To directly or indirectly take up the programmes that benefits the Society at large and communities in and around its work center over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- Support Governments' development agenda to ensure sustainable change.

PROJECTS OR PROGRAMS PROPOSED TO BE-UNDERTAKEN:

In accordance with this CSR Policy and the specified activities under the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendment(s) thereof, the CSR activities of the Company will have the following thrust areas:

i. Skill Development for sustainable income generation & Livelihood for marginalized population

ii. Literacy / Education

iii. Basic Infrastructure facilities like Safe Drinking Water, Health care & Sanitation

iv. Protection and safeguard of environment and maintenance of ecological balance.

v. To respond to emergency situations/ disasters/ Other national cause by providing Contribution to State Funds for such cause

vi. Socio- economic development, relief and welfare of Children, Women and those who are Physically and Mentally challenged.

These will be undertaken in collaboration with State Governments, district administrations, local administrations as well as Central Government, Departments/Agencies, NGOs, Self Help Groups etc. The Company will implement its CSR programs through Government Funds, Registered Trust, Society or otherwise.

A. The Board of Directors of the Company may decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act or otherwise. Provided that:

i. If such trust, society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;

ii. The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

B. The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

C. The Company may also contribute to the recognized fund established by Central / State Government. More details on the CSR Policy and Projects are available on the Company's website as per the link given below: http://www.spgprints.com/include/files/About_us/Stovec/Policies/CSR_Policy.pdf

2. **Composition of the CSR Committee:**

Sr. No.	Name of Member	Position held in CSR Committee
1	Mr. Shailesh Wani	Chairman
2	Mr. Khurshed M. Thanawalla	Member
3	Mr. Guillaume Cornelis Gerardus Roncken (Ceased to be Member w.e.f. March 12, 2019)	Member
4	Mr. Eiko Ris (Appointed as Member w.e.f. March 12, 2019)	Member

3. **Average net profit of the Company for last three financial years:** INR 34,76,81,512/-
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):** INR 69,53,630/-
5. **Details of CSR spent during the financial year**
   a) **Total amount to be spent for the financial year:** INR 69,53,630/-
   b) **Amount unspent, if any:** Nil
   c) **Manner in which the amount spent during the financial year is detailed below.**

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) overheads.	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency.
1	Contribution to Prime Minister's National Relief Fund	Not Applicable	Contribution to Prime Minister's National Relief Fund	INR 70,00,000/-	INR 70,00,000/-	INR 70,00,000/-	Direct
	Total			**INR 70,00,000/-**	**INR 70,00,000/-**	**INR 70,00,000/-**	**-**

6. **In case of company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. –** Not applicable
7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

   The CSR Committee ensures that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors
For, Stovec Industries Limited
Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Date: April 5, 2019
Place: Ahmedabad

For and on behalf of CSR Committee
For, Stovec Industries Limited
Sd/-
Shailesh Wani
Chairman – Corporate Social Responsibility Committee
(DIN: 06474766)

Annexure-V

STATEMENT OF DISCLOSURE OF REMUNERATION

(Pursuant to Section 197 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 Executive Director to the median remuneration of the employees of the Company for the financial year 2018, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary during the financial year 2018.

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	35.80:1*	7.00%
2	Mr. Paras Mehta	Chief Financial Officer	Not Applicable	13.00%
3	Mrs. Varsha Adhikari	Company Secretary	Not Applicable	11.00%

*Considering the remuneration and variable pay on provisional basis.

Note:

The Company pays sitting fees to Independent Directors. Other Non-Executive Directors of the Company opted not to accept any sitting fees. The Independent Directors are also entitled for Commission as per the statutory provisions and within the limits approved by the Members of the Company. The details of Sitting fees and Commission to Independent Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Director's Remuneration is therefore not considered for the above purpose.

(ii) The percentage increase in the median remuneration of employees for the financial year 2018 was 11%.

(iii) The Company had 222 permanent employees on the rolls of the Company as on December 31, 2018.

(iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 13.54% whereas the increase in the managerial remuneration was 7%. The average increase every year is an outcome of the Company's market competitiveness and business performance. Keeping in mind our Nomination and Remuneration policy and benchmarking results, the increases this year reflect the market practice.

(v) The key parameters for any variable component of remuneration: Variable compensation is an integral part of our total remuneration package for all employees including Managing Directors/ Whole-time Directors. Variable Pay is directly linked to business performance. At the start of the year, the Management sets business and financial targets for the Company. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch.

(vi) It is hereby affirmed that the remuneration paid during the year 2018 is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Sd/-
K.M. Thanawalla
Chairman
(DIN: 00201749)

Date: April 5, 2019
Place: Ahmedabad

Annexure-VI

FORM NO. AOC- 2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**: Nil
2. **Details of material contracts or arrangement or transactions at arm's length basis:** Nil

For and on behalf of the Board of Directors

Sd/-
K.M. Thanawalla
Chairman
(DIN: 00201749)

Date: April 5, 2019
Place: Ahmedabad

Annexure - VII

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]

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31^{st} December, 2018

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 31^{st} December, 2018 (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 31^{st} December, 2018 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;

   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, 2009;

b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year.

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.

Place : Ahmedabad
Date : February 14, 2019

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

Sd/-
Sandip Sheth
Partner
FCS: 5467
CP No.: 4354

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

“Annexure – A”

To,
The Members,
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.

Place: Ahmedabad
Date: February 14, 2019

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

Sd/-
Sandip Sheth
Partner
FCS: 5467
CP No.: 4354

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STOVEC INDUSTRIES LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of STOVEC INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st December, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The transition date opening balance sheet as at 1st January 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the

Companies (Accounting Standards) Rules, 2006, which were audited by the predecessor auditor whose report for the year ended 31st December, 2016 dated 23rd February, 2017 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including 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 standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors of the Company as on 31st December, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors is in accordance with the provisions of section 197 of the Act.
   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   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 standalone Ind AS financial statements;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Kartikeya Raval
(Partner)
(Membership No. 106189)

Place : Mumbai
Date : February 14, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Kartikeya Raval
(Partner)
(Membership No. 106189)

Place : Mumbai
Date : February 14, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report of even date on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings, which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, and other material statutory dues in arrears as at 31st December, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31st December, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2007-08	380,731	380,731
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2008-09	384,807	384,807
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2009-10	384,807	384,807
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2010-11	384,807	384,807
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2011-12	376,089	376,089
The Central Excise Act, 1944	Excise Duty	Gujarat High Court	F.Y. 2006-07	2,765,203	2,765,203
The Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal (CESTAT)	F.Y. 2003-04	889,554	444,777
The Finance Act, 1994	Service Tax	Commissioner of Central Excise (Appeals)	F.Y.2012-13 F.Y.2013-14 F.Y.2014-15	1,093,900	445,158

(viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Kartikeya Raval
(Partner)
(Membership No. 106189)

Place : Mumbai
Date : February 14, 2019

STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2018

	Note	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	28,95,62,590	34,57,87,577	19,25,00,478
(b) Capital work-in-progress		44,47,301	47,87,252	5,99,04,999
(c) Other Intangible assets	4	29,08,670	2,62,65,323	4,14,66,362
(d) Financial Assets				
(i) Investments	5	1,10,81,848	1,29,99,470	1,11,01,812
(ii) Other non-current financial assets	6	1,21,60,950	5,31,16,040	17,03,31,691
(e) Other non-current assets	7	95,33,694	99,90,675	1,69,79,912
Total Non- current Assets		**32,96,95,053**	**45,29,46,337**	**49,22,85,254**
Current assets				
(a) Inventories	8	24,56,19,172	31,67,85,386	36,81,17,206
(b) Financial assets				
(i) Trade receivables	9	27,43,50,208	34,30,35,507	25,63,26,421
(ii) Cash and cash equivalents	10	8,09,26,555	12,97,30,810	7,62,81,063
(iii) Bank balances other than (ii) above	11	81,61,06,346	21,78,70,920	15,99,01,730
(iv) Other current financial assets	12	49,88,753	59,38,733	1,23,85,342
(c) Other current assets	13	1,46,08,757	1,74,55,670	2,09,98,568
Total Current Assets		**1,43,65,99,791**	**1,03,08,17,026**	**89,40,10,330**
Total Assets		**1,76,62,94,844**	**1,48,37,63,363**	**1,38,62,95,584**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14	2,08,80,160	2,08,80,160	2,08,80,160
(b) Other equity	15	1,39,11,57,255	1,08,90,43,240	91,17,87,498
Total Equity		**1,41,20,37,415**	**1,10,99,23,400**	**93,26,67,658**
Liabilities				
Non-current liabilities				
(a) Long term Provisions	16	1,42,08,959	1,08,11,068	86,83,466
(b) Deferred tax liabilities (Net)	17	45,70,424	87,56,058	89,04,799
(c) Other non-current liabilities	18	1,26,98,182	1,22,84,064	1,13,97,818
Total Non-current Liabilities		**3,14,77,565**	**3,18,51,190**	**2,89,86,083**
Current liabilities				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises	19	4,82,259	17,60,424	26,85,492
- total outstanding dues of creditors other than micro enterprises and small enterprises	19	23,56,97,473	27,01,63,107	25,07,98,001
(ii) Other current financial liabilities	20	1,14,29,403	80,46,113	64,86,849
(b) Other current liabilities	21	5,45,31,159	3,30,55,996	13,68,65,026
(c) Short term Provisions	22	1,72,87,185	2,85,87,669	2,78,06,475
(d) Current tax liabilities (Net)	23	33,52,385	3,75,464	-
Total Current Liabilities		**32,27,79,864**	**34,19,88,773**	**42,46,41,843**
Total Liabilities		**35,42,57,429**	**37,38,39,963**	**45,36,27,926**
Total Equity and Liabilities		**1,76,62,94,844**	**1,48,37,63,363**	**1,38,62,95,584**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
INCOME			
Revenue from operations	**24**	1,93,01,59,059	2,17,56,88,416
Other Income	**25**	6,12,66,997	3,84,43,374
Total Income		**1,99,14,26,056**	**2,21,41,31,790**
EXPENSES			
Cost of materials consumed	**26**	88,93,84,591	97,66,75,659
Purchase of stock-in-trade	**27**	4,81,49,858	15,57,69,764
Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade	**28**	4,01,31,383	2,67,09,730
Employee benefits expense	**29**	20,80,98,844	19,50,12,128
Finance costs	**30**	22,68,811	13,43,769
Depreciation and amortisation expense	**4**	5,25,23,623	5,98,07,208
Other expenses	**31**	34,04,04,840	40,48,48,128
Total expenses		**1,58,09,61,950**	**1,82,01,66,386**
Profit Before Exceptional Items and Tax		**41,04,64,106**	**39,39,65,404**
Exceptional Items (Refer Note 42)		14,10,80,975	-
Profit before tax		**55,15,45,081**	**39,39,65,404**
Tax expenses			
- Current tax		15,89,59,679	13,70,81,565
- (Excess) / Short provision of income tax of earlier years (Net)		-	(8,55,293)
- Deferred tax		(30,54,515)	7,94,297
		15,59,05,164	**13,70,20,569**
Net Profit for the year		**39,56,39,917**	**25,69,44,835**
Other Comprehensive Income ("OCI")			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans		(22,16,165)	(15,16,485)
(ii) Equity instruments through other comprehensive income		(18,17,622)	(12,08,427)
Income tax relating to items that will not be reclassified to profit or loss		11,31,120	9,43,037
		(29,02,667)	**(17,81,875)**
Total Comprehensive Income for the year		**39,27,37,250**	**25,51,62,960**
Earnings Per Share			
Basic and Diluted Earnings Per Share (Refer Note 34)		189.48	123.06

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

		For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Exceptional Items and Tax	**41,04,64,106**	**39,39,65,404**
	Adjustments for:		
	Depreciation / Amortisation	5,25,23,623	5,98,07,208
	Finance cost	22,68,811	13,43,769
	Interest income	(3,39,98,125)	(1,90,16,265)
	Unrealised foreign exchange loss	1,56,115	8,21,936
	Loss / (Gain) on sale of assets	87,831	(16,763)
	Provision / (Reversal) for doubtful trade receivables	39,77,207	(43,99,894)
	(Reversal) / Provision for other liabilities	(22,36,357)	33,62,098
	(Reversal) / Provision for Warranty	(72,89,654)	(11,30,394)
	Operating Profit Before Working Capital Changes	**42,59,53,557**	**43,47,37,099**
	Adjustments For Changes In Working Capital:		
	Decrease / (Increase) In Other assets	1,40,78,417	(63,637)
	Decrease / (Increase) In Inventories	7,32,10,385	5,03,88,185
	Decrease / (Increase) In Trade receivables	6,48,67,718	(8,38,09,336)
	(Decrease) / Increase In Other liabilities	2,12,84,097	(10,24,28,468)
	(Decrease) / Increase In Trade and Other Payables	(3,55,00,946)	3,69,01,693
	Cash Generated From Operations	**56,38,93,228**	**33,57,25,536**
	Direct Taxes Refund / (Paid) (Net)	(15,55,02,191)	(13,51,39,385)
A.	**Net Cash Generated from Operating Activities**	**40,83,91,037**	**20,05,86,151**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Property, Plant and Equipment	(3,04,17,605)	(16,08,62,805)
	Proceeds from Sale of Property, Plant and Equipment	9,51,68,717	3,20,599
	Sale / (Purchase) of Investments	10,37,40,000	(31,06,085)
	Investments in Bank Deposits	(56,77,42,463)	7,03,00,000
	Interest Income	3,49,48,105	2,54,62,874
B.	**Net Cash Used In Investing Activities**	**(36,43,03,246)**	**(6,78,85,417)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividend paid on equity shares	(7,51,68,576)	(6,47,28,496)
	Dividend distribution tax paid on above	(1,54,54,659)	(1,31,78,722)
	Other Finance costs paid	(22,68,811)	(13,43,769)
C.	**Net Cash Used In Financing Activities**	**(9,28,92,046)**	**(7,92,50,987)**
	Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**(4,88,04,255)**	**5,34,49,747**

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
Cash and Cash Equivalents as at the beginning of the year	12,97,30,810	7,62,81,063
Cash and Cash Equivalents as at the end of the year	8,09,26,555	12,97,30,810

	As at December 31, 2018	As at December 31, 2017
Cash and Cash Equivalents at the end of the year comprise :		
Cash on hand	2,93,259	1,53,040
Cheques on hand	75,13,781	1,15,45,390
Bank Balances :		
- In Current Accounts	7,31,19,515	7,30,32,380
- Deposits with original maturity less than 3 months	-	4,50,00,000
Cash and Cash Equivalents (Refer Note 10)	**8,09,26,555**	**12,97,30,810**

Notes :

1. The above Standalone 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.
2. Disclosure under para 44A as set out in Ind AS 7 on Statement of Cash Flows under Companies (Indian Accounting Standards) Rules, 2017 (as amended) to provide disclosure of changes in their liabilities arising from financing activities, includingboth changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current period as follows.

Changes in liabilities arising from financial acitivities (₹)

Particulars	January 1, 2018	Cash Flows	December 31, 2018
Unpaid Dividend on equity shares	-	7,51,68,576	-
Unpaid Dividend Distribuiton Tax on equity shares	-	1,54,54,659	-
Other Finance Costs accrued but not due	-	22,68,811	-

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2018

A. Equity Share Capital

(₹)

Particulars	No. of Shares	Amount
Balance as at January 1, 2017	20,88,016	2,08,80,160
Changes in equity share capital during the year	-	-
Balance as at December 31, 2017	**20,88,016**	**2,08,80,160**
Changes in equity share capital during the year	-	-
Balance as at December 31, 2018	**20,88,016**	**2,08,80,160**

B. Other equity

Particulars	Reserves and Surplus						
	General Reserve	Securities Premium	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Items of Other Comprehensive Income for the year (net of tax)	Total
Balance as at January 1, 2017	**18,19,54,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**64,95,18,465**	**-**	**91,17,87,498**
Profit for the year	-	-	-	-	25,69,44,835	-	25,69,44,835
Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	(12,08,427)	(12,08,427)
Tax impact on Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	4,18,212	4,18,212
Remeasurements of the defined benefit plans	-	-	-	-	(15,16,485)	-	(15,16,485)
Tax impact on Remeasurements of the defined benefit plans	-	-	-	-	5,24,825	-	5,24,825
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**25,59,53,175**	**(7,90,215)**	**25,51,62,960**
Declared Dividend	-	-	-	-	(6,47,28,496)	-	(6,47,28,496)
Tax on Declared Dividend	-	-	-	-	(1,31,78,722)	-	(1,31,78,722)
Balance as at December 31, 2017	**18,19,54,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**82,75,64,422**	**(7,90,215)**	**1,08,90,43,240**

STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2018

B. Other equity (Contd.)

Particulars	Reserves and Surplus						
	General Reserve	Securities Premium	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Items of Other Comprehensive Income for the year (net of tax)	Total
Balance as at January 1, 2018	**18,19,54,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**82,75,64,422**	**(7,90,215)**	**1,08,90,43,240**
Profit for the year	-	-	-	-	39,56,39,917	-	39,56,39,917
Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	(18,17,622)	(18,17,622)
Tax impact on Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	4,85,773	4,85,773
Remeasurements of the defined benefit plans	-	-	-	-	(22,16,165)	-	(22,16,165)
Tax impact on Remeasurements of the defined benefit plans	-	-	-	-	6,45,347	-	6,45,347
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**39,40,69,099**	**(13,31,849)**	**39,27,37,250**
Declared Dividend	-	-	-	-	(7,51,68,576)	-	(7,51,68,576)
Tax on Declared Dividend	-	-	-	-	(1,54,54,659)	-	(1,54,54,659)
Balance as at December 31, 2018	**18,19,54,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**1,13,10,10,286**	**(21,22,064)**	**1,39,11,57,255**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1) General Information

Stovec Industries Limited ("the Company") was incorporated on 5th June, 1973. The Company's factory and registered office is located in Ahmedabad, Gujarat. The Company is listed on Bombay Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd. The Company has three major Business Segments: Textile Machinery & Consumables,Graphics Consumables and Galvanic. The Company is a Technology and Market leader in Rotary Screen Printing Industry in India.

2) Statement of significant accounting policies

2.1 Basis of preparation of Financial Statements

The Standalone Ind AS Financial Statements of the Company as at December 31, 2018 has been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period in accordance with Ind AS.

Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

2.2 Significant Accounting judgments, estimates and assumptions:

The preparation of the Company's financial statements 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. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Estimates and assumptions:

Key Sources of estimation uncertainty:

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 described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice / evaluation, taking into account the nature of the asset, the estimated usage of the asset, operating conditions of the asset. Refer Note no 2.6 and 2.7 for useful life of each type of property, plant and equipment/ intangible assets.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 36(A) for the details of financial instruments valued at fair value.

iii) Defined benefit plans (gratuity benefits)

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 29B.

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 no 17).

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 no 38).

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 (Refer note 9).

2.3 Inventories

Inventories are valued at lower of cost and net realisable value, less any provision for obsolescence.

i) Cost of raw materials, packing materials, stores, spares and tools and traded goods are computed on a moving weighted average cost basis.

ii) Cost of work-in-progress/ finished goods are determined on moving weighted average cost basiscomprising material, labour and related factory overheads.

iii) Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and balances in current accounts with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Sale of Goods and Services

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax, value added tax and goods and service tax.

Service income is recognised on completion of rendering of services and also on proportionate basis in case of installation part. The same is recorded net of service tax and goods and service tax.

Other Revenue

Commission income is recognised and accounted on accrual basis.

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

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

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

Dividend income is accounted for in the year in which the right to receive the same is established.

2.6 Property, Plant & Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in thebalance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less recognised impairment loss, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment, furniture & fixtures, office equipments and computers are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation has been provided (other than freehold land and properties under construction) on a straight-line method (pro-rata from the date of additions) over the useful life as prescribed in Schedule II to the Companies Act 2013 or as per techinical evaluation. The estimated useful life of the assets are as mentioned below:

The management believes that these estimated useful lives are realistic and reflect fair appropriation of the period over which the assets are likely to be used.

Description of the asset	Useful Life (Years)
Building	5 to 60
Plant and Equipment	7.5 to 15
Computers	3 to 6
Furniture and Fixtures	10
Office Equipments	5
Vehicles	8

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.7 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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.

Useful lives of intangible assets

Intangible Assets are amortized on a straight - line basis(pro-rata from the date of additions) over their estimated useful lives. The useful lives are as under:

Description of the asset	Useful Life (Years)
Computer Software	3
Trademark	5
Technical/Commercial Know-how and non-compete fees	5

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

2.9 Employee Benefits

Defined Benefit Plans :

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The Company accounts for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to GovernmentSecurities at the Balance Sheet Date.

Defined Benefit costs in the nature of current and past service cost and net interest expense or income are recognised in the statemeent of Profit and Loss in the period in which they occur. Actuarial gains and losses on re-measurement is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occure and is reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recongised in profit or loss in the period of a plan amendment.

Defined Contribution Plans :

Retirement Benefits in the form of Provident Fund, which is a Defined Contribution Scheme, is charged to the Statement of Profit and Lossfor the period in which the contributions of fund accrue.

Compensated Absences :

Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the Projected Unit Credit Method as at the reporting date.

Short term employee benefits :

They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

2.10 Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. PPE utilised for research and development are capitalised and depreciated in accordance with the policies stated for PPE.

2.11 Operating Leases

As a lessee:

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

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

As a lessor:

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

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in thestatement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in thefinancial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Warranty

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

2.14 Provisions and Contingent Liabilities

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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 a reliable estimate of the amount cannot be made.

Contingent assets: Contingent assets are not recognised but disclosed in the Financial Statements, if an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

For the impairment policy on financial assets measured at amortised cost, refer note below.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer note below.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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 in the manner described in note 36.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (refer note 2.2 (ii)).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial assets at cost

Investments in subsidiaries are accounted for at cost.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For 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 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 36.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.16 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".

2.17 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividingthe profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

2.18 Recent accounting standards issued but not applicable

Ind As 115 revenue from contracts with customers

Ind AS 115 was notified on 28th March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st January, 2019) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements.The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business.

A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Ind As 116 Leases

Ind AS 116 "Leases" is expected to replace Ind AS 17 from its proposed effective date, being annual periods beginning on or after 1 April 2019.

Ind AS 116 will primarily change lease accounting for lessees; lease agreement will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recongised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under Ind AS 116 will be similar in many respects to existing Ind AS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or related lease creditor is recognised.

Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 and is not expected to have any material impact on the company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3) First-time adoption of Ind AS

The Company has adopted Ind AS from January 1, 2018 and the date of transition to Ind AS is January 1, 2017. These being the first financial statements in compliance with Ind AS, the impact of transition has been accounted for in opening reserves and comparable periods have been restated in accordance with Ind AS 101 – "First time Adoption of Indian Accounting Standards". The Company has presented a reconciliation of equity under Previous GAAP to its equity under Ind AS as at December 31, 2017 and as at January 1, 2017 and of total comprehensive income for the year ended December 31, 2017 as required by Ind AS 101.

Following are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS:

1. Deemed cost of Property, plant and equipment and intangible assets:

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP as 'deemed cost' for all the items of property, plant & equipment and intangible assets.

2. Derecognition of financial assets and financial liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after transition date.

3. Classification and measurement of financial assets:

The Company has assessed classification and measurement of financial assets on the basis of facts and circumstances that exist as on transition date.

4. Impairment of financial assets:

The Company has applied impairment requirements of Ind AS 109 retrospectively: however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

5. Assessment of embedded derivatives:

The Company has assessed whether an embedded derivative as required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the late of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would not be required under the contract.

6. Valuation of investment in equity shares at FVTOCI:

The Company has designated investment in equity shares of investees to be valued at fair value through other comprehensive income on the basis of facts and circumstances that existed at the transaction date.

7. Deemed cost of investments:

The Company has elected to continue with the carrying value of its investment in subsidiary recognised as of 1st January, 2017 measured as per the previous GAAP and use that carrying value as its deemed cost at transition date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Statement of Reconciliation of total equity as at December 31, 2017 and January 1, 2017 between Ind AS and previous GAAP.

Ind AS 101 requires an entity to reconcile equity for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS standalone Financial Statement.

Sr. No.	Particulars	Note	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
	Balance of Equity as per Audited Financial Statements		1,11,07,09,821	85,47,24,350
1	**Non-current Financial Assets**			
	Investment in Equity Shares	1	(7,92,969)	4,15,458
2	**Current Financial Assets**			
	Trade Receivables	2	(4,09,654)	(3,60,268)
3	**Short Term Provision**			
	Proposed Dividend	3	-	6,47,28,496
	Tax on Proposed Dividend		-	1,31,78,722
4	**Deferred Tax Liabilities (net)**	4	4,16,202	(19,100)
	Total equity		**1,10,99,23,400**	**93,26,67,658**

Notes

1 **Change in Fair Value of investments measured at FVTOCI (net of tax)**

Under Indian GAAP, the Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS 109, the Company's investments are fair valued as FVTOCI investments. The fair value impact at the date of transition to Ind AS and in comparative previous year are adjusted in carrying value of investments under Indian GAAP with impact in the Opening Balance of Retained Earnings at the date of transition to Ind AS, and in the FVTOCI reserve in comparative previous year, net of related deferred taxes.

2 **Expected Credit Loss**

Under Indian GAAP, the provision for doubtful debts was made when the receivable turned doubtful based on the assessment on case to case basis. Under Ind AS, the provision is made against trade receivables based on "expected credit loss" model in accordance with Ind AS 109.

3 **Dividend**

Under Indian GAAP, dividends on equity shares (including dividend distribution tax thereon) recommended by the board of directors after the end of reporting period but before the financial statements were approved for issue were recoginsed in the financial statements as a liability. Under Ind AS, such dividends (including dividend distribution tax thereon) are recognised when approved by the members in general meeting.

4 **Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Inaddition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Reconciliation of total comprehensive income between Ind AS and previous GAAP

(₹)

Sr. No.	Particulars	Note	For the year ended December 31, 2017
A	**Net profit as per audited financial statements**		25,59,85,471
B	**IND AS IMPACT**		
	Provision for expected credit loss	1	(49,386)
	Remeasurement of defined benefit liability	2	15,16,485
	Deferred tax (charge) on Ind AS adjustments	3	(5,07,735)
C	**Profit after tax (A + B)**		**25,69,44,835**
D	**Other Comprehensive Income**		
	Change in Fair Value of investments measured at FVTOCI	4	(12,08,427)
	Remeasurement of defined benefit liability	2	(15,16,485)
	Tax Impact on Other Comprehensive Income	3	9,43,037
E	**Total comprehensive income (C+D)**		**25,51,62,960**

Notes

1 **Expected Credit Loss**

Under Indian GAAP, the provision for doubtful debts was made when the receivable turned doubtful based on the assessment on case to case basis. Under Ind AS, the provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109.

2 **Remeasurement of Defined Benefit Liability**

Under Indian GAAP, actuarial gains and losses were recognised in the statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss.

3 **Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Inaddition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4 **Change in Fair Value of investments measured at FVTOCI**

Under Indian GAAP, the Company accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company's investments are fair valued as FVTOCI investments. The fair value impact at the date of transition to Ind AS and in comparative previous year are adjusted in carrying value of investments under Indian GAAP with impact in the FVTOCI reserve.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

4) Property, Plant and Equipment, and Intangible Assets

(₹)

Particulars	Deemed Cost				Depreciation / Amortisation				Net Carrying Amount
	As at January 1, 2018	Additions during the year	Deletions during the year	As at December 31, 2018	As at January 1, 2018	For the year	On Deletions	As at December 31, 2018	As at December 31, 2018
Tangible Assets									
Land-Freehold (Refer Note 1 & 2 below)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 2)	9,39,14,468	4,72,100	-	9,43,86,568	32,95,999	42,64,415	-	75,60,414	8,68,26,154
Plant and Equipment	25,46,55,617	1,97,83,783	5,54,36,199	21,90,03,201	3,32,34,537	3,34,45,977	1,58,15,060	5,08,65,454	16,81,37,747
Computers	1,10,04,067	40,04,176	3,55,021	1,46,53,222	26,49,962	35,14,737	1,13,996	60,50,703	86,02,519
Furniture and Fixtures	1,22,12,294	2,98,915	29,129	1,24,82,080	12,43,422	11,64,715	-	24,08,137	1,00,73,943
Office Equipments	1,23,59,260	21,87,794	2,76,343	1,42,70,711	13,89,538	25,95,062	82,129	39,02,471	1,03,68,240
Vehicles	34,19,370	30,13,788	4,41,360	59,91,798	4,33,101	5,98,821	1,25,051	9,06,871	50,84,927
Sub-Total (A)	**38,80,34,136**	**2,97,60,556**	**5,65,38,052**	**36,12,56,640**	**4,22,46,559**	**4,55,83,727**	**1,61,36,236**	**7,16,94,050**	**28,95,62,590**
Intangible Assets									
Trademark	1,89,72,463	-	1,89,72,463	-	78,76,960	23,12,153	1,01,89,113	-	-
Technical/Commercial Know-how and Non-compete Fees	1,86,42,099	-	1,86,42,099	-	77,39,800	22,71,892	1,00,11,692	-	-
Computer Software	61,68,069	9,97,000	-	71,65,069	19,00,548	23,55,851	-	42,56,399	29,08,670
Sub-Total (B)	**4,37,82,631**	**9,97,000**	3,76,14,562	**71,65,069**	**1,75,17,308**	**69,39,896**	**2,02,00,805**	**42,56,399**	**29,08,670**
Total (A+B)	**43,18,16,767**	**3,07,57,556**	**9,41,52,614**	**36,84,21,709**	**5,97,63,867**	**5,25,23,623**	**3,63,37,041**	**7,59,50,449**	**29,24,71,260**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹)

Particulars	Deemed Cost				Depreciation / Amortisation				Net Carrying Amount
	As at January 1, 2017	Additions during the year	Deletions during the year	As at December 31, 2017	Up to January 1, 2017	For the year	On Deletions	As at December 31, 2017	As at December 31, 2017
Tangible Assets									
Land- Freehold (Refer Note 1 & 2 below)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 2)	2,98,68,941	6,40,64,183	18,656	9,39,14,468	-	32,95,999	-	32,95,999	9,06,18,469
Plant and Equipment	14,62,91,317	10,85,84,862	2,20,562	25,46,55,617	-	3,32,71,371	36,834	3,32,34,537	22,14,21,080
Computers	79,98,312	30,42,738	36,983	1,10,04,067	-	26,52,439	2,477	26,49,962	83,54,105
Furniture and Fixtures	25,03,903	97,28,398	20,007	1,22,12,294	-	12,43,939	517	12,43,422	1,09,68,872
Office Equipments	31,72,873	92,37,356	50,969	1,23,59,260	-	13,93,051	3,513	13,89,538	1,09,69,722
Vehicles	21,96,072	12,23,298	-	34,19,370	-	4,33,101	-	4,33,101	29,86,269
Sub-Total (A)	**19,25,00,478**	**19,58,80,835**	**3,47,177**	**38,80,34,136**	**-**	**4,22,89,900**	**43,341**	**4,22,46,559**	**34,57,87,577**
Intangible Assets									
Trademark	1,89,72,463	-	-	1,89,72,463	-	78,76,960	-	78,76,960	1,10,95,503
Technical/Commercial Know-how and Non-compete Fees	1,86,42,099	-	-	1,86,42,099	-	77,39,800	-	77,39,800	1,09,02,299
Computer Software	38,51,800	23,16,269	-	61,68,069	-	19,00,548	-	19,00,548	42,67,521
Sub-Total (B)	**4,14,66,362**	**23,16,269**	-	**4,37,82,631**	**-**	**1,75,17,308**	-	**1,75,17,308**	**2,62,65,323**
Total (A+B)	**23,39,66,840**	**19,81,97,104**	**3,47,177**	**43,18,16,767**	**-**	**5,98,07,208**	**43,341**	**5,97,63,867**	**37,20,52,900**

Notes:

(1) Freehold Land includes Rs. 10,000/- being face value of 100 shares of Gujarat Vepari Mahamadal Sahakari Audhyogik Vasahat Ltd.

(2) Carrying value of Property, Plant and Equipment given on Operating Lease Basis are as follows :

Description of assets	Land - Freehold	Buidlings
Carrying amount :		
As at December, 31, 2017	1,65,737	54,64,137
As at December, 31, 2018	-	31,62,061

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
5)	**Investments**			
	Quoted Investments (fully paid)			
	Investment in Equity Shares valued at FVTOCI (Refer note 36)			
	Jaysynth Dyestuff (India) Ltd.	1,10,78,848	1,28,96,470	1,09,98,812
	(173,107 Shares (December 31, 2017 : 173,107 and January 1, 2017 : 134,872 of Re. 1/- each fully paid-up)			
	Unquoted Investments (fully paid)			
	Investment in Equity Shares valued at Cost			
	Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000	3,000
	(30 Shares (December 31, 2017 : 30 and January 1, 2017 : 30) of Rs. 100/- each fully paid-up)			
	Investment in Subsidiary valued at Cost (Refer note 36 & 42)			
	1,000 Shares (December 31, 2017 : 1000 and January 1, 2017 : 1000) of Rs. 100/- each fully paid-up of Atul Sugar Screens Private Limited	-	1,00,000	1,00,000
		1,10,81,848	**1,29,99,470**	**1,11,01,812**
	Details of quoted/unquoted investments:			
	(a) Aggregate amount of quoted investments and market value thereof;			
	Book Value	1,36,89,438	1,36,89,438	1,05,83,354
	Market Value	1,10,78,848	1,28,96,470	1,09,98,812
	(b) Aggregate amount of unquoted investments;			
	Book Value	3,000	1,03,000	1,03,000
6)	**Other Non-current Financial Assets**			
	(Unsecured, Considered Good)			
	Long term deposits with maturity more than 12 months	-	2,97,00,000	15,68,00,000
	Sundry Deposits	81,60,950	83,22,869	87,03,680
	Margin Money Deposit	40,00,000	1,50,93,171	48,28,011
		1,21,60,950	**5,31,16,040**	**17,03,31,691**

Note : The fair value of Other Non-current Financial Assests is not materially different from the carrying value presented.

7)	**Other Non-current assets**			
	(Unsecured, Considered Good)			
	Balances with Government Authorities	8,51,729	8,28,143	71,05,957
	Advance Tax and Tax Deducted at Source	86,81,965	91,62,532	98,73,955
		95,33,694	**99,90,675**	**1,69,79,912**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
8)	**Inventories**			
	(At lower of cost and net realisable value)			
	Raw Materials	10,68,14,652	13,32,38,777	15,06,85,250
	[Includes Goods-in-transit Rs. 42,683,523 (December 31, 2017 Rs. 2,834,294 and January 1 2017 Rs. 9,422,787)]			
	Packing Material, Stores, Spares and Tools	1,25,12,327	1,71,23,032	1,02,09,454
	Work-in-Process	1,91,76,759	5,47,29,078	5,29,15,127
	Finished Goods	9,02,51,678	7,75,11,303	13,00,81,488
	Traded Goods	1,68,63,756	3,41,83,196	2,42,25,887
		24,56,19,172	**31,67,85,386**	**36,81,17,206**
9)	**Trade Receivables**			
	(Unsecured)			
	Considered Good			
	From Related Parties (Refer Note 35B)	1,63,60,006	6,94,03,580	5,20,69,574
	From Others	25,79,90,202	27,36,31,927	20,42,56,847
	Considered Doubtful	53,45,990	13,68,783	59,97,168
		27,96,96,198	34,44,04,290	26,23,23,589
	Less: Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	53,45,990	13,68,783	59,97,168
		27,43,50,208	**34,30,35,507**	**25,63,26,421**

Note : 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 and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	**Expected credit loss (%)**
Within the credit period	0%
1 - 30 days past due	0%
31 - 120 days past due	2%
121 - 365 days past due	5%
More than 365 days past due	50%

Provision for Expected Credit Loss Allowance:

Particulars	**For the year ended December 31, 2018**	**For the year ended December 31, 2017**	**As at January 1, 2017**
Opening Balance	13,68,783	59,97,168	6,31,574
Additions during the Year	88,25,405	29,11,260	1,03,07,010
Reversals during the Year	48,48,198	75,39,645	49,41,416
Closing Balance	53,45,990	13,68,783	59,97,168

Note : The fair value of Trade Receivables is not materially different from the carrying value presented.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
10) Cash and Cash Equivalents :			
Cash on hand	2,93,259	1,53,040	2,78,950
Cheques on hand	75,13,781	1,15,45,390	-
Bank Balances :			
In Current accounts	7,31,19,515	7,30,32,380	5,60,02,113
Deposits with original maturity less than 3 months	-	4,50,00,000	2,00,00,000
	8,09,26,555	**12,97,30,810**	**7,62,81,063**
11) Bank Balances (Other than Cash and Cash Equivalents)			
Deposits with maturity less than 12 months from reporting date	80,87,42,463	21,13,00,000	15,45,00,000
Unpaid Dividend Accounts	73,63,883	65,70,920	54,01,730
	81,61,06,346	**21,78,70,920**	**15,99,01,730**

Notes :

(1) The fair value of Bank Balances (Other than Cash and Cash Equivalents) is not materially different from the carrying value presented.

(2) Deposits amounting to Rs. 7,291,211 (December 31, 2017 Rs. Nil and January 1, 2017 Rs. Nil) is marked as lien against the outstanding bank guarantee.

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
12) Other Current Financial Assets			
Interest Accrued but not Due			
On Deposits	49,88,753	59,38,733	1,23,85,342
	49,88,753	**59,38,733**	**1,23,85,342**

Note : The fair value of Other Current Financial Assests is not materially different from the carrying value presented.

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
13) Other Current Assets			
(Unsecured and Considered Good)			
Advances for Goods and Services	69,67,439	71,16,464	1,01,59,390
Prepaid Expenses	24,82,645	28,58,391	41,34,638
Export Incentive Receivables	51,58,673	74,80,815	67,04,540
	1,46,08,757	**1,74,55,670**	**2,09,98,568**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
14) Equity Share Capital			
Authorised:			
2,900,000 (December 31, 2017 : 2,900,000 and January 1, 2017 : 2,900,000) Equity Shares of Rs. 10/- each	2,90,00,000	2,90,00,000	2,90,00,000
10,000 (December 31, 2017 : 10,000 and January 1, 2017 : 10,000) Preference Shares of Rs. 100/- each	10,00,000	10,00,000	10,00,000
	3,00,00,000	**3,00,00,000**	**3,00,00,000**
Issued, Subscribed and Paid-up:			
2,088,016 (December 31, 2017 : 2,088,016 and January 1, 2017 : 2,088,016) Equity Shares of Rs. 10/- each fully paid-up	2,08,80,160	2,08,80,160	2,08,80,160
	2,08,80,160	**2,08,80,160**	**2,08,80,160**

a) Reconciliation of number of shares

Particulars	No. of Shares	December 31, 2018 (₹)	December 31, 2017 (₹)	January 1, 2017 (₹)
Balance at the beginning of the year	20,88,016	2,08,80,160	2,08,80,160	2,08,80,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	20,88,016	2,08,80,160	2,08,80,160	2,08,80,160

b) Rights, preferences and restrictions attached to shares

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

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

1,483,777 (December 31, 2017 : 1,483,777 and January 1 2017 : 1,483,777) Equity shares of Rs. 10/- each fully paid up are held by SPGPrints B.V., The Netherlands, the Holding Company.	1,48,37,770	1,48,37,770	1,48,37,770

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Number of shares	14,83,777	14,83,777	14,83,777
SPGPrints B.V. - The Netherlands, the Holding Company	71.06%	71.06%	71.06%

e) There are no shares alloted either as fully paid up by way of Bonus Shares or under any contract without payment being received in cash during five years immediately preceding December 31, 2018.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
15) Other Equity			
Capital Reserve	3,46,115	3,46,115	3,46,115
Capital Redemption Reserve (refer note (i) below)	3,50,000	3,50,000	3,50,000
Securities Premium (refer note (ii) below)	7,96,18,502	7,96,18,502	7,96,18,502
General Reserve (refer note (iii) below)	18,19,54,416	18,19,54,416	18,19,54,416
Retained Earnings (refer note (iv) below)	1,13,10,10,286	82,75,64,422	64,95,18,465
Other Comprehensive Income	(21,22,064)	(7,90,215)	-
	1,39,11,57,255	**1,08,90,43,240**	**91,17,87,498**

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
15.1) Capital Reserve		
Balance at the beginning and at the end of the year	3,46,115	3,46,115
15.2) Capital Redemption Reserve (refer note (i) below)		
Balance at the beginning and at the end of the year	3,50,000	3,50,000
15.3) Securities Premium (refer note (ii) below)		
Balance at the beginning and at the end of the year	7,96,18,502	7,96,18,502
15.4) General Reserve (refer note (iii) below)		
Balance at the beginning and at the end of the year	18,19,54,416	18,19,54,416
15.5) Retained Earnings (refer note (iv) below)		
Balance at the beginning of the year	82,75,64,422	64,95,18,465
Profit for the year	39,56,39,917	25,69,44,835
Declared Dividend	(7,51,68,576)	(6,47,28,496)
Tax on Declared Dividend	(1,54,54,659)	(1,31,78,722)
Remeasurement gains / (losses) on defined benefit plans (net of tax)	(15,70,818)	(9,91,660)
At the end of the year	**1,13,10,10,286**	**82,75,64,422**
15.6) Other Comprehensive Income		
At the beginning of the year	(7,90,215)	-
Change in Fair Value of investments measured at FVTOCI (net of tax)	(13,31,849)	(7,90,215)
At the end of the year	**(21,22,064)**	**(7,90,215)**

Notes :

(i) Capital Redemeption Reserve created on redemption of Redeemable Preference shares.

(ii) Securities Premium Reserve 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.

(iii) 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.

(iv) Retained Earnings can be distributed by the Company as dividend to its equity shareholders and the same is determined based on the separate 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
16) Long-term Provisions			
Provision for Compensated absences (Refer Note 29C)	1,42,08,959	1,08,11,068	86,83,466
	1,42,08,959	**1,08,11,068**	**86,83,466**
17) Deferred Tax Liabilities (Net)			
Deferred tax liability			
(a) Property, plant and equipment	2,06,92,525	2,40,16,045	2,17,64,333
	2,06,92,525	2,40,16,045	2,17,64,333
Deferred tax assets			
(a) Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	15,56,752	4,73,708	20,75,500
(b) Provision for contingency	29,02,934	31,69,291	30,24,469
(c) Remeasurement gains / (losses) on defined benefit plans	5,97,599	6,03,641	1,84,136
(d) Change in Fair Value of investments measured at FVTOCI	7,60,205	2,74,432	(1,43,782)
(e) Other timing differences allowable on payment basis	1,03,04,611	1,07,38,915	77,19,211
	1,61,22,101	1,52,59,987	1,28,59,534
	45,70,424	**87,56,058**	**89,04,799**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

(₹)

Particulars	For the year ended December 31, 2018	For the year December 31, 31, 2017
Profit before tax as per Statement of Profit and Loss	55,15,45,081	39,39,65,404
Domestic Tax Rate (in %)	29.120	34.608
Income tax using the Company's domestic tax rate	16,06,09,928	13,63,43,547
Tax Effect of:		
Incremental deduction for Research & Development Expenditure	(3,61,504)	(7,35,803)
Non-deductible expenses	58,131	33,67,410
Income tax related to prior years	-	(8,55,293)
Income not chargable to tax	(26,56,144)	(10,99,292)
Effect of change in tax rate	45,25,977	-
Income chargable to lower rate of tax	(62,71,224)	-
Income tax Recognised in Statement of Profit and Loss	**15,59,05,164**	**13,70,20,569**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Movement in Deferred Tax Liabilities for the year ended December 31, 2018

(₹)

Tax effects of items constituting Deferred tax liabilities/ Assets:	Opening balance as at January 1, 2018	Recognised in profit and loss	Recognised in other comprehe-nsive income	Closing balance at December 31, 2018
Property, plant and equipment	2,40,16,045	(33,23,520)	-	2,06,92,525
	2,40,16,045	**(33,23,520)**	**-**	**2,06,92,525**

Tax effects of items constituting Deferred tax liabilities/ Assets:	Opening balance as at January 1, 2018	Recognised in profit and loss	Recognised in other comprehe-nsive income	Closing balance at December 31, 2018
Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	4,73,708	10,83,044	-	15,56,752
Provision for contingency	31,69,291	(2,66,357)	-	29,02,934
Remeasurement gains / (losses) on defined benefit plans	6,03,641	(6,51,389)	6,45,347	5,97,599
Change in Fair Value of investm-ents measured at FVTOCI	2,74,432	-	4,85,773	7,60,205
Other timing differences allowable on payment basis	1,07,38,915	(4,34,303)	-	1,03,04,611
	1,52,59,987	**(2,69,005)**	**11,31,120**	**1,61,22,101**

Movement in Deferred Tax Liabilities for the year ended December 31, 2017

(₹)

Tax effects of items constituting Deferred tax liabilities/ Assets:	Opening balance as at January 1, 2017	Recognised in profit and loss	Recognised in other comprehe-nsive income	Closing balance at December 31, 2017
Property, plant and equipment	2,17,64,333	22,51,712	-	2,40,16,045
	2,17,64,333	**22,51,712**	**-**	**2,40,16,045**

Tax effects of items constituting Deferred tax liabilities/ Assets:	Opening balance as at January 1, 2017	Recognised in profit and loss	Recognised in other comprehe-nsive income	Closing balance at December 31, 2017
Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	20,75,500	(16,01,792)	-	4,73,708
Provision for contingency	30,24,469	1,44,822	-	31,69,291
Remeasurement gains / (losses) on defined benefit plans	1,84,136	(1,05,320)	5,24,825	6,03,641
Change in Fair Value of investm-ents measured at FVTOCI	(1,43,782)	-	4,18,212	2,74,432
Other timing differences allowable on payment basis	77,19,211	30,19,705	-	1,07,38,915
	1,28,59,534	**14,57,415**	**9,43,037**	**1,52,59,987**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
18) Other Non-current Liabilities			
Security Deposits	31,74,091	31,26,380	26,58,597
Other Liabilties	95,24,091	91,57,684	87,39,221
[Including Provision for Contingencies and Net off Duty paid under protest Rs. 4,029,470 (December 31, 2017 Rs. 4,029,470, January 1, 2017 Rs. 4,029,470)]			
	1,26,98,182	**1,22,84,064**	**1,13,97,818**
19) Trade Payables			
a) Micro, Small and Medium Enterprises (Refer Note below)	4,82,259	17,60,424	26,85,492
b) Other Trade Payables	23,56,97,473	27,01,63,107	25,07,98,001
	23,61,79,732	**27,19,23,531**	**25,34,83,493**

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.

Total outstanding dues of Micro, Small and Medium Enterprises	**Year ended December 31, 2018 (₹)**	**Year ended December 31, 2017 (₹)**	**As at January 1, 2017 (₹)**
a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	4,82,259	17,60,424	26,85,492
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	9,98,898	9,94,352	9,94,042
c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	1,91,515
d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	-
e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	-	5,55,266	5,31,501
g) Further interest remaining due and payable for earlier years.	9,94,352	9,94,352	9,93,419

Note : The fair value of Trade Payables is not materially different from the carrying value presented.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
20) Other Current Financial Liabilities			
Unpaid Dividend	73,63,883	65,70,920	54,01,730
Others	40,65,520	14,75,193	10,85,119
Note:			
There is no amount due and outstanding as at December 31, 2018, December 31, 2017 and January 1, 2017 to be credited to Investor Education and Protection Fund.			
	1,14,29,403	**80,46,113**	**64,86,849**
21) Other Current Liabilities			
Advances from Customers	2,59,85,103	2,45,86,896	10,64,81,860
Statutory dues	2,85,46,056	84,69,100	1,25,99,718
Creditors for Capital Goods	-	-	1,77,83,448
	5,45,31,159	**3,30,55,996**	**13,68,65,026**
22) Short-term Provisions			
Employee Benefits			
Provision for Gratuity (Refer Note 29B)	20,52,196	17,44,224	5,32,062
Provision for Compensated absences (Refer Note 29C)	41,78,494	28,39,672	21,40,246
Provision for Warranty (Refer Note 38)	1,10,56,495	2,40,03,773	2,51,34,167
	1,72,87,185	**2,85,87,669**	**2,78,06,475**
23) Current tax liabilities (Net)			
Current tax liabilities (Net off Advance tax and TDS of Rs. 94,855,917, December 31, 2017 Rs. 96,440,682)	33,52,385	3,75,464	-
	33,52,385	**3,75,464**	**-**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
24) Revenue from operations		
Sale of Goods and Services (Refer Below Note 1)	1,79,16,74,471	2,07,55,03,633
Other Operating Income :		
Commission Income	1,16,77,890	1,41,81,271
Sale of Manufacturing Scrap	12,40,31,179	8,11,56,460
Export Incentives	27,75,519	48,47,052
	1,93,01,59,059	**2,17,56,88,416**

Note 1: The Government of India has implemented Goods and Service Tax ("GST") from 1st July, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. Revenue for the period up to 30th June, 2017 are inclusive of excise duty of Rs. 77,486,317; however, revenue for the period 1st July, 2017 to 31st December, 2017 and for the year ended 31st December, 2018 are shown net of GST.

Details of Revenue from operations

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
a) Sales of Goods Manufactured:		
Perforated Rotary Screens and Textile Machines	1,24,73,97,383	1,43,78,37,692
Sugar sieves and segments	23,27,13,764	18,73,61,214
Other Manufactured Goods Sold	21,21,90,102	18,51,86,478
Excise Duty on Goods Manufactured	-	7,74,86,317
	1,69,23,01,249	**1,88,78,71,701**
b) Sales of Traded Goods :		
Perforated Rotary Screens	2,74,23,380	12,98,37,842
Other Traded Goods Sold	4,52,44,146	4,54,47,515
	7,26,67,526	**17,52,85,357**
c) Sale of Services	2,67,05,696	1,23,46,575
	2,67,05,696	**1,23,46,575**
d) Other Operating Income :		
Commission Income	1,16,77,890	1,41,81,271
Sale of Manufacturing Scrap	12,40,31,179	8,11,56,460
Export Incentives	27,75,519	48,47,052
	13,84,84,588	**10,01,84,783**
	1,93,01,59,059	**2,17,56,88,416**

25) Other income		
Interest:		
Interest on Deposits	3,39,02,897	1,89,29,517
Interest Others	95,228	86,748
	3,39,98,125	1,90,16,265
Liabilities no longer required written back	5,58,593	-
Provision for Doubtful Receivables written back (Net)	-	46,28,385
Bad Debts written off	-	(2,28,491)
	-	43,99,894
Provision for Warranty (Net) (Refer Note 38)	72,89,654	11,30,394
Lease rentals	86,31,330	1,16,05,260
Profit on Sale of Fixed Assets (Net)	-	16,763
Net Gain on Foreign Currency Transactions and Translation	15,26,713	-
Miscellaneous Income	92,62,582	22,74,798
	6,12,66,997	**3,84,43,374**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
26) Cost of Materials Consumed			
Raw Materials and Components Consumed		87,05,97,894	95,78,28,366
Packing Materials Consumed		1,87,86,697	1,88,47,293
		88,93,84,591	**97,66,75,659**
27) Purchase of stock-in-trade			
Perforated Rotary Screens		4,31,19,412	11,43,27,619
Others		50,30,446	4,14,42,145
		4,81,49,858	**15,57,69,764**
28) Changes in inventories of finished Goods, work-in-progress and stock-in-trade			
Opening Stock			
- Work-in-process	5,47,29,079		5,29,15,127
- Finished Goods	7,75,11,303		13,00,81,488
- Traded Goods	3,41,83,194		2,42,25,887
		16,64,23,576	20,72,22,502
Closing Stock			
- Work-in-process	1,91,76,759		5,47,29,079
- Finished Goods	9,02,51,678		7,75,11,303
- Traded Goods	1,68,63,756		3,41,83,194
		12,62,92,193	16,64,23,576
Decrease / (Increase) in Stock		4,01,31,383	4,07,98,926
Increase/(Decrease) in Excise Duty on Finished Goods		-	(1,40,89,196)
		4,01,31,383	**2,67,09,730**
29) A. Employee benefits expense			
Salaries, Wages and Bonus		18,34,13,989	17,24,67,227
Contribution to Provident and Other Funds		59,64,486	49,02,848
Gratuity (Refer Note 29B)		19,75,346	14,71,736
Welfare Expenses		1,67,45,023	1,61,70,317
		20,80,98,844	**19,50,12,128**

B. Employee Benefits :

(a) Defined Contribution Plan :

The Company's contribution to Provident Fund aggregating Rs. 5,213,002 (Previous Year Rs. 4,287,032) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(b) Defined Benefit Plans :

Gratuity

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 status of gratuity plan as required under Ind AS-19 :

(₹)

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
i. Reconciliation of Opening and Closing Balances of defined benefit obligation		
Present Value of Defined Benefit Obligations at the beginning of the year	1,58,75,440	1,35,56,733
Current Service Cost	18,41,564	14,34,385
Past service Cost	-	-
Interest Cost	12,17,646	9,51,683
Acquisition Adjustment	-	-
Benefit paid	(18,83,539)	(17,76,059)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	-	-
Change in financial assumptions	8,52,450	5,29,529
Experience variance (i.e. Actual experience vs assumptions)	14,10,018	11,79,169
Present Value of Defined Benefit Obligations at the end of the year	**1,93,13,579**	**1,58,75,440**

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets		
Fair Value of Plan assets at the beginning of the year	1,41,31,216	1,30,24,671
Interest Income	10,83,864	9,14,332
Expected return on plan assets	46,303	1,92,213
Employer's Contribution	20,00,000	-
Employee's Contributions	-	-
Benefit paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan assets at the end of the year	**1,72,61,383**	**1,41,31,216**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets			
Present Value of Defined Benefit Obligations at the end of the year	1,93,13,579	1,58,75,440	1,35,56,733
Fair Value of Plan assets at the end of the year	1,72,61,383	1,41,31,216	1,30,24,671
Net Asset/(Liability) recognized in Balance Sheet as at the end of the year	(20,52,196)	(17,44,224)	(5,32,062)

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
iv. Composition of Plan Assets			
Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :			
Cash Accumulation Scheme with Life Insurance Corporation of India	93%	91%	93%
Bank Balances	7%	9%	7%

Particulars	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
v. Gratuity Cost for the Year		
Current service cost	18,41,564	14,34,385
Interest Cost	1,33,782	37,351
Past service Cost	-	-
Expected return on plan assets	-	-
Acturial gain/loss	-	-
Expenses recognised in the income statement	**19,75,346**	**14,71,736**
vi. Other Comprehensive Income		
Actuarial (Gain) / loss	22,62,468	17,08,698
Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Experience variance (i.e. Actual experience vs assumptions)	-	-
Others	-	-
Return on plan assets, excluding amount recognised in interest income	(46,303)	(1,92,213)
Re-measurement (or Actuarial) (gain) /loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	**22,16,165**	**15,16,485**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
vii. Actuarial Assumptions			
Discount Rate (per annum)	7.74%	7.67%	7.02%
Annual Increase in Salary Cost	7.50%	7.00%	6.00%
Rate of Employee Turnover	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rates as given under Indian Assured Lives Mortality (2006-08) Ultimate Retirement Age 60 Years.	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

viii. Sensitivity Analysis

Significant actuarial assumptions for the detemination 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 results of sensitivity analysis is given below:

Particulars	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
Defined Benefit Obligation (Base)	1,93,13,579	1,58,75,440

(₹)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2017
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1%)	22,93,376	(18,59,464)	16,97,167	(13,83,036)
(% change compared to base due to sensitivity				
Salary Growth Rate (- / + 0.5%)	(9,83,799)	10,82,630	(7,33,595)	8,05,543
(% change compared to base due to sensitivity)				
Attrition Rate (- / + 1%)	(13,090)	4,425	(81,298)	62,485
(% change compared to base due to sensitivity)				

ix. 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).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

x. 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.

b) Maturity Profile of Defined Benefit Obligation

Projected benefits payable in future years from the date of reporting.

Particulars	**For the Year ended December 31, 2018 (₹)**	**For the Year ended December 31, 2017 (₹)**
<u>Expected cash flows over the next (valued on undiscounted basis):</u>		
1st Following Year	31,85,131	15,71,546
2nd Following year	26,61,199	28,78,251
3rd Following Year	6,13,042	22,74,545
4th Following Year	11,49,767	5,50,259
5th Following Year	13,83,204	9,34,726
sum of years 6 to 10	37,69,667	23,39,881

xi. The Company has defined benefit plans for Gratuity to eligible employees, the contributions for which are made to Life Insurance Corporation of India who invests the funds as per Insurance Regulatory Development Authority guidelines.

The discount rate is based on the prevailing market yields of Government of India's securities as at the Balance Sheet date for the estimated term of the obligations.

The defined benefit plans expose the Company to acturial risks such as Interest rate risk, Salary risk, Investment risk, Asset liability matching risk, longevity risk.

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Longevity risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan do not have any longevity risk.

c) Other Long Term Employee Benefits:

The actuarial liability for compensated absences as at the year ended December 31, 2018 is Rs. 18,387,453 (December 31, 2017 Rs. 13,650,740 ; January 1, 2017 Rs. 10,823,712)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
30) Finance costs			
Other Borrowing Cost		22,68,811	13,43,769
		22,68,811	**13,43,769**
31) Other expenses			
Consumption of Stores and Spares		1,49,71,360	1,60,00,914
Excise Duty on Sale of Goods		-	7,74,86,317
Rent		17,97,228	20,20,160
Rates and Taxes		6,51,186	22,93,551
Power and Fuel		14,08,37,834	11,08,74,766
Repairs to Buildings		44,66,284	61,75,001
Repairs to Plant and Equipment		78,83,327	84,45,550
Repairs to Others		43,10,043	68,96,180
Insurance		28,70,559	23,23,265
Auditors' Remuneration for :			
- Statutory Audit Fees	26,80,000		20,00,000
- Tax Audit Fees	4,72,006		4,53,550
- Others	6,55,350		7,00,000
		38,07,356	31,53,550
Travelling and Conveyance		1,82,04,748	2,17,25,935
Royalty		3,41,25,891	3,68,27,654
Provision for Doubtful Receivables (Net)		39,77,207	-
Group Management Fees		3,75,54,804	3,29,34,470
Net Loss on Foreign Currency Transactions and Translations		-	31,14,761
Loss on Sale of Property, Plant and Equipment (Net)		87,831	-
Contribution towards Corporate Social Responsibility activities (Refer Note 41)		70,00,000	55,00,000
Other General, Administrative and Selling Expenses		5,78,59,182	6,90,76,054
		34,04,04,840	**40,48,48,128**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

32) a) Contingent Liabilities not provided for in respect of:

Particulars	As at December 31, 2018	As at December 31, 2018	As at January 1, 2017
Reinstatement with backwages claimed by worker. Also, include claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit.	40,00,000	47,68,164	4,08,535
Disallowance of Voluntary Retirement Scheme (VRS) expediture by tax authorities.	19,11,581	3,80,731	49,97,065
Capital gain on sale of assets considered as Short Term Gain by tax authorities.	-	43,47,988	14,44,676
Disallowance of interest on income tax by tax authorities.	-	1,08,391	-
Classification of Service Tax on business auxiliary services challanged by tax authorities.	8,89,554	4,44,777	4,44,777
Non reversal of Cenvat on input capital goods sold challanged by tax authorities.	-	1,04,681	26,75,620
Service Tax credit taken on Sales Commission paid disallowed by tax authorities.	10,93,900	10,93,900	10,93,900
Total	**78,95,035**	**1,12,48,632**	**1,10,64,573**

Management is of the view that no liability shall arise on the Company for all the above cases.

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, 2018 is Rs. 1,331,417 (December 31, 2017 Rs. Nil, January 1, 2017 Rs. 33,827,217).

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
33)	**Dividend remitted in foreign currency**		
	Amount remitted (Rupees)	5,34,15,972	4,59,97,087
	Dividend related to financial year	December 31, 2017	December 31, 2016
	Number of non-resident shareholders	1	1
	Number of shares	14,83,777	14,83,777

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
34)	**Earnings per share**		
	Profit Attributable to equity shareholders	39,56,39,917	25,69,44,835
	Weighted average number of equity shares (Nos.)	20,88,016	20,88,016
	Nominal value of an equity share	10	10
	Earnings Per Share (Basic and Diluted)	189.48	123.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

35) Related party disclosure:

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

I. Parties where control exists:

Related Party	Relationship
SPGPrints B.V.	Holding Company
SPGPrints Group B.V.	Holding Company of SPGPrints B.V.
Print II B.V.	Holding Company of SPGPrints Group B.V.
Atul Sugar Screens Private Limited	Wholly owned Subsidiary (upto March 21, 2018). Ceased to be Wholly owned Subsidiary w.e.f. March 22, 2018.

II. Fellow Subsidiaries where transactions have taken place:

SPGPrints Printing Systems Wuxi Co Ltd.

SPG Prints Mexico S.A. De C.V

SPGPrints Austria GMBH

Shandong Tongda Printing Systems Co. Ltd

SPGPrints Baski Sistemleri Tic. Ltd. Sti

Veco B.V. (upto April 18, 2018)

SPGPrints Brasil Ltda.

Atul Sugar Screens Private Limited (From March 22, 2018 and upto April 18, 2018)

III. Key Management Personnel:

Mr. Shailesh Wani	Managing Director

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

IV. Transactions with related parties

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Sale of Products								
SPGPrints B.V.	1,99,92,369	79,27,125	-	-	-	-	1,99,92,369	79,27,125
Shandong Tongda Printing Systems Co. Ltd	-	-	-	3,55,356	-	-	-	3,55,356
SPG Prints Mexico, S.A. de C.V.	-	-	2,28,072	51,291	-	-	2,28,072	51,291
SPGPrints Austria GMBH	-	-	13,36,080	-	-	-	13,36,080	-
SPGPrints Brasil Ltda	-	-	6,64,875	-	-	-	6,64,875	-
SPGPrints Printing Systems (Wuxi) Co.,Ltd	-	-	1,04,906	-	-	-	1,04,906	-
Atul Sugar Screens Private Limited	2,48,38,968	12,85,67,625	96,00,529	-	-	-	3,44,39,497	12,85,67,625
Sub - Total	**4,48,31,337**	**13,64,94,750**	**1,19,34,462**	**4,06,647**	**-**	**-**	**5,67,65,799**	**13,69,01,397**
Sale of Services								
SPGPrints B.V.	9,59,630	-	-	-	-	-	9,59,630	-
SPGPrints Austria GMBH	-	-	1,74,07,864	1,28,37,025	-	-	1,74,07,864	1,28,37,025
Sub - Total	**9,59,630**	**-**	**1,74,07,864**	**1,28,37,025**	**-**	**-**	**1,83,67,494**	**1,28,37,025**
Purchase of Raw Material and Components								
SPGPrints B.V.	15,40,70,894	14,45,23,857	-	-	-	15,40,70,894	14,45,23,857	
Veco B.V.	-	7,83,115	44,16,648	-	-	7,83,115	44,16,648	
SPGPrints Austria GMBH	-	1,24,64,454	34,45,960	-	-	1,24,64,454	34,45,960	
SPGPrints Baski Sistemleri Tic. Ltd. Sti	-	-	10,41,263	-	-	-	10,41,263	-
Spg Prints Brasil Ltda	-	-	4,04,79,794	-	-	-	4,04,79,794	
SPGPrints Printing Systems Wuxi Co Ltd.	-	6,11,290	2,29,200	-	-	6,11,290	2,29,200	
Sub - Total	**15,40,70,894**	**14,45,23,857**	**1,49,00,122**	**4,85,71,602**	**-**	**-**	**16,89,71,016**	**19,30,95,459**
Purchase of Fixed Assets								
SPGPrints B.V.	64,90,743	1,79,87,488	-	-	-	-	64,90,743	1,79,87,488
SPGPrints Austria GMBH	-	-	1,21,584	-	-	-	1,21,584	-
Sub - Total	**64,90,743**	**1,79,87,488**	**1,21,584**	**-**	**-**	**-**	**66,12,327**	**1,79,87,488**
Expenses Recovered from other companies								
SPGPrints B.V.	62,06,539	14,71,803	-	-	-	-	62,06,539	14,71,803
SPGPrints Austria GMBH	-	-	12,80,387	17,60,799	-	-	12,80,387	17,60,799
Shandong Tongda Printing Systems Co. Ltd	-	-	19,028	-	-	-	19,028	-
Sub - Total	**62,06,539**	**14,71,803**	**12,99,415**	**17,60,799**	**-**	**-**	**75,05,954**	**32,32,602**
Remuneration								
Mr. Shailesh C Wani (Refer Note 1 below)	-	-	-	-	1,51,65,167	1,56,13,487	1,51,65,167	1,56,13,487
Sub - Total	**-**	**-**	**-**	**-**	**1,51,65,167**	**1,56,13,487**	**1,51,65,167**	**1,56,13,487**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of Services								
SPGPrints B.V.	9,16,310	7,29,610	-	-	-	9,16,310	7,29,610	
SPGPrints Printing Systems Wuxi Co.,	-	-	7,59,342	-	-	-	7,59,342	-
Spg Prints Brasil Ltda	-	-	-	5,68,844	-	-	-	5,68,844
SPG Prints Mexico S.A. De C.V	-	-	-	3,64,464	-	-	-	3,64,464
Sub - Total	**9,16,310**	**7,29,610**	**7,59,342**	**9,33,308**	**-**	**-**	**16,75,652**	**16,62,918**
Expenses Charged by other companies								
SPGPrints B.V.	3,89,92,167	4,15,85,754	-	-	-	-	3,89,92,167	4,15,85,754
SPGPrints Austria GMBH	-	-	1,09,330	-	-	-	1,09,330	-
Sub - Total	**3,89,92,167**	**4,15,85,754**	**1,09,330**	**-**	**-**	**-**	**3,91,01,497**	**4,15,85,754**
Royalty Expense								
SPGPrints B.V.	3,01,02,777	2,74,77,893	-	-	-	-	3,01,02,777	2,74,77,893
Veco B.V.	-	-	40,23,114	93,49,761	-	-	40,23,114	93,49,761
Sub - Total	**3,01,02,777**	**2,74,77,893**	**40,23,114**	**93,49,761**	**-**	**-**	**3,41,25,891**	**3,68,27,654**
Dividend Paid								
SPGPrints B.V.	5,34,15,972	4,59,97,087	-	-	-	-	5,34,15,972	4,59,97,087
Sub - Total	**5,34,15,972**	**4,59,97,087**	**-**	**-**	**-**	**-**	**5,34,15,972**	**4,59,97,087**
Commission Received								
SPGPrints B.V.	2,16,130	7,41,885	-	-	-	-	2,16,130	7,41,885
SPGPrints Austria GMBH	-	-	1,14,61,761	1,34,39,386	-	-	1,14,61,761	1,34,39,386
Sub - Total	**2,16,130**	**7,41,885**	**1,14,61,761**	**1,34,39,386**	**-**	**-**	**1,16,77,891**	**1,41,81,271**
Sale of Shares of Subsidiary								
Veco B.V.	-	-	10,40,00,000	-	-	-	10,40,00,000	-
Sub - Total	**-**	**-**	**10,40,00,000**	**-**	**-**	**-**	**10,40,00,000**	**-**
Sale of Assets								
Atul Sugar Screens Private Limited	-	-	9,96,16,538	-	-	-	9,96,16,538	-
Sub - Total	**-**	**-**	**9,96,16,538**	**-**	**-**	**-**	**9,96,16,538**	**-**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	Parties referred to in (i) above			Parties referred to in (ii) above			Parties referred to in (iii) above			Total		
	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017
Balance payable at the year-end												
SPGPrints B.V.	3,67,58,637	2,58,29,435	3,92,05,388	-	-	-	-	-	-	3,67,58,637	2,58,29,435	3,92,05,388
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	-	9,03,710	-	14,40,763	-	-	-	9,03,710	-	14,40,763
SPG Prints Mexico S.A. De C.V	-	-	-	-	-	18,70,635	-	-	-	-	-	18,70,635
Spg Prints Brasil Ltda	-	-	-	-	5,66,716	-	-	-	-	-	5,66,716	-
Veco B.V.	-	-	-	-	93,52,877	67,15,083	-	-	-	-	93,52,877	67,15,083
Remuneration Payable to Mr. Shailesh Wani	-	-	-	-	-	-	1,20,149	1,98,444	1,79,333	1,20,149	1,98,444	1,79,333
Sub - Total	**3,67,58,637**	**2,58,29,435**	**3,92,05,388**	**9,03,710**	**99,19,593**	**1,00,26,481**	**1,20,149**	**1,98,444**	**1,79,333**	**3,77,82,496**	**3,59,47,472**	**4,94,11,202**
Balance receivable at the year-end												
SPGPrints B.V.	92,00,495	17,69,793	19,25,514	-	-	-	-	-	-	92,00,495	17,69,793	19,25,514
Atul Sugar Screens Private Limited	-	6,19,82,870	4,61,01,937	-	-	-	-	-	-	-	6,19,82,870	4,61,01,937
SPGPrints Austria GMBH	-	-	-	68,11,794	56,50,917	40,42,123	-	-	-	68,11,794	56,50,917	40,42,123
SPGPrints Printing Systems(Wuxi) Co.,Ltd	-	-	-	1,11,871	-	-	-	-	-	1,11,871	-	-
Spgprints Mexico S A De C V	-	-	-	2,35,846	-	-	-	-	-	2,35,846	-	-
Sub - Total	**92,00,495**	**6,37,52,663**	**4,80,27,451**	**71,59,511**	**56,50,917**	**40,42,123**	**-**	**-**	**-**	**1,63,60,006**	**6,94,03,580**	**5,20,69,574**

Notes:

(1) The Key Managerial Persons 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.

(2) The amounts outstanding are unsecured and will be settled in cash or kind, for which no guarantees have been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by related parties.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

36) Financial Instrument and Fair Value Measurement

(A) Fair Value of Financial Assets and Financial Liabilities that are not measured at fair value

(₹)

Particulars	Amount as at December 31, 2018			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,10,78,848	3,000	1,10,81,848
(ii) Other non-current financial assets	-	-	1,21,60,950	1,21,60,950
(iii) Trade receivables	-	-	27,43,50,208	27,43,50,208
(iv) Cash and cash equivalents	-	-	8,09,26,555	8,09,26,555
(v) Bank balance other than (iv) above	-	-	81,61,06,346	81,61,06,346
(vi) Other current financial assets	-	-	49,88,753	49,88,753
Total	**-**	**1,10,78,848**	**1,18,85,35,812**	**1,19,96,14,660**
Financial liabilities				
(i) Trade Payables	-	-	23,61,79,732	23,61,79,732
(ii) Other current financial liabilities	-	-	1,14,29,403	1,14,29,403
Total	**-**	**-**	**24,76,09,135**	**24,76,09,135**

Particulars	Amount as at December 31, 2017			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,28,96,470	1,03,000	1,29,99,470
(ii) Other non-current financial assets	-	-	5,31,16,040	5,31,16,040
(iii) Trade receivables	-	-	34,30,35,507	34,30,35,507
(iv) Cash and cash equivalents	-	-	12,97,30,810	12,97,30,810
(v) Bank balance other than (iv) above	-	-	21,78,70,920	21,78,70,920
(vi) Other current financial assets	-	-	59,38,733	59,38,733
Total	**-**	**1,28,96,470**	**74,97,95,010**	**76,26,91,480**
Financial liabilities				
(i) Trade Payables	-	-	27,19,23,531	27,19,23,531
(ii) Other current financial liabilities	-	-	80,46,113	80,46,113
Total	**-**	**-**	**27,99,69,644**	**27,99,69,644**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹)

Particulars	Amount as at January 1, 2017			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,09,98,812	1,03,000	1,11,01,812
(ii) Other non-current financial assets	-	-	17,03,31,691	17,03,31,691
(iii) Trade receivables	-	-	25,63,26,421	25,63,26,421
(iv) Cash and cash equivalents	-	-	7,62,81,063	7,62,81,063
(v) Bank balance other than (iv) above	-	-	15,99,01,730	15,99,01,730
(vi) Other current financial assets	-	-	1,23,85,342	1,23,85,342
Total	**-**	**1,09,98,812**	**67,53,29,247**	**68,63,28,059**
Financial liabilities				
(i) Trade Payables	-	-	25,34,83,493	25,34,83,493
(ii) Other current financial liabilities	-	-	64,86,849	64,86,849
Total	**-**	**-**	**25,99,70,342**	**25,99,70,342**

Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy as at year end

Financial Assets	Level 1	Level 2	Level 3	Total
Investment in equity instruments as at December 31, 2018	1,10,78,848	-	-	**1,10,78,848**
Investment in equity instruments as at December 31, 2017	1,28,96,470	-	-	**1,28,96,470**
Investment in equity instruments as at January 1, 2017	1,09,98,812	-	-	**1,09,98,812**

(B) 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 Company strives 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 maintains a debt free status and regularly declares dividend to its shareholders.

(C) Financial risk management objectives and policies

The Company's principal financial liabilities comprises of trade and other payables. The Company's financial assets include trade and other receivables, and cash & cash equivalents that it derives directly from its operations.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. 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 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:

(1) 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 of interest rate risk, foreign currency risk and commodity risk.

1.1 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. (₹)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017
Bank deposits (Including Margin Money Deposit)	81,27,42,463	30,10,93,171	33,61,28,011
% change in interest rates	0.50%	0.50%	0.50%
Impact on Profit for the year	40,63,712	15,05,466	16,80,640

1.2 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 as under. There are no open derivate contracts at the end of the year.

Net Open Exposures Outstanding as at the Balance Sheet Date

Particulars	Foreign Currency Denomi-nation	As at December 31, 2018		As at December 31, 2017		As at January 1, 2017	
		Foreign Currency Amount	Amount (₹)	Foreign Currency Amount	Amount (₹)	Foreign Currency Amount	Amount (₹)
Trade Receivables	EURO	2,05,160	1,63,67,655	1,55,883	1,19,07,933	83,324	59,67,637
	USD	1,838	1,28,274	2,27,579	1,45,49,150	4,858	3,30,101
Short-term Loans and Advances	EURO	19,046	15,19,439	124	9,472	7,310	5,23,577
	USD	-	-	-	-	11,544	7,84,415
	GBP	495	43,788	-	-	-	-
Trade Payables	EURO	4,82,262	3,84,74,824	4,91,353	3,75,34,433	6,07,072	4,34,78,480
	USD	26,563	18,53,824	42,996	27,48,734	1,02,354	69,54,967
Other Current Liabilities	USD	150	10,469	1,155	73,844	8,687	5,90,275
	EURO	-	-	952	72,723	70,000	50,13,400

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1.3 **Commodity Risk :** The Company is is affected by price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of such commodities. Therefore the Company monitors its purchases closely to optimise the prices.

(2) **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 having majority of the receivables from private sectors. The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

(3) **Liquidity Risk :** The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between working capital of the company. The Company generates sufficient cashflow from operations to maintain a healthy working capital balance.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. (₹)

Particulars	Within 1 Year	1 to 5 Year	More than 5 Year	Carrying Amount
As at December 31, 2018				
Trade Payables	23,61,79,732	-	-	23,61,79,732
Other Financial Liabilities	1,14,29,403	-	-	1,14,29,403
As at December 31, 2017				
Trade Payables	27,19,23,531	-	-	27,19,23,531
Other Financial Liabilities	80,46,113	-	-	80,46,113
As at January 1, 2017				
Trade Payables	25,34,83,493	-	-	25,34,83,493
Other Financial Liabilities	64,86,849	-	-	64,86,849

37) Segment Reporting

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses; (b) whose operating results are regularly reviewed by the Company's Operating Decision Maker ('CODM') to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

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

Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceeds 10% or more of the combined total of all the operating segments.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure.

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 STANDALONE FINANCIAL STATEMENTS

Segment reporting for the year ended December 31, 2018

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2018					For the year ended December 31, 2017				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue from Operations										
External Sales and Services	1,54,00,37,646	9,28,70,552	29,72,50,861	-	1,93,01,59,059	1,83,59,83,738	10,03,92,321	23,93,12,357	-	2,17,56,88,416
Total Revenue	**1,54,00,37,646**	**9,28,70,552**	**29,72,50,861**	**-**	**1,93,01,59,059**	**1,83,59,83,738**	**10,03,92,321**	**23,93,12,357**	**-**	**2,17,56,88,416**
Results										
Segment result	38,62,47,491	3,78,35,977	4,14,01,646	-	46,54,85,114	40,05,90,856	4,46,19,710	96,13,309	-	45,48,23,875
Interest Income net of expense	(13,60,287)	-	(17,855)	3,31,07,455	3,17,29,313	(3,79,600)	-	(31,032)	1,80,83,128	1,76,72,496
Unallocated Expenditure net of unallocated income	-	-	-	(8,67,50,321)	(8,67,50,321)	-	-	-	(7,85,30,967)	(7,85,30,967)
Profit Before Exceptional Items and Tax	**38,48,87,204**	**3,78,35,977**	**4,13,83,791**	**(5,36,42,866)**	**41,04,64,106**	**40,02,11,256**	**4,46,19,710**	**95,82,277**	**(6,04,47,839)**	**39,39,65,404**
Exceptional Items (Refer note 42 & 43)	-	-	-	14,10,80,975	14,10,80,975	-	-	-	-	-
Profit Before Tax	**38,48,87,204**	**3,78,35,977**	**4,13,83,791**	**8,74,38,109**	**55,15,45,081**	**40,02,11,256**	**4,46,19,710**	**95,82,277**	**(6,04,47,839)**	**39,39,65,404**
Provision for Current Tax	-	-	-	15,89,59,679	15,89,59,679	-	-	-	13,62,26,272	13,62,26,272
Provision for Deferred Tax	-	-	-	(30,54,515)	(30,54,515)	-	-	-	7,94,297	7,94,297
Net Profit for the year	**38,48,87,204**	**3,78,35,977**	**4,13,83,791**	**(6,84,67,055)**	**39,56,39,917**	**40,02,11,256**	**4,46,19,710**	**95,82,277**	**(19,74,68,408)**	**25,69,44,835**
Other Information										
Segment Assets	69,36,23,065	2,80,13,442	5,74,18,442	98,72,39,895	1,76,62,94,844	75,84,58,548	3,14,34,438	20,70,00,956	48,68,69,421	1,48,37,63,363
Segment Liabilities	26,43,94,569	54,47,759	77,28,363	7,66,86,738	35,42,57,429	20,80,77,462	71,67,096	73,58,582	15,12,36,823	37,38,39,963
Capital Expenditure	1,97,79,560	6,90,819	-	99,47,226	3,04,17,605	10,47,63,344	-	18,46,584	3,64,69,429	14,30,79,357
Depreciation	3,09,30,016	18,72,910	87,22,868	1,09,97,829	5,25,23,623	2,27,46,953	18,21,604	2,78,61,594	73,77,057	5,98,07,208

b) 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. Hence, the only the details related to Revenue related to the geographical segments are presented to the CODM.

Particulars	For the year ended December 31, 2018			For the year ended December 31, 2017		
	India	Outside India	Total	India	Outside India	Total
Revenue for the year ended	1,81,04,89,890	11,96,69,169	**1,93,01,59,059**	2,00,06,11,542	17,50,76,874	**2,17,56,88,416**
Carrying amount of segment assets as at	1,74,82,35,688	1,80,59,156	**1,76,62,94,844**	1,45,72,96,808	2,64,66,555	**1,48,37,63,363**
Capital Expenditure incurred during the year ended	3,04,17,605	-	**3,04,17,605**	14,30,79,357	-	**14,30,79,357**

There are no transactions with single customer which amounts to 10% or more of the Company's revenue for the year ended December 31, 2018 or for the year December 31, 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

38) Provision for Warranty

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 available about returns.

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
Opening Balance	2,40,03,773	2,51,34,167
Additions during the Year	1,13,82,624	1,97,93,240
Reversals/ utilisations during the year	2,43,29,901	2,09,23,634
Closing Balance	1,10,56,496	2,40,03,773

39) Research and Development Expenses

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
Revenue Expenditure	37,90,174	34,66,906
Total	**37,90,174**	**34,66,906**

40) Leases

Operating Lease : As a Lessor

The Company had given Land and Building on operating lease for a period of 7 years which was completed on June 30, 2018 and after that the agreement is not renewed.

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 Rs. 8,631,330 (Previous Year Rs. 11,605,260) have been included under the head "Other Income" Note 25 "Lease Rentals" of Statements of Profit and Loss.

Operating Lease : As a Lessee

The Company has entered into cancellable lease agreements for premises for a period of one year. The lease rentals aggregating Rs. 1,797,228 (Previous Year Rs. 2,020,160) have been included under the head "Other Expenses" Note 31 "Rent" of Statements of Profit and Loss .

41) Expenditure towards Corporate Social Responsibility (CSR) activities

	For the year ended	
Particulars	**December 31, 2018 (₹)**	**December 31, 2017 (₹)**
(a) Gross amount required to be spent by the company :	69,53,630	54,71,942
(b) Amount spent during the year :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	70,00,000	55,00,000

42) The Company has executed Share Purchase Agreement on March 14, 2018 for divestment of 100% equity investment held by the Company in Atul Sugar Screens Private Limited to Veco B.V., for an aggregate consideration of Rs. 104,000,000. Consequent to said divestment, Atul Sugar Screens Private Limited ceased to be subsidiary of the Company w.e.f March 22, 2018. Gain on sale of such investment has been shown as exceptional item in the financial statement.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

During the year 2018, the Company had sold certain identified assets of galvanic business. Resultant gain on such sale of assets of Rs. 37,440,975 has been shown as exceptional items in the financial statements for the year ended December 31, 2018. However, the operations of galvanic business is continued by the Company by entering into the Contract Manufacturing Agreement.

43) Board of Directors have recommended the final dividend of Rs. 55 per equity share having face value of Rs. 10 each (550%) for the financial year ended December 31, 2018, subject to approval of the Members. This comprises of normal dividend of Rs. 40 per equity share and a special dividend of Rs. 15 per equity share on account of gains arising from divestment of equity investment and sale of assets of galvanic business.

44) The financial statements were reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on February 14, 2019.

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STOVEC INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Stovec Industries Limited (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at December 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

We did not audit the Ind AS financial statements of one subsidiary, whose Ind AS financial statements reflect total assets of Rs. Nil as at December 31, 2018, total revenues of Rs. 4,33,26,702 and net cash outflows amounting to Rs. 3,57,71,822 for the year ended on that date, as considered in the consolidated Ind AS financial statements. These Ind AS financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited Ind AS financial statements. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance the financial statements certified by the Management.

The transition date opening balance sheet as at January 1, 2017 included in these Consolidated Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, which were audited by the predecessor auditor whose report for the year ended December 31, 2016 dated February 23, 2017 expressed an unmodified opinion on those consolidated financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on December 31, 2018 taken on record by the Board of Directors of the Parent, none of the directors of the Group companies is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor’s report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Parent to its directors is in accordance with the provisions of section 197 of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent’s internal financial controls over financial reporting, for the reasons stated therein

(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 Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Sd/-
Kartikeya Raval
(Partner)
(Membership No. 106189)

Place : Mumbai
Date : February 14, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2018, we have audited the internal financial controls over financial reporting of **STOVEC INDUSTRIES LIMITED** (hereinafter referred to as "Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sd/-
Kartikeya Raval
(Partner)
(Membership No. 106189)

Place : Mumbai
Date : February 14, 2019

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

	Note	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	28,95,62,590	34,72,34,251	19,42,76,593
(b) Capital work-in-progress		44,47,301	48,33,871	5,99,04,999
(c) Other Intangible assets	4	29,08,670	2,68,29,203	4,22,77,914
(d) Financial Assets				
(i) Investments	5	1,10,81,848	1,28,99,470	1,10,01,812
(ii) Other non-current financial assets	6	1,21,60,950	5,64,59,282	17,30,57,061
(e) Other non-current assets	7	95,33,694	1,10,07,704	2,02,02,008
Total Non-current Assets		**32,96,95,053**	**45,92,63,781**	**50,07,20,387**
Current assets				
(a) Inventories	8	24,56,19,172	33,64,61,262	38,33,60,285
(b) Financial assets				
(i) Trade receivables	9	27,43,50,208	31,66,71,701	24,88,94,974
(ii) Cash and cash equivalents	10	8,09,26,555	17,31,74,918	10,44,63,034
(iii) Bank balances other than (ii) above	11	81,61,06,346	24,25,73,240	16,59,01,730
(iv) Other current financial assets	12	49,88,753	65,73,978	1,25,44,309
(c) Other current assets	13	1,46,08,757	2,82,78,780	2,99,80,113
Total Current Assets		**1,43,65,99,791**	**1,10,37,33,879**	**94,51,44,445**
Total Assets		**1,76,62,94,844**	**1,56,29,97,660**	**1,44,58,64,832**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14	2,08,80,160	2,08,80,160	2,08,80,160
(b) Other equity	15	1,39,11,57,255	1,14,86,62,862	95,67,97,936
Total Equity		**1,41,20,37,415**	**1,16,95,43,022**	**97,76,78,096**
Liabilities				
Non-current liabilities				
(a) Long term Provisions	16	1,42,08,959	1,08,11,068	86,83,466
(b) Deferred tax liabilities (Net)	17	45,70,424	65,25,054	81,87,364
(c) Other non-current liabilities	18	1,26,98,182	1,23,25,643	1,14,25,067
Total Non-current Liabilities		**3,14,77,565**	**2,96,61,765**	**2,82,95,897**
Current liabilities				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises	19	4,82,259	18,48,904	27,28,634
- total outstanding dues of creditors other than micro enterprises and small enterprises	19	23,56,97,473	28,91,58,838	26,53,29,316
(ii) Other current financial liabilities	20	1,14,29,403	80,46,113	64,86,849
(b) Other current liabilities	21	5,45,31,159	3,41,98,850	13,74,51,173
(c) Short term Provisions	22	1,72,87,185	2,87,60,996	2,78,94,867
(d) Current tax liabilities (Net)	23	33,52,385	17,79,172	-
Total Current Liabilities		**32,27,79,864**	**36,37,92,873**	**43,98,90,839**
Total Liabilities		**35,42,57,429**	**39,34,54,638**	**46,81,86,736**
Total Equity and Liabilities		**1,76,62,94,844**	**1,56,29,97,660**	**1,44,58,64,832**

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
INCOME			
Revenue from operations	**24**	1,94,80,42,688	2,20,73,77,258
Other Income	**25**	6,18,71,104	4,06,28,839
Total Income		**2,00,99,13,792**	**2,24,80,06,097**
EXPENSES			
Cost of materials consumed	**26**	90,11,02,285	95,10,58,397
Purchase of stock-in-trade	**27**	4,81,49,858	15,57,69,764
Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade	**28**	3,50,67,202	3,07,36,842
Employee benefits expense	**29**	20,96,59,081	20,22,26,649
Finance costs	**30**	23,44,404	16,02,773
Depreciation and amortisation expense	**4**	5,26,27,027	6,05,15,019
Other expenses	**31**	34,69,61,296	43,06,41,808
Total expenses		**1,59,59,11,153**	**1,83,25,51,252**
Profit Before Exceptional Items and Tax		**41,40,02,639**	**41,54,54,845**
Exceptional Items (Refer Note 42 & 43)		8,08,96,174	-
Profit before tax		**49,48,98,813**	**41,54,54,845**
Tax expenses			
- Current tax		15,99,60,509	14,55,25,957
- (Excess) / Short provision of income tax of earlier years (Net)		-	(9,05,860)
- Deferred tax		(10,81,991)	(7,19,271)
		15,88,78,518	**14,39,00,826**
Net Profit for the year		**33,60,20,295**	**27,15,54,019**
Other Comprehensive Income ("OCI")			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans		(22,16,165)	(15,16,485)
(ii) Equity instruments through other comprehensive income		(18,17,622)	(12,08,427)
Income tax relating to items that will not be reclassified to profit or loss		11,31,120	9,43,037
		(29,02,667)	**(17,81,875)**
Total Comprehensive Income for the year		**33,31,17,628**	**26,97,72,144**
Earnings Per Share			
Basic and Diluted Earnings Per Share (Refer Note 34)		160.93	130.05

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

		For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Exceptional Items and Tax	**41,40,02,639**	**41,54,54,845**
	Adjustments for:		
	Depreciation / Amortisation	5,26,27,027	6,05,15,019
	Finance Cost	23,44,404	16,02,773
	Interest Income	(3,45,43,701)	(2,12,58,175)
	Unrealised Foreign Exchange Loss	1,31,162	8,50,250
	Loss / (Gain) on sale of assets	87,831	(16,763)
	Provision / (Reversal) for doubtful trade receivables	39,77,207	(43,27,247)
	(Reversal) / Provision for other liabilities	(22,36,357)	33,62,098
	(Reversal) / Provision for Warranty	(72,89,654)	(11,30,394)
	Operating Profit Before Working Capital Changes	**42,91,00,558**	**45,50,52,406**
	Adjustments For Changes In Working Capital:		
	Decrease / (Increase) In Other assets	1,22,01,370	18,32,131
	Decrease / (Increase) In Inventories	7,93,13,003	4,59,55,388
	Decrease / (Increase) In Trade receivables	89,43,492	(6,49,77,938)
	(Decrease) / Increase In Other liabilities	1,99,70,292	(10,17,72,496)
	(Decrease) / Increase In Trade and Other Payables	(1,63,88,017)	4,14,11,446
	Cash Generated From Operations	**53,31,40,698**	**37,75,00,937**
	Direct Taxes Refund / (Paid) (Net)	(15,68,69,783)	(14,30,39,384)
A.	**Net Cash Generated from Operating Activities**	**37,62,70,915**	**23,44,61,553**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Property, Plant and Equipment	(3,04,72,856)	(16,10,40,122)
	Proceeds from Sale of Property, Plant and Equipment	9,51,22,098	3,20,599
	Sale / (Purchase) of Non-Current Investments	-	(31,06,085)
	Net Cash Inflow on Disposal of Subsidiary	9,60,67,714	-
	Investments in Bank Deposits	(57,23,97,521)	5,03,57,424
	Interest Income	3,61,28,926	2,72,28,506
B.	**Net Cash Used In Investing Activities**	**(37,55,51,639)**	**(8,62,39,678)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividend paid on equity shares	(7,51,68,576)	(6,47,28,496)
	Dividend distribution tax paid on above	(1,54,54,659)	(1,31,78,722)
	Other Finance costs paid	(23,44,404)	(16,02,773)
C.	**Net Cash Used In Financing Activities**	**(9,29,67,639)**	**(7,95,09,991)**
	Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**(9,22,48,363)**	**6,87,11,884**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
Cash and Cash Equivalents as at the beginning of the year	17,31,74,918	10,44,63,034
Cash and Cash Equivalents as at the end of the year	8,09,26,555	17,31,74,918

	As at December 31, 2018	As at December 31, 2017
Cash and Cash Equivalents at the end of the year comprise :		
Cash on hand	2,93,259	1,69,638
Cheques on hand	75,13,781	1,15,45,390
Bank Balances :		
- In Current Accounts	7,31,19,515	8,99,59,890
- Deposits with original maturity less than 3 months	-	7,15,00,000
Cash and Cash Equivalents (Refer Note 10)	**8,09,26,555**	**17,31,74,918**

Notes :

1. The above Consolidated 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.
2. Disclosure under para 44A as set out in Ind AS 7 on Statement of Cash Flows under Companies (Indian Accounting Standards) Rules, 2017 (as amended) to provide disclosure of changes in their liabilities arising from financing activities, includingboth changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for current period as follows.

Changes in liabilities arising from financial acitivities (₹)

Particulars	January 1, 2018	Cash Flows	December 31, 2018
Unpaid Dividend on equity shares	-	7,51,68,576	-
Unpaid Dividend Distribuiton Tax on equity shares	-	1,54,54,659	-
Other Finance Costs accrued but not due	-	23,44,404	-

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2018

A. Equity Share Capital

(₹)

Particulars	No. of Shares	Amount
Balance as at January 1, 2017	20,88,016	2,08,80,160
Changes in equity share capital during the year	-	-
Balance as at December 31, 2017	**20,88,016**	**2,08,80,160**
Changes in equity share capital during the year	-	-
Balance as at December 31, 2018	**20,88,016**	**2,08,80,160**

B. Other equity

Particulars	Reserves and Surplus						
	General Reserve	Securities Premium	Capital Redemption Reserve	Capital Reserve	Retained Earnings	Items of Other Comprehensive Income for the year (net of tax)	Total
Balance as at January 1, 2017	**18,27,46,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**69,37,36,903**	**-**	**95,67,97,936**
Profit for the year	-	-	-	-	27,15,54,019	-	27,15,54,019
Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	(12,08,427)	(12,08,427)
Tax impact on Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	4,18,212	4,18,212
Remeasurements of the defined benefit plans	-	-	-	-	(15,16,485)	-	(15,16,485)
Tax impact on Remeasurements of the defined benefit plans	-	-	-	-	5,24,825	-	5,24,825
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**27,05,62,359**	**(7,90,215)**	**26,97,72,144**
Declared Dividend					(6,47,28,496)	-	(6,47,28,496)
Tax on Declared Dividend					(1,31,78,722)	-	(1,31,78,722)
Balance as at December 31, 2017	**18,27,46,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**88,63,92,044**	**(7,90,215)**	**1,14,86,62,862**

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED ON DECEMBER 31, 2018

B. Other equity (Contd.)

Particulars	Reserves and Surplus						
	General Reserve	**Securities Premium**	**Capital Redemption Reserve**	**Capital Reserve**	**Retained Earnings**	**Items of Other Comprehensive Income for the year (net of tax)**	**Total**
Balance as at January 1, 2018	**18,27,46,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**88,63,92,044**	**(7,90,215)**	**1,14,86,62,862**
Profit for the year	-	-	-	-	33,60,20,295	-	33,60,20,295
Others	-	-	-	-	56,66,801	-	56,66,801
Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	(18,17,622)	(18,17,622)
Tax impact on Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	4,85,773	4,85,773
Remeasurements of the defined benefit plans	-	-	-	-	(22,16,165)	-	(22,16,165)
Tax impact on Remeasurements of the defined benefit plans	-	-	-	-	6,45,347	-	6,45,347
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**33,44,49,477**	**(13,31,849)**	**33,31,17,628**
Declared Dividend	-	-	-	-	(7,51,68,576)	-	(7,51,68,576)
Tax on Declared Dividend	-	-	-	-	(1,54,54,659)	-	(1,54,54,659)
Balance as at December 31, 2018	**18,27,46,416**	**7,96,18,502**	**3,50,000**	**3,46,115**	**1,13,02,18,286**	**(21,22,064)**	**1,39,11,57,255**

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Mumbai
Date : February 14, 2019

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) General Information

Stovec Industries Limited ("the Company") was incorporated on 5th June, 1973. The Company's factory and registered office is located in Ahmedabad, Gujarat. The Company is listed on Bombay Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd. The Company has three major Business Segments: Textile Machinery & Consumables,Graphics Consumables and Galvanic. The Company is a Technology and Market leader in Rotary Screen Printing Industry in India.

The Consolidated Financial Statements of the Company comprise the financial statements of the holding company Stovec Industries Limited and its subsidiary as mentioned in 2.1 (e) below (together referred to as "Group").

2) Statement of significant accounting policies

2.1 Basis of preparation of Consolidated Financial Statements

The financials statements of the Group has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Effective January 01, 2018, the Group has adopted all the Ind AS and the adoption was carried out in accordance with Ind As 101, First-time Adoption of Indian Accounting Standards, with January 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

The financial statements have been prepared on the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period in accordance with Ind AS. Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

In addition, the financial statements are presented in INR, except when otherwise indicated.

Principles of Consolidation:

a) The Consolidated Financial Statements include the Financial Statements of Stovec Industries Limited, the parent Company and its wholly owned subsidiary company viz., Atul Sugar Screens Private Limited.

b) The Consolidated Financial Statements are prepared in accordance with Ind AS – 110 'Consolidated Financial Statements'.

c) The Financial Statements of the parent Company and its subsidiary company have been combined on a line-by-line basis by adding together values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and resulting unrealized profits or losses.

d) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as Standalone Financial Statements of the parent Company.

e) The Subsidiary company which is included in the Consolidation and the Company's holdings therein are as under:

Name of the Company	Ownership in %	Country of Incorporation
Atul Sugar Screens Private Limited	100	India

The financial statements of the Subsidiary are drawn upto 21st March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 Significant Accounting judgments, estimates and assumptions:

The application of the Group's accounting policies as described in Notes to the Consolidated Financial Statements, in the preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompany disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions:

Key Sources of estimation uncertainty:

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 described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice / evaluation, taking into account the nature of the asset, the estimated usage of the asset, operating conditions of the asset. Refer Note no 2.6 and 2.7 for useful life of each type of property, plant and equipment/ intangible assets.

ii) Fair value measurement of financial instruments:

In estimating the fair value of financial assets and financial liabilities, the Group uses market observable data to the extent available. Where such Level 1 inputs are not available, the Group 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 36(A) for the details of financial instruments valued at fair value.

iii) Defined benefit plans (gratuity benefits)

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 29B.

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 no 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 no 38).

vi) Impairment of financial assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Refer note 9.

2.3 Inventories

Inventories are valued at lower of cost and net realisable value, less any provision for obsolescence.

i) Cost of raw materials, packing materials, stores, spares, tools and traded goods are computed on a moving weighted average cost basis.

ii) Cost of work-in-progress/ finished goods are determined on moving weighted average cost basiscomprising material, labour and related factory overheads.

iii) Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and balances in current accounts with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received on receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Goods and Services

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax, value added tax and goods and service tax.

Service income is recognised on completion of rendering of services and also on proportionate basis in case of installation part. The same is recorded net of service tax and goods and service tax.

Other Revenue

Commission income is recognised and accounted on accrual basis.

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

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

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

Dividend income is accounted for in the year in which the right to receive the same is established.

2.6 Property, Plant & Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in thebalance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less recognised impairment loss, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment, furniture & fixtures, office equipments and computers are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation has been provided (other than freehold land and properties under construction) on a straight-line method (pro-rata from the date of additions) over the useful life as prescribed in Schedule II to the Companies Act 2013 or as per techinical evaluation. The estimated useful life of the assets are as mentioned below:

The management believes that these estimated useful lives are realistic and reflect fair appropriation of the period over which the assets are likely to be used.

Description of the asset	Useful Life (Years)
Building	5 to 60
Plant and Equipment	7.5 to 15
Computers	3 to 6
Furniture and Fixtures	10
Office Equipments	5
Vehicles	8

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.7 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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.

Useful lives of intangible assets

Intangible Assets are amortized on a straight - line basis(pro-rata from the date of additions) over their estimated useful lives. The useful lives are as under:

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Description of the asset	Useful Life (Years)
Computer Software	3
Trademark	5
Technical/ Commercial Know-how and non-compete fees	5

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

2.9 Employee Benefits

Defined Benefit Plans :

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The Group accounts for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to GovernmentSecurities at the Balance Sheet Date.

Defined Benefit costs in the nature of current and past service cost and net interest expense or income are recognised in the statemeent of Profit and Loss in the period in which they occur. Actuarial gains and losses on re-measurement is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occure and is reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recongised in profit or loss in the period of a plan amendment.

Defined Contribution Plans :

Retirement Benefits in the form of Provident Fund, which is a Defined Contribution Scheme, is charged to the Statement of Profit and Lossfor the period in which the contributions of fund accrue.

Compensated Absences :

Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the Projected Unit Credit Method as at the reporting date.

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Short term employee benefits :

They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

2.10 Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. PPE utilised for research and development are capitalised and depreciated in accordance with the policies stated for PPE.

2.11 Operating Leases

As a lessee:

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

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

As a lessor:

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

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in thestatement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in thefinancial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Warranty

The Group 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.

2.14 Provisions and Contingent Liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 Group 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 a reliable estimate of the amount cannot be made.

Contingent assets: Contingent assets are not recognised but disclosed in the Financial Statements, if an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

For the impairment policy on financial assets measured at amortised cost, refer note below.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

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

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer note below.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Group has equity investments in two entities which are not held for trading. The Group has elected the FVTOCI irrevocable option for these investments (refer note 5). Fair value is determined in the manner described in note 36.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

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

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (refer note 2.2 (ii)).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For 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 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or

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- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 36.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.16 Segment reporting

The Group 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 Group. 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 Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.17 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividingthe profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

2.18 Recent accounting standards issued but not applicable

Ind As 115 revenue from contracts with customers

Ind AS 115 was notified on 28th March, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Group. Ind AS 115 is effective for the Group in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st January, 2019) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business.

A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Ind As 116 Leases

Ind AS 116 “Leases” is expected to replace Ind AS 17 from its proposed effective date, being annual periods beginning on or after 1 April 2019.

Ind AS 116 will primarily change lease accounting for lessees; lease agreement will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recongised in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under Ind AS 116 will be similar in many respects to existing Ind AS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognised on a straight-line basis and no lease asset or related lease creditor is recognised.

Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 and is not expected to have any material impact on the Group.

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3) First-time adoption of Ind AS

The Group has adopted Ind AS from January 1, 2018 and the date of transition to Ind AS is January 1, 2017. These being the first financial statements in compliance with Ind AS, the impact of transition has been accounted for in opening reserves and comparable periods have been restated in accordance with Ind AS 101 – "First time Adoption of Indian Accounting Standards". The Group has presented a reconciliation of equity under Previous GAAP to its equity under Ind AS as at December 31, 2017 and as at January 1, 2017 and of total comprehensive income for the year ended December 31, 2017 as required by Ind AS 101.

Following are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS:

1. Deemed cost of Property, plant and equipment and intangible assets:

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP as 'deemed cost' for all the items of property, plant & equipment and intangible assets.

2. Derecognition of financial assets and financial liabilities:

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after transition date.

3. Classification and measurement of financial assets:

The Group has assessed classification and measurement of financial assets on the basis of facts and circumstances that exist as on transition date.

4. Impairment of financial assets:

The Group has applied impairment requirements of Ind AS 109 retrospectively: however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

5. Assessment of embedded derivatives:

The Group has assessed whether an embedded derivative as required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the late of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would not be required under the contract.

6. Valuation of investment in equity shares at FVTOCI:

The Group has designated investment in equity shares of investees to be valued at fair value through other comprehensive income on the basis of facts and circumstances that existed at the transaction date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of Reconciliation of total equity as at December 31, 2017 and January 1, 2017 between Ind AS and previous GAAP.

Ind AS 101 requires an entity to reconcile equity for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS standalone Financial Statement.

(₹)

Sr. No.	Particulars	Note	As at December 31, 2017	As at January 1, 2017
	Balance of Equity as per Audited Consolidated Financial Statements		1,16,83,68,275	89,91,47,038
1	**Non-current assets**			
	Investment in Equity Shares	1	(7,92,969)	4,15,458
2	**Current Financial Assets**			
	Trade Receivables	2	(4,09,654)	(3,60,268)
3	**Short Term Provision**			
	Proposed Dividend	3	-	6,47,28,496
	Tax on Proposed Dividend		-	1,31,78,722
4	**Deferred Tax Assets on Stock Reserve**	4	**19,61,167**	**5,87,750**
5	**Deferred Tax Liabilities (net)**	4	**4,16,203**	**(19,100)**
	Total equity		**1,16,95,43,022**	**97,76,78,096**

Notes

1 Change in Fair Value of investments measured at FVTOCI (net of tax)

Under Indian GAAP, the Group accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS 109, the Group's investments are fair valued as FVTOCI investments. The fair value impact at the date of transition to Ind AS and in comparative previous year are adjusted in carrying value of investments under Indian GAAP with impact in the Opening Balance of Retained Earnings at the date of transition to Ind AS, and in the FVTOCI reserve in comparative previous year, net of related deferred taxes.

2 Expected Credit Loss

Under Indian GAAP, the provision for doubtful debts was made when the receivable turned doubtful based on the assessment on case to case basis. Under Ind AS, the provision is made against trade receivables based on "expected credit loss" model in accordance with Ind AS 109.

3 Dividend

Under Indian GAAP, dividends on equity shares (including dividend distribution tax thereon) recommended by the board of directors after the end of reporting period but before the financial statements were approved for issue were recoginsed in the financial statements as a liability. Under Ind AS, such dividends (including dividend distribution tax thereon) are recognised when approved by the members in general meeting.

4 Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Inaddition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of total comprehensive income between Ind AS and previous GAAP

(₹)

Sr. No.	Particulars	Note	For the year ended December 31, 2017
A	**Net profit as per audited Consolidated Financial Statements**		26,92,21,237
B	**IND AS IMPACT**		
	Provision for expected credit loss	1	(49,386)
	Remeasurement of defined benefit liability	2	15,16,485
	Deferred Tax (Charge) on Ind AS adjustments	3	(5,07,734)
	Deferred Tax Assets on stock reserve	3	13,73,417
C	**Profit after tax (A + B)**		**27,15,54,019**
D	**Other Comprehensive Income**		
	Change in Fair Value of investments measured at FVTOCI	4	(12,08,427)
	Remeasurement of defined benefit liability	2	(15,16,485)
	Tax Impact on Other Comprehensive Income	3	9,43,037
E	**Total comprehensive income (C+D)**		**26,97,72,144**

Notes

1 **Expected Credit Loss**

Under Indian GAAP, the provision for doubtful debts was made when the receivable turned doubtful based on the assessment on case to case basis. Under Ind AS, the provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109.

2 **Remeasurement of Defined Benefit Liability**

Under Indian GAAP, actuarial gains and losses were recognised in the statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss.

3 **Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Inaddition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4 **Change in Fair Value of investments measured at FVTOCI**

Under Indian GAAP, the Group accounted for long term investments in equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group's investments are fair valued as FVTOCI investments. The fair value impact at the date of transition to Ind AS and in comparative previous year are adjusted in carrying value of investments under Indian GAAP with impact in the FVTOCI reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4) Property, Plant and Equipment, and Intangible Assets

(₹)

Particulars	Deemed Cost				Depreciation / Amortisation				Net Carrying Amount
	As at January 1, 2018	Additions during the year	Deletions during the year	As at December 31, 2018	As at January 1, 2018	For the year	On Deletions	As at December 31, 2018	As at December 31, 2018
Tangible Assets									
Land- Freehold (Refer Note 1 below and Note 40)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 40)	9,39,14,468	4,72,100	-	9,43,86,568	32,95,999	42,64,415	-	75,60,414	8,68,26,154
Plant and Equipment	25,53,94,735	1,97,83,783	5,61,75,315	21,90,03,203	3,32,85,077	3,34,53,490	1,58,73,111	5,08,65,456	16,81,37,747
Computers	1,11,78,720	40,86,196	6,11,695	1,46,53,221	27,41,179	35,21,163	2,11,640	60,50,702	86,02,519
Furniture and Fixtures	1,26,84,460	2,98,915	5,01,295	1,24,82,080	13,34,866	11,72,499	99,228	24,08,137	1,00,73,943
Office Equipments	1,27,56,255	21,87,794	6,73,338	1,42,70,711	14,96,627	26,16,892	2,11,048	39,02,471	1,03,68,240
Vehicles	34,23,853	30,13,788	4,45,843	59,91,798	4,33,552	5,98,896	1,25,577	9,06,871	50,84,927
Sub-Total (A)	**38,98,21,551**	**2,98,42,576**	**5,84,07,486**	**36,12,56,641**	**4,25,87,300**	**4,56,27,355**	**1,65,20,604**	**7,16,94,051**	**28,95,62,590**
Intangible Assets									
Goodwill	-	-	-	-	-	-	-	-	-
Trademark	1,89,72,463	-	1,89,72,463	-	78,76,960	23,12,153	1,01,89,113	-	-
Technical/Commercial Know-how and Non-compete Fees	1,94,16,646	-	1,94,16,646	-	80,62,160	23,23,999	1,03,86,159	-	-
Computer Software	63,24,472	10,16,850	1,76,254	71,65,068	19,45,258	23,63,520	52,380	42,56,398	29,08,670
Sub-Total (B)	**4,47,13,581**	**10,16,850**	3,85,65,363	**71,65,068**	**1,78,84,378**	**69,99,672**	**2,06,27,652**	**42,56,398**	**29,08,670**
Total (A+B)	**43,45,35,132**	**3,08,59,426**	**9,69,72,849**	**36,84,21,709**	**6,04,71,678**	**5,26,27,027**	**3,71,48,256**	**7,59,50,449**	**29,24,71,260**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹)

Particulars	Deemed Cost				Depreciation / Amortisation				Net Carrying Amount
	As at January 1, 2017	Additions during the year	Deletions during the year	As at December 31, 2017	Up to January 1, 2017	For the year	On Deletions	As at December 31, 2017	As at December 31, 2017
Tangible Assets									
Land- Freehold (Refer Note 1 below and Note 40)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 40)	2,98,68,941	6,40,64,183	18,656	9,39,14,468	-	32,95,999	-	32,95,999	9,06,18,469
Plant and Equipment	14,70,30,435	10,85,84,862	2,20,562	25,53,94,735	-	3,33,21,911	36,834	3,32,85,077	22,21,09,658
Computers	81,72,965	30,42,738	36,983	1,11,78,720	-	27,43,656	2,477	27,41,179	84,37,541
Furniture and Fixtures	29,76,069	97,28,398	20,007	1,26,84,460	-	13,35,383	517	13,34,866	1,13,49,594
Office Equipments	35,58,568	92,48,656	50,969	1,27,56,255	-	15,00,140	3,513	14,96,627	1,12,59,628
Vehicles	22,00,555	12,23,298	-	34,23,853	-	4,33,552	-	4,33,552	29,90,301
Sub-Total (A)	**19,42,76,593**	**19,58,92,135**	**3,47,177**	**38,98,21,551**	**-**	**4,26,30,641**	**43,341**	**4,25,87,300**	**34,72,34,251**
Intangible Assets									
Trademark	1,89,72,463	-	-	1,89,72,463	-	78,76,960	-	78,76,960	1,10,95,503
Technical/Commercial Know-how and Non-compete Fees	1,94,16,646	-	-	1,94,16,646	-	80,62,160	-	80,62,160	1,13,54,486
Computer Software	38,88,805	24,35,667	-	63,24,472	-	19,45,258	-	19,45,258	43,79,214
Sub-Total (B)	**4,22,77,914**	**24,35,667**	-	**4,47,13,581**	**-**	**1,78,84,378**	-	**1,78,84,378**	**2,68,29,203**
Total (A+B)	**23,65,54,507**	**19,83,27,802**	**3,47,177**	**43,45,35,132**	**-**	**6,05,15,019**	**43,341**	**6,04,71,678**	**37,40,63,454**

Notes:

(1) Freehold Land includes Rs. 10,000/- being face value of 100 shares of Gujarat Vepari Mahamadal Sahakari Audhyogik Vasahat Ltd.

(2) Carrying value of Property, Plant and Equipment given on Operating Lease Basis are as follows :

Description of assets	Land - Freehold	Buidlings
Carrying amount :		
As at December, 31, 2017	1,65,737	54,64,137
As at December, 31, 2018	-	31,62,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
5)	**Investments**			
	Quoted Investments (fully paid)			
	Investment in Equity Shares valued at FVTOCI (Refer note 36)			
	Jaysynth Dyestuff (India) Ltd.	1,10,78,848	1,28,96,470	1,09,98,812
	(173,107 Shares (December 31, 2017 : 173,107 and January 1, 2017 : 134,872 of Re. 1/- each fully paid-up)			
	Unquoted Investments (fully paid)			
	Investment in Equity Shares valued at Cost			
	Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000	3,000
	(30 Shares (December 31, 2017 : 30 and January 1, 2017 : 30) of Rs. 100/- each fully paid-up)			
		1,10,81,848	**1,28,99,470**	**1,10,01,812**
	Details of quoted/unquoted investments:			
	(a) Aggregate amount of quoted investments and market value thereof;			
	Book Value	1,36,89,438	1,36,89,438	1,05,83,354
	Market Value	1,10,78,848	1,28,96,470	1,09,98,812
	(b) Aggregate amount of unquoted investments;			
	Book Value	3,000	3,000	3,000
6)	**Other Non-current Financial Assets**			
	(Unsecured, Considered Good)			
	Long term deposits with maturity more than 12 months	-	3,24,46,128	15,83,05,872
	Sundry Deposits	81,60,950	88,69,983	91,32,922
	Margin Money Deposit	40,00,000	1,51,43,171	56,18,267
		1,21,60,950	**5,64,59,282**	**17,30,57,061**

Note : The fair value of Other Non-current Financial Assests is not materially different from the carrying value presented.

7)	**Other Non-current assets**			
	(Unsecured, Considered Good)			
	Balances with Government Authorities	8,51,729	8,08,226	1,02,00,989
	Advance Tax and Tax Deducted at Source	86,81,965	1,01,99,478	1,00,01,019
		95,33,694	**1,10,07,704**	**2,02,02,008**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
8)	**Inventories**			
	(At lower of cost and net realisable value)			
	Raw Materials	10,72,22,466	15,83,10,111	16,72,37,703
	[Includes Goods-in-transit Rs. 42,683,523 (December 31, 2017 Rs. 2,834,294 and January 1 2017 Rs. 9,422,787)]			
	Packing Material, Stores, Spares and Tools	1,25,12,327	1,71,99,571	1,02,87,271
	Work-in-Process	1,87,68,945	5,47,29,078	5,29,15,127
	Finished Goods	9,02,51,678	7,20,39,308	12,86,94,297
	Traded Goods	1,68,63,756	3,41,83,194	2,42,25,887
		24,56,19,172	**33,64,61,262**	**38,33,60,285**
9)	**Trade Receivables**			
	(Unsecured)			
	Considered Good			
	From Related Parties (Refer Note 35B)	1,63,60,006	74,20,710	59,67,637
	From Others	25,79,90,202	30,92,50,991	24,29,27,337
	Considered Doubtful	53,45,990	17,23,768	62,79,506
		27,96,96,198	31,83,95,469	25,51,74,480
	Less: Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	53,45,990	17,23,768	62,79,506
		27,43,50,208	**31,66,71,701**	**24,88,94,974**

Note : The Group 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 and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	**Expected credit loss (%)**
Within the credit period	0%
1 - 30 days past due	0%
31 - 120 days past due	2%
121 - 365 days past due	5%
More than 365 days past due	50%

Provision for Expected Credit Loss Allowance:

Particulars	**For the year ended December 31, 2018**	**For the year ended December 31, 2018**	**As at January 1, 2017**
Opening Balance	17,23,768	62,79,506	9,13,912
Additions during the Year	88,25,405	29,83,907	1,03,07,010
Reversals during the Year	52,03,183	75,39,645	49,41,416
Closing Balance	53,45,990	17,23,768	62,79,506

Note : The fair value of Trade Receivables is not materially different from the carrying value presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
10) Cash and Cash Equivalents :			
Cash on hand	2,93,259	1,69,638	3,53,359
Cheques on hand	75,13,781	1,15,45,390	-
Bank Balances :			
In Current accounts	7,31,19,515	8,99,59,890	6,91,09,675
Deposits with original maturity less than 3 months	-	7,15,00,000	3,50,00,000
	8,09,26,555	**17,31,74,918**	**10,44,63,034**
11) Bank Balances (Other than Cash and Cash Equivalents)			
Deposits with maturity less than 12 months from reporting date	80,87,42,463	23,60,02,320	16,05,00,000
Unpaid Dividend Accounts	73,63,883	65,70,920	54,01,730
	81,61,06,346	**24,25,73,240**	**16,59,01,730**

Notes :

(1) The fair value of Bank Balances (Other than Cash and Cash Equivalents) is not materially different from the carrying value presented.

(2) Deposits amounting to Rs. 7,291,211 (December 31, 2017 Rs. Nil and January 1, 2017 Rs. Nil) is marked as lien against the outstanding bank guarantee.

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
12) Other Current Financial Assets			
Interest Accrued but not Due			
On Deposits	49,88,753	65,73,978	1,25,44,309
	49,88,753	**65,73,978**	**1,25,44,309**

Note : The fair value of Other Current Financial Assests is not materially different from the carrying value presented.

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
13) Other Current Assets			
(Unsecured and Considered Good)			
Advances for Goods and Services	69,67,439	71,19,886	1,02,16,722
Prepaid Expenses	24,82,645	28,85,178	41,40,491
Export Incentive Receivables	51,58,673	88,99,060	75,79,821
Balances with Government Authorities	-	93,74,656	80,43,079
	1,46,08,757	**2,82,78,780**	**2,99,80,113**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
14) Equity Share Capital			
Authorised:			
2,900,000 (December 31, 2017 : 2,900,000 and January 1, 2017 : 2,900,000) Equity Shares of Rs. 10/- each	2,90,00,000	2,90,00,000	2,90,00,000
10,000 (December 31, 2017 : 10,000 and January 1, 2017 : 10,000) Preference Shares of Rs. 100/- each	10,00,000	10,00,000	10,00,000
	3,00,00,000	**3,00,00,000**	**3,00,00,000**
Issued, Subscribed and Paid-up:			
2,088,016 (December 31, 2017 : 2,088,016 and January 1, 2017 : 2,088,016) Equity Shares of Rs. 10/- each fully paid-up	2,08,80,160	2,08,80,160	2,08,80,160
	2,08,80,160	**2,08,80,160**	**2,08,80,160**

a) Reconciliation of number of shares

Particulars	No. of Shares	December 31, 2018 (₹)	December 31, 2017 (₹)	January 1, 2017 (₹)
Balance at the beginning of the year	20,88,016	2,08,80,160	2,08,80,160	2,08,80,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	20,88,016	2,08,80,160	2,08,80,160	2,08,80,160

b) Rights, preferences and restrictions attached to shares

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

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

1,483,777 (December 31, 2017 : 1,483,777 and January 1 2017 : 1,483,777) Equity shares of Rs. 10/- each fully paid up are held by SPGPrints B.V., The Netherlands, the Holding Company.	1,48,37,770	1,48,37,770	1,48,37,770

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Number of shares	14,83,777	14,83,777	14,83,777
SPGPrints B.V. - The Netherlands, the Holding Company	71.06%	71.06%	71.06%

e) There are no shares alloted either as fully paid up by way of Bonus Shares or under any contract without payment being received in cash during five years immediately preceding December 31, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
15) Other Equity			
Capital Reserve	3,46,115	3,46,115	3,46,115
Capital Redemption Reserve (refer note (i) below)	3,50,000	3,50,000	3,50,000
Securities Premium (refer note (ii) below)	7,96,18,502	7,96,18,502	7,96,18,502
General Reserve (refer note (iii) below)	18,27,46,416	18,27,46,416	18,27,46,416
Retained Earnings (refer note (iv) below)	1,13,02,18,286	88,63,92,044	69,37,36,903
Other Comprehensive Income	(21,22,064)	(7,90,215)	-
	1,39,11,57,255	**1,14,86,62,862**	**95,67,97,936**

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
15.1) Capital Reserve		
Balance at the beginning and at the end of the year	3,46,115	3,46,115
15.2) Capital Redemption Reserve (refer note (i) below)		
Balance at the beginning and at the end of the year	3,50,000	3,50,000
15.3) Securities Premium (refer note (ii) below)		
Balance at the beginning and at the end of the year	7,96,18,502	7,96,18,502
15.4) General Reserve (refer note (iii) below)		
Balance at the beginning and at the end of the year	18,27,46,416	18,27,46,416
15.5) Retained Earnings (refer note (iv) below)		
Balance at the beginning of the year	88,63,92,044	69,37,36,903
Profit for the year	33,60,20,295	27,15,54,019
Declared Dividend	(7,51,68,576)	(6,47,28,496)
Tax on Declared Dividend	(1,54,54,659)	(1,31,78,722)
Remeasurement gains / (losses) on defined benefit plans (net of tax)	(15,70,818)	(9,91,660)
At the end of the year	**1,13,02,18,286**	**88,63,92,044**
15.6) Other Comprehensive Income		
At the beginning of the year	(7,90,215)	-
Change in Fair Value of investments measured at FVTOCI (net of tax)	(13,31,849)	(7,90,215)
At the end of the year	**(21,22,064)**	**(7,90,215)**

Notes :

(i) Capital Redemeption Reserve created on redemption of Redeemable Preference shares.

(ii) Securities Premium Reserve 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.

(iii) 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.

(iv) Retained Earnings can be distributed by the Group as dividend to its equity shareholders and the same is determined based on the separate financial statements of the Group and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
16) Long-term Provisions			
Provision for Compensated absences (Refer Note 29C)	1,42,08,959	1,08,11,068	86,83,466
	1,42,08,959	**1,08,11,068**	**86,83,466**
17) Deferred Tax Liabilities (Net)			
Deferred tax liability			
(a) Property, plant and equipment	2,06,92,525	2,40,20,591	2,18,47,946
	2,06,92,525	2,40,20,591	2,18,47,946
Deferred tax assets			
(a) Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	15,56,752	5,87,165	21,68,848
(b) Provision for contingency	29,02,934	31,69,291	30,24,470
(c) Remeasurement gains / (losses) on defined benefit plans	5,97,599	6,03,641	1,84,136
(d) Change in Fair Value of investments measured at FVTOCI	7,60,205	2,74,432	(1,43,782)
(e) Other timing differences allowable on payment basis	1,03,04,611	1,28,61,008	84,26,910
	1,61,22,101	1,74,95,537	1,36,60,582
	45,70,424	**65,25,054**	**81,87,364**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

(₹)

Particulars	For the year ended December 31, 2018 (₹)	For the year December 31, 31, 2017 (₹)
Profit before tax as per Statement of Profit and Loss	49,48,98,813	41,54,54,845
Domestic Tax Rate (in %)	29.120	34.608
Income tax using the Company's domestic tax rate	14,41,14,534	14,37,80,613
Tax Effect of:		
Incremental deduction for Research & Development Expenditure	(3,61,504)	(7,35,803)
Non-deductible expenses	58,131	33,67,410
Income tax related to prior years	-	(9,05,860)
Income not chargable to tax	(43,06,316)	(10,99,293)
Effect of change in tax rate	2,56,44,897	(5,06,241)
Income chargable to lower rate of tax	(62,71,224)	-
Income tax Recognised in Statement of Profit and Loss	**15,88,78,518**	**14,39,00,826**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movement in Deferred Tax Liabilities for the year ended December 31, 2018

(₹)

Tax effects of items constituting Deferred tax liabilities/Assets:	Opening balance as at January 1, 2018	Recognised in profit and loss	Recognised in other comprehensive income	On Disposal of Subsidiary	Closing balance at December 31, 2018
Property, plant and equipment	2,40,20,591	(33,47,778)	-	19,712	2,06,92,525
	2,40,20,591	**(33,47,778)**	**-**	**19,712**	**2,06,92,525**

Tax effects of items constituting Deferred tax liabilities/Assets:	Opening balance as at January 1, 2018	Recognised in profit and loss	Recognised in other comprehensive income	On Disposal of Subsidiary	Closing balance at December 31, 2018
Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	5,87,165	10,69,623	-	(1,00,036)	15,56,752
Provision for contingency	31,69,291	(2,66,357)	-	-	29,02,934
Remeasurement gains/(losses) on defined benefit plans	6,03,641	(6,51,389)	6,45,347	-	5,97,599
Change in Fair Value of investments measured at FVTOCI	2,74,432	-	4,85,773	-	7,60,205
Other timing differences allowable on payment basis	1,28,61,008	(24,17,664)	-	(1,38,732)	1,03,04,611
	1,74,95,537	**(22,65,787)**	**11,31,120**	**(2,38,768)**	**1,61,22,101**

Movement in Deferred Tax Liabilities for the year ended December 31, 2017

(₹)

Tax effects of items constituting Deferred tax liabilities/Assets:	Opening balance as at January 1, 2017	Recognised in profit and loss	Recognised in other comprehensive income	On Disposal of Subsidiary	Closing balance at December 31, 2017
Property, plant and equipment	2,18,47,946	21,72,645	-	-	2,40,20,591
	2,18,47,946	**21,72,645**	**-**	**-**	**2,40,20,591**

Tax effects of items constituting Deferred tax liabilities/Assets:	Opening balance as at January 1, 2017	Recognised in profit and loss	Recognised in other comprehensive income	On Disposal of Subsidiary	Closing balance at December 31, 2017
Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	21,68,848	(15,81,683)	-	-	5,87,165
Provision for contingency	30,24,470	1,44,821	-	-	31,69,291
Remeasurement gains/(losses) on defined benefit plans	1,84,136	(1,05,320)	5,24,825	-	6,03,641
Change in Fair Value of investments measured at FVTOCI	(1,43,782)	-	4,18,212	-	2,74,432
Other timing differences allowable on payment basis	84,26,910	44,34,098	-	-	1,28,61,008
	1,36,60,582	**28,91,916**	**9,43,037**	**-**	**1,74,95,537**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
18) Other Non-current Liabilities			
Security Deposits	31,74,091	31,67,959	26,85,846
Other Liabilties	95,24,091	91,57,684	87,39,221
[Including Provision for Contingencies and Net off Duty paid under protest Rs. 4,029,470 (December 31, 2017 Rs. 4,029,470, January 1, 2017 Rs. 4,029,470)]			
	1,26,98,182	**1,23,25,643**	**1,14,25,067**
19) Trade Payables			
a) Micro, Small and Medium Enterprises (Refer Note below)	4,82,259	18,48,904	27,28,634
b) Other Trade Payables	23,56,97,473	28,91,58,838	26,53,29,316
	23,61,79,732	**29,10,07,742**	**26,80,57,950**

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.

Total outstanding dues of Micro, Small and Medium Enterprises	**Year ended December 31, 2018 (₹)**	**Year ended December 31, 2017 (₹)**	**As at January 1, 2017 (₹)**
a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	4,82,259	18,48,904	27,28,634
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	9,98,898	9,94,352	9,94,042
c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	1,91,515
d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	-
e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	-	5,55,266	5,31,501
g) Further interest remaining due and payable for earlier years.	9,94,352	9,94,352	9,93,419

Note : The fair value of Trade Payables is not materially different from the carrying value presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
20) Other Current Financial Liabilities			
Unpaid Dividend	73,63,883	65,70,920	54,01,730
Others	40,65,520	14,75,193	10,85,119
Note:			
There is no amount due and outstanding as at December 31, 2018, December 31, 2017 and January 1, 2017 to be credited to Investor Education and Protection Fund.			
	1,14,29,403	**80,46,113**	**64,86,849**
21) Other Current Liabilities			
Advances from Customers	2,59,85,103	2,50,79,848	10,65,53,914
Statutory dues	2,85,46,056	91,19,002	1,31,13,811
Creditors for Capital Goods	-	-	1,77,83,448
	5,45,31,159	**3,41,98,850**	**13,74,51,173**
22) Short-term Provisions			
Employee Benefits			
Provision for Gratuity (Refer Note 29B)	20,52,196	17,44,224	5,32,062
Provision for Compensated absences (Refer Note 29C)	41,78,494	30,12,999	22,28,638
Provision for Warranty (Refer Note 38)	1,10,56,495	2,40,03,773	2,51,34,167
	1,72,87,185	**2,87,60,996**	**2,78,94,867**
23) Current tax liabilities (Net)			
Current tax liabilities (Net off Advance tax and TDS of Rs. 9,48,55,917, December 31, 2017 Rs. 10,23,40,682)	33,52,385	17,79,172	-
	33,52,385	**17,79,172**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
24) Revenue from operations		
Sale of Goods and Services (Refer Below Note 1)	1,80,89,78,775	2,10,61,49,974
Other Operating Income :		
Commission Income	1,16,77,890	1,41,81,271
Sale of Manufacturing Scrap	12,40,31,179	8,11,56,460
Export Incentives	33,54,844	58,89,553
	1,94,80,42,688	**2,20,73,77,258**

Note 1: The Government of India has implemented Goods and Service Tax ("GST") from 1st July, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. Revenue for the period up to 30th June, 2017 are inclusive of excise duty of Rs. 80,329,078; however, revenue for the period 1st July, 2017 to 31st December, 2017 and for the year ended 31st December, 2018 are shown net of GST.

Details of Revenue from operations		
a) Sales of Goods Manufactured:		
Perforated Rotary Screens and Textile Machines	1,24,73,97,383	1,43,78,37,692
Sugar sieves and segments	25,00,18,068	21,51,64,794
Other Manufactured Goods Sold	21,21,90,102	18,51,86,478
Excise Duty on Goods Manufactured	-	8,03,29,078
	1,70,96,05,553	**1,91,85,18,042**
b) Sales of Traded Goods :		
Perforated Rotary Screens	2,74,23,380	12,98,37,842
Other Traded Goods Sold	4,52,44,146	4,54,47,515
	7,26,67,526	**17,52,85,357**
c) Sale of Services	2,67,05,696	1,23,46,575
	2,67,05,696	**1,23,46,575**
d) Other Operating Income :		
Commission Income	1,16,77,890	1,41,81,271
Sale of Manufacturing Scrap	12,40,31,179	8,11,56,460
Export Incentives	33,54,844	58,89,553
	13,90,63,913	**10,12,27,284**
	1,94,80,42,688	**2,20,73,77,258**
25) Other income		
Interest:		
Interest on Deposits	3,44,48,473	2,11,71,427
Interest Others	95,228	86,748
	3,45,43,701	2,12,58,175
Liabilities no longer required written back	5,58,593	-
Provision for Doubtful Receivables written back (Net)	-	45,55,738
Bad Debts written off	-	(2,28,491)
	-	43,27,247
Provision for Warranty (Net) (Refer Note 38)	72,89,654	11,30,394
Lease rentals	86,31,330	1,16,05,260
Profit on Sale of Fixed Assets (Net)	-	16,763
Net Gain on Foreign Currency Transactions and Translation	15,92,944	-
Miscellaneous Income	92,54,882	22,91,000
	6,18,71,104	**4,06,28,839**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
26) Cost of Materials Consumed			
Raw Materials and Components Consumed		88,20,03,449	93,14,05,539
Packing Materials Consumed		1,90,98,836	1,96,52,858
		90,11,02,285	**95,10,58,397**
27) Purchase of stock-in-trade			
Perforated Rotary Screens		4,31,19,412	11,43,27,619
Others		50,30,446	4,14,42,145
		4,81,49,858	**15,57,69,764**
28) Changes in inventories of finished Goods, work-in-progress and stock-in-trade			
Opening Stock			
- Work-in-process	5,47,29,079		5,29,15,127
- Finished Goods	7,20,39,308		12,86,94,297
- Traded Goods	3,41,83,194		2,42,25,887
		16,09,51,581	20,58,35,311
Closing Stock			
- Work-in-process	1,87,68,945		5,47,29,079
- Finished Goods	9,02,51,678		7,20,39,308
- Traded Goods	1,68,63,756		3,41,83,194
		12,58,84,379	16,09,51,581
Decrease / (Increase) in Stock		3,50,67,202	4,48,83,730
Increase/(Decrease) in Excise Duty on Finished Goods		-	(1,41,46,888)
		3,50,67,202	**3,07,36,842**
29) A. Employee benefits expense			
Salaries, Wages and Bonus		18,47,66,618	17,87,10,215
Contribution to Provident and Other Funds		59,85,150	50,04,608
Gratuity (Refer Note 29B)		19,75,346	14,71,736
Welfare Expenses		1,69,31,967	1,70,40,090
		20,96,59,081	**20,22,26,649**

B. Employee Benefits :

(a) Defined Contribution Plan :

The Group’s contribution to Provident Fund aggregating Rs. 5,233,666 (Previous Year Rs. 4,388,792) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Defined Benefit Plans :

Gratuity

The Group 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 status of gratuity plan as required under Ind AS-19 :

(₹)

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
i. Reconciliation of Opening and Closing Balances of defined benefit obligation		
Present Value of Defined Benefit Obligations at the beginning of the year	1,58,75,440	1,35,56,733
Current Service Cost	18,41,564	14,34,385
Past service Cost	-	-
Interest Cost	12,17,646	9,51,683
Acquisition Adjustment	-	-
Benefit paid	(18,83,539)	(17,76,059)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	-	-
Change in financial assumptions	8,52,450	5,29,529
Experience variance (i.e. Actual experience vs assumptions)	14,10,018	11,79,169
Present Value of Defined Benefit Obligations at the end of the year	**1,93,13,579**	**1,58,75,440**

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)
ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets		
Fair Value of Plan assets at the beginning of the year	1,41,31,216	1,30,24,671
Interest Income	10,83,864	9,14,332
Expected return on plan assets	46,303	1,92,213
Employer's Contribution	20,00,000	-
Employee's Contributions	-	-
Benefit paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan assets at the end of the year	**1,72,61,383**	**1,41,31,216**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets			
Present Value of Defined Benefit Obligations at the end of the year	1,93,13,579	1,58,75,440	1,35,56,733
Fair Value of Plan assets at the end of the period/ year	1,72,61,383	1,41,31,216	1,30,24,671
Net Asset / (Liability) recognized in Balance Sheet as at the end of the year	(20,52,196)	(17,44,224)	(5,32,062)

Particulars	As at December 31, 2018 (₹)	As at December 31, 2017 (₹)	As at January 1, 2017 (₹)
iv. Composition of Plan Assets			
Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :			
Cash Accumulation Scheme with Life Insurance Corporation of India	93%	91%	93%
Bank Balances	7%	9%	7%

Particulars	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
v. Gratuity Cost for the Year		
Current service cost	18,41,564	14,34,385
Interest Cost	1,33,782	37,351
Past service Cost	-	-
Expected return on plan assets	-	-
Acturial gain/loss	-	-
Expenses recognised in the income statement	**19,75,346**	**14,71,736**
vi. Other Comprehensive Income		
Actuarial (Gain) / loss	22,62,468	17,08,698
Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Experience variance (i.e. Actual experience vs assumptions)	-	-
Others	-	-
Return on plan assets, excluding amount recognised in interest income	(46,303)	(1,92,213)
Re-measurement (or Actuarial) (gain)/ loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	**22,16,165**	**15,16,485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	**As at December 31, 2018 (₹)**	**As at December 31, 2017 (₹)**	**As at January 1, 2017 (₹)**
vii. Actuarial Assumptions			
Discount Rate (per annum)	7.74%	7.67%	7.02%
Annual Increase in Salary Cost	7.50%	7.00%	6.00%
Rate of Employee Turnover	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.	For service 4 years and below 5.00% p.a. For service 5 years and above 1.00% p.a.
Mortality Rates as given under Indian Assured Lives Mortality (2006-08) Ultimate Retirement Age 60 Years.	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

viii. Sensitivity Analysis

Significant actuarial assumptions for the detemination 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 results of sensitivity analysis is given below:

Particulars	**For the Year ended December 31, 2018 (₹)**	**For the Year ended December 31, 2017 (₹)**
Defined Benefit Obligation (Base)	1,93,13,579	1,58,75,440

(₹)

Particulars	**For the year ended December 31, 2018**	**For the year ended December 31, 2018**	**For the year ended December 31, 2017**	**For the year ended December 31, 2017**
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1%)	22,93,376	(18,59,464)	16,97,167	(13,83,036)
(% change compared to base due to sensitivity				
Salary Growth Rate (- / + 0.5%)	(9,83,799)	10,82,630	(7,33,595)	8,05,543
(% change compared to base due to sensitivity)				
Attrition Rate (- / + 1%)	(13,090)	4,425	(81,298)	62,485
(% change compared to base due to sensitivity)				

ix. Asset Liability Matching Strategies

The Group 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

x. Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy

The Group 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 Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

b) Maturity Profile of Defined Benefit Obligation

Projected benefits payable in future years from the date of reporting.

Particulars	For the Year ended December 31, 2018 (₹)	For the Year ended December 31, 2017 (₹)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	31,85,131	15,71,546
2nd Following year	26,61,199	28,78,251
3rd Following Year	6,13,042	22,74,545
4th Following Year	11,49,767	5,50,259
5th Following Year	13,83,204	9,34,726
sum of years 6 to 10	37,69,667	23,39,881

xi. The Group has defined benefit plans for Gratuity to eligible employees, the contributions for which are made to Life Insurance Corporation of India who invests the funds as per Insurance Regulatory Development Authority guidelines.

The discount rate is based on the prevailing market yields of Government of India's securities as at the Balance Sheet date for the estimated term of the obligations.

The defined benefit plans expose the Company to acturial risks such as Interest rate risk, Salary risk, Investment risk, Asset liability matching risk, longevity risk.

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Longevity risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan do not have any longevity risk.

c) Other Long Term Employee Benefits:

The actuarial liability for compensated absences as at the year ended December 31, 2018 is Rs. 18,387,453 (December 31, 2017 Rs. 13,824,067; January 1, 2017 Rs. 10,912,104)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
30) Finance costs			
Other Borrowing Cost		23,44,404	16,02,773
		23,44,404	**16,02,773**
31) Other expenses			
Consumption of Stores and Spares		1,49,71,360	1,60,00,914
Excise Duty on Sale of Goods		-	8,03,29,078
Rent		19,58,928	26,66,960
Rates and Taxes		6,77,644	26,07,254
Power and Fuel		14,08,67,893	11,10,38,366
Repairs to Buildings		44,66,284	61,75,001
Repairs to Plant and Equipment		78,83,327	84,45,550
Repairs to Others		43,28,324	72,86,303
Insurance		29,74,627	25,09,807
Auditors' Remuneration for :			
- Statutory Audit Fees	27,30,000		22,00,000
- Tax Audit Fees	4,64,500		4,00,000
- Others	6,55,350		7,00,000
- Out - of - Pocket Expenses	57,506		67,200
		39,07,356	33,67,200
Travelling and Conveyance		1,84,65,288	2,25,13,387
Royalty		3,41,25,891	3,68,27,654
Provision for Doubtful Receivables (Net)		39,77,207	-
Group Management Fees		3,75,54,804	3,29,34,470
Net Loss on Foreign Currency Transactions and Translations		-	32,60,915
Loss on Sale of Property, Plant and Equipment (Net)		87,831	-
Contribution towards Corporate Social Responsibility activities (Refer Note 41)		70,00,000	55,00,000
Other General, Administrative and Selling Expenses		6,37,14,532	8,91,78,949
		34,69,61,296	**43,06,41,808**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32) a) Contingent Liabilities not provided for in respect of:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Reinstatement with backwages claimed by worker. Also, include claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit.	40,00,000	47,68,164	4,08,535
Disallowance of Voluntary Retirement Scheme (VRS) expediture by tax authorities.	19,11,581	3,80,731	49,97,065
Capital gain on sale of assets considered as Short Term Gain by tax authorities.	-	43,47,988	14,44,676
Disallowance of interest on income tax by tax authorities.	-	1,08,391	-
Classification of Service Tax on business auxiliary services challanged by tax authorities.	8,89,554	4,44,777	4,44,777
Non reversal of Cenvat on input capital goods sold challanged by tax authorities.	-	1,04,681	26,75,620
Service Tax credit taken on Sales Commission paid disallowed by tax authorities.	10,93,900	10,93,900	10,93,900
Total	**78,95,035**	**1,12,48,632**	**1,10,64,573**

Management is of the view that no liability shall arise on the Group for all the above cases.

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, 2018 is Rs. 1,331,417 (December 31, 2017 Rs. Nil, January 1, 2017 Rs. 33,827,217).

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
33)	**Dividend remitted in foreign currency**		
	Amount remitted (Rupees)	5,34,15,972	4,59,97,087
	Dividend related to financial year	December 31, 2017	December 31, 2016
	Number of non-resident shareholders	1	1
	Number of shares	14,83,777	14,83,777

		For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
34)	**Earnings per share**		
	Profit Attributable to equity shareholders	33,60,20,295	27,15,54,019
	Weighted average number of equity shares (Nos.)	20,88,016	20,88,016
	Nominal value of an equity share	10	10
	Earnings Per Share (Basic and Diluted)	160.93	130.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35) Related party disclosure:

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

I. Parties where control exists:

Related Party	**Relationship**
SPGPrints B.V.	Holding Company
SPGPrints Group B.V.	Holding Company of SPGPrints B.V.
Print II B.V.	Holding Company of SPGPrints Group B.V.

II. Fellow Subsidiaries where transactions have taken place:

SPGPrints Printing Systems Wuxi Co Ltd.

SPG Prints Mexico S.A. De C.V

SPGPrints Austria GMBH

Shandong Tongda Printing Systems Co. Ltd

SPGPrints Baski Sistemleri Tic. Ltd. Sti

Veco B.V. (upto April 18, 2018)

SPGPrints Brasil Ltda.

Atul Sugar Screens Private Limited (From March 22, 2018 and upto April 18, 2018)

III. Key Management Personnel:

In Stovec Industries Limited

Mr. Shailesh Wani	Managing Director

In Atul Sugar Screens Private Limited (Upto March 21, 2018)

Mr. Sandeep Khot	Managing Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IV. Transactions with related parties

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Sale of Products								
SPGPrints B.V.	1,99,92,369	79,27,125	-	-	-	-	1,99,92,369	79,27,125
Shandong Tongda Printing Systems Co. Ltd	-	-	-	3,55,356	-	-	-	3,55,356
SPG Prints Mexico, S.A. de C.V.	-	-	2,28,072	51,291	-	-	2,28,072	51,291
SPGPrints Austria GMBH	-	-	13,36,080	-	-	-	13,36,080	-
SPGPrints Brasil Ltda	-	-	6,64,875	-	-	-	6,64,875	-
SPGPrints Printing Systems (Wuxi) Co.,Ltd	-	-	1,04,906	-	-	-	1,04,906	-
Atul Sugar Screens Private Limited	-	-	96,00,529	-	-	-	96,00,529	-
Sub - Total	**1,99,92,369**	**79,27,125**	**1,19,34,462**	**4,06,647**	**-**	**-**	**3,19,26,831**	**83,33,772**
Sale of Services								
SPGPrints B.V.	9,59,630	-	-	-	-	-	9,59,630	-
SPGPrints Austria GMBH	-	-	1,74,07,864	1,28,37,025	-	-	1,74,07,864	1,28,37,025
Sub - Total	**9,59,630**	**-**	**1,74,07,864**	**1,28,37,025**	**-**	**-**	**1,83,67,494**	**1,28,37,025**
Purchase of Raw Material and Components								
SPGPrints B.V.	15,40,70,894	14,45,23,857		-	-	-	15,40,70,894	14,45,23,857
Veco B.V.		-	7,83,115	44,16,648	-	-	7,83,115	44,16,648
SPGPrints Austria GMBH		-	1,24,64,454	34,45,960	-	-	1,24,64,454	34,45,960
SPGPrints Bask Sistemleri Tic. Ltd. Sti	-	-	10,41,263	-	-	-	10,41,263	-
Spg Prints Brasil Ltda		-	-	4,04,79,794	-	-	-	4,04,79,794
SPGPrints Printing Systems Wuxi Co Ltd.		-	6,11,290	2,29,200	-	-	6,11,290	2,29,200
Sub - Total	**15,40,70,894**	**14,45,23,857**	**1,49,00,122**	**4,85,71,602**	**-**	**-**	**16,89,71,016**	**19,30,95,459**
Purchase of Fixed Assets								
SPGPrints B.V.	64,90,743	1,79,87,488	-	-	-	-	64,90,743	1,79,87,488
SPGPrints Austria GMBH	-	-	1,21,584	-	-	-	1,21,584	-
Sub - Total	**64,90,743**	**1,79,87,488**	**1,21,584**	**-**	**-**	**-**	**66,12,327**	**1,79,87,488**
Expenses Recovered from other companies								
SPGPrints B.V.	62,06,539	14,71,803	-	-	-	-	62,06,539	14,71,803
SPGPrints Austria GMBH	-	-	12,80,387	17,60,799	-	-	12,80,387	17,60,799
Shandong Tongda Printing Systems Co. Ltd	-	-	19,028	-	-	-	19,028	-
Sub - Total	**62,06,539**	**14,71,803**	**12,99,415**	**17,60,799**	**-**	**-**	**75,05,954**	**32,32,602**
Remuneration (Refer Note 1 below)								
Mr. Shailesh C Wani	-	-	-	-	1,51,65,167	1,56,13,487	1,51,65,167	1,56,13,487
Mr. Sandeep Khot	-	-	-	-	5,27,152	22,63,247	5,27,152	22,63,247
Sub - Total	**-**	**-**	**-**	**-**	**1,56,92,319**	**1,78,76,734**	**1,56,92,319**	**1,78,76,734**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Purchase of Services								
SPGPrints B.V.	9,16,310	7,29,610	-	-	-	9,16,310	7,29,610	
SPGPrints Printing Systems Wuxi Co.,	-	-	7,59,342	-	-	-	7,59,342	-
Spg Prints Brasil Ltda	-	-	-	5,68,844	-	-	-	5,68,844
SPG Prints Mexico S.A. De C.V	-	-	-	3,64,464	-	-	-	3,64,464
Sub - Total	**9,16,310**	**7,29,610**	**7,59,342**	**9,33,308**	**-**	**-**	**16,75,652**	**16,62,918**
Expenses Charged by other companies								
SPGPrints B.V.	3,89,92,167	4,15,85,754	-	-	-	-	3,89,92,167	4,15,85,754
SPGPrints Austria GMBH	-	-	1,09,330	-	-	-	1,09,330	-
Sub - Total	**3,89,92,167**	**4,15,85,754**	**1,09,330**	**-**	**-**	**-**	**3,91,01,497**	**4,15,85,754**
Royalty Expense								
SPGPrints B.V.	3,01,02,777	2,74,77,893	-	-	-	-	3,01,02,777	2,74,77,893
Veco B.V.	-	-	40,23,114	93,49,761	-	-	40,23,114	93,49,761
Sub - Total	**3,01,02,777**	**2,74,77,893**	**40,23,114**	**93,49,761**	**-**	**-**	**3,41,25,891**	**3,68,27,654**
Dividend Paid								
SPGPrints B.V.	5,34,15,972	-	-	-	-	-	5,34,15,972	-
Sub - Total	**5,34,15,972**	**-**	**-**	**-**	**-**	**-**	**5,34,15,972**	**-**
Commission Received								
SPGPrints B.V.	2,16,130	7,41,885	-	-	-	-	2,16,130	7,41,885
SPGPrints Austria GMBH	-	-	1,14,61,761	1,34,39,386	-	-	1,14,61,761	1,34,39,386
Sub - Total	**2,16,130**	**7,41,885**	**1,14,61,761**	**1,34,39,386**	**-**	**-**	**1,16,77,891**	**1,41,81,271**
Sale of Shares of Subsidiary								
Veco B.V.	-	-	10,40,00,000	-	-	-	10,40,00,000	-
Sub - Total	**-**	**-**	**10,40,00,000**	**-**	**-**	**-**	**10,40,00,000**	**-**
Sale of Assets								
Atul Sugar Screens Private Limited	-	-	9,96,16,538	-	-	-	9,96,16,538	-
Sub - Total	**-**	**-**	**9,96,16,538**	**-**	**-**	**-**	**9,96,16,538**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹)

Particulars	Parties referred to in (i) above			Parties referred to in (ii) above			Parties referred to in (iii) above			Total		
	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017
Balance payable at the year-end												
SPGPrints B.V.	3,67,58,637	2,58,29,435	3,92,05,388	-	-	-	-	-	-	3,67,58,637	2,58,29,435	3,92,05,388
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	-	9,03,710	-	14,40,763	-	-	-	9,03,710	-	14,40,763
SPG Prints Mexico S.A. De C.V	-	-	-	-	-	18,70,635	-	-	-	-	-	18,70,635
Spg Prints Brasil Ltda	-	-	-		5,66,716	-	-	-	-	-	5,66,716	-
Veco B.V.	-	-	-		93,52,877	67,15,083	-	-	-	-	93,52,877	67,15,083
Remuneration Payable to Mr. Shailesh Wani	-	-	-	-	-	-	1,20,149	1,98,444	1,79,333	1,20,149	1,98,444	1,79,333
Remuneration Payable to Mr. Sandeep Khot	-	-	-	-	-	-	-	1,11,348	97,482	-	1,11,348	97,482
Sub - Total	**3,67,58,637**	**2,58,29,435**	**3,92,05,388**	**9,03,710**	**99,19,593**	**1,00,26,481**	**1,20,149**	**3,09,792**	**2,76,815**	**3,77,82,496**	**3,60,58,820**	**4,95,08,684**
Balance receivable at the year-end												
SPGPrints B.V.	92,00,495	17,69,793	19,25,514	-	-	-	-	-	-	92,00,495	17,69,793	19,25,514
SPGPrints Austria GMBH	-	-	-	68,11,794	56,50,917	40,42,123	-	-	-	68,11,794	56,50,917	40,42,123
SPGPrints Printing Systems(Wuxi) Co.,Ltd	-	-	-	1,11,871	-	-	-	-	-	1,11,871	-	-
Spgprints Mexico S A De C V	-	-	-	2,35,846	-	-	-	-	-	2,35,846	-	-
Sub - Total	**92,00,495**	**17,69,793**	**19,25,514**	**71,59,511**	**56,50,917**	**40,42,123**	**-**	**-**	**-**	**1,63,60,006**	**74,20,710**	**59,67,637**

Notes:

(1) The Key Managerial Persons are covered by the Goup's gratuity policy along with other employees of the Goup. 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 bassis.

(2) The amounts outstanding are unsecured and will be settled in cash or kind, for which no guarantees have been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36) Financial Instrument and Fair Value Measurement

(A) Fair Value of Financial Assets and Financial Liabilities that are not measured at fair value

(Rupees)

Particulars	Amount as at December 31, 2018			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,10,78,848	3,000	1,10,81,848
(ii) Other non-current financial assets	-	-	1,21,60,950	1,21,60,950
(iii) Trade receivables	-	-	27,43,50,208	27,43,50,208
(iv) Cash and cash equivalents	-	-	8,09,26,555	8,09,26,555
(v) Bank balance other than (iv) above	-	-	81,61,06,346	81,61,06,346
(vi) Other current financial assets	-	-	49,88,753	49,88,753
Total	**-**	**1,10,78,848**	**1,18,85,35,812**	**1,19,96,14,660**
Financial liabilities				
(i) Trade Payables	-	-	23,61,79,732	23,61,79,732
(ii) Other current financial liabilities	-	-	1,14,29,403	1,14,29,403
Total	**-**	**-**	**24,76,09,135**	**24,76,09,135**

Particulars	Amount as at December 31, 2017			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,28,96,470	3,000	1,28,99,470
(ii) Other non-current financial assets	-	-	5,64,59,282	5,64,59,282
(iii) Trade receivables	-	-	31,66,71,701	31,66,71,701
(iv) Cash and cash equivalents	-	-	17,31,74,918	17,31,74,918
(v) Bank balance other than (iv) above	-	-	24,25,73,240	24,25,73,240
(vi) Other current financial assets	-	-	65,73,978	65,73,978
Total	**-**	**1,28,96,470**	**79,54,56,119**	**80,83,52,589**
Financial liabilities				
(i) Trade Payables	-	-	29,10,07,742	29,10,07,742
(ii) Other current financial liabilities	-	-	80,46,113	80,46,113
Total	**-**	**-**	**29,90,53,855**	**29,90,53,855**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Amount as at January 1, 2017			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	1,09,98,812	3,000	1,10,01,812
(ii) Other non-current financial assets	-	-	17,30,57,061	17,30,57,061
(iii) Trade receivables	-	-	24,88,94,974	24,88,94,974
(iv) Cash and cash equivalents	-	-	10,44,63,034	10,44,63,034
(v) Bank balance other than (iv) above	-	-	16,59,01,730	16,59,01,730
(vi) Other current financial assets	-	-	1,25,44,309	1,25,44,309
Total	**-**	**1,09,98,812**	**70,48,64,108**	**71,58,62,920**
Financial liabilities				
(i) Trade Payables	-	-	26,80,57,950	26,80,57,950
(ii) Other current financial liabilities	-	-	64,86,849	64,86,849
Total	**-**	**-**	**27,45,44,799**	**27,45,44,799**

Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy as at year end

Financial Assets	Level 1	Level 2	Level 3	Total
Investment in equity instruments as at December 31, 2018	1,10,78,848	-	-	**1,10,78,848**
Investment in equity instruments as at December 31, 2017	1,28,96,470	-	-	**1,28,96,470**
Investment in equity instruments as at January 1, 2017	1,09,98,812	-	-	**1,09,98,812**

(B) Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The Group strives 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 Group maintains a debt free status and regularly declares dividend to its shareholders.

(C) Financial risk management objectives and policies

The Group's principal financial liabilities comprises of trade and other payables. The Group's financial assets include trade and other receivables, and cash & cash equivalents that it derives directly from its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Group. This provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

(1) 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 of interest rate risk, foreign currency risk and commodity risk.

1.1 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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. (₹)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017	As at January 1, 2017
Bank deposits (Including Margin Money Deposit)	81,27,42,463	35,50,91,619	35,94,24,139
% change in interest rates	0.50%	0.50%	0.50%
Impact on Profit for the year	40,63,712	17,75,458	17,97,121

1.2 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 Group's foreign currency risk arises out of various imports of raw materials and exports of its finished goods.

The Group 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 Group follows netting principle for managing the foreign exchange exposure.

The Carrying Amounts of the Group's Foreign Currency Denominated Monetary Assets and Liabilities based on Gross Exposure at the end of the Reporting Period is as under. There are no open derivate contracts at the end of the year.

Net Open Exposures Outstanding as at the Balance Sheet Date

Particulars	Foreign Currency Denomi-nation	As at December 31, 2018		As at December 31, 2017		As at January 1, 2017	
		Foreign Currency Amount	Amount (₹)	Foreign Currency Amount	Amount (₹)	Foreign Currency Amount	Amount (₹)
Trade Receivables	EURO	2,05,160	1,63,67,655	1,68,723	1,28,88,781	85,124	60,96,553
	USD	1,838	1,28,274	2,81,913	1,80,22,723	90,729	61,65,016
Short-term Loans and Advances	EURO	19,046	15,19,439	124	9,472	7,310	5,23,577
	USD	-	-	-	-	11,544	7,84,415
	GBP	495	43,788	-	-	-	-
Trade Payables	EURO	4,82,262	3,84,74,824	4,91,353	3,75,34,433	6,07,072	4,34,78,480
	USD	26,563	18,53,824	42,996	27,48,734	1,02,354	69,54,967
Other Current Liabilities	USD	150	10,469	6,999	4,47,451	8,791	5,97,342
	EURO	-	-	952	72,723	70,000	50,13,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.3 **Commodity Risk :** The Group is is affected by price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of such commodities. Therefore the Group monitors its purchases closely to optimise the prices.

(2) **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 Group is having majority of the receivables from private sectors. The Group does not have significant credit risk exposure to any single counterparty. Concentration of credit risk to any counterparty did not exceed 5% of gross monetary assets at any time during the year.

(3) **Liquidity Risk :** The Group monitors its risk of a shortage of funds by estimating the future cash flows. The Group's objective is to maintain a balance between working capital of the Group. The Group generates sufficient cashflow from operations to maintain a healthy working capital balance.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. (₹)

Particulars	Within 1 Year	1 to 5 Year	More than 5 Year	Carrying
As at December 31, 2018				
Trade Payables	23,61,79,732	-	-	23,61,79,732
Other Financial Liabilities	1,14,29,403	-	-	1,14,29,403
As at December 31, 2017				
Trade Payables	29,10,07,742	-	-	29,10,07,742
Other Financial Liabilities	80,46,113	-	-	80,46,113
As at January 1, 2017				
Trade Payables	26,80,57,950	-	-	26,80,57,950
Other Financial Liabilities	64,86,849	-	-	64,86,849

37) Segment Reporting

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses; (b) whose operating results are regularly reviewed by the Group's Operating Decision Maker ('GODM') to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The Group has determined following reporting segments based on the information reviewed by the Group's GODM.

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

Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceeds 10% or more of the combined total of all the operating segments.

Segment revenue and results:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure.

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 CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting for the year ended December 31, 2018

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2018					For the year ended December 31, 2017				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue from Operations										
External Sales and Services (Net of Excise Duty)	1,54,00,37,646	9,28,70,552	31,51,34,490	-	1,94,80,42,688	1,83,59,84,421	10,03,92,322	27,10,00,515	-	2,20,73,77,258
Total Revenue	**1,54,00,37,646**	**9,28,70,552**	**31,51,34,490**	**-**	**1,94,80,42,688**	**1,83,59,84,421**	**10,03,92,322**	**27,10,00,515**	**-**	**2,20,73,77,258**
Results										
Segment result	38,62,47,491	3,78,35,977	4,49,40,179	-	46,90,23,647	40,05,90,856	4,46,19,710	3,11,02,750	-	47,63,13,316
Interest Income net of expense	(13,60,287)	-	(17,855)	3,31,07,455	3,17,29,313	(3,79,600)	-	(31,032)	1,80,83,128	1,76,72,496
Unallocated Expenditure net of unallocated income	-	-	-	(8,67,50,321)	(8,67,50,321)	-	-	-	(7,85,30,967)	(7,85,30,967)
Profit Before Exceptional Items and Tax	**38,48,87,204**	**3,78,35,977**	**4,49,22,324**	**(5,36,42,866)**	**41,40,02,639**	**40,02,11,256**	**4,46,19,710**	**3,10,71,718**	**(6,04,47,839)**	**41,54,54,845**
Exceptional Items (Refer note 43 & 44)	-	-	-	8,08,96,174	8,08,96,174	-	-	-	-	-
Profit Before Tax	**38,48,87,204**	**3,78,35,977**	**4,49,22,324**	**2,72,53,308**	**49,48,98,813**	**40,02,11,256**	**4,46,19,710**	**3,10,71,718**	**(6,04,47,839)**	**41,54,54,845**
Provision for Current Tax	-	-	-	15,99,60,509	15,99,60,509	-	-	-	14,46,20,097	14,46,20,097
Provision for Deferred Tax	-	-	-	(10,81,991)	(10,81,991)	-	-	-	(7,19,271)	(7,19,271)
Profit After Tax (PAT)	**38,48,87,204**	**3,78,35,977**	**4,49,22,324**	**(13,16,25,210)**	**33,60,20,295**	**40,02,11,256**	**4,46,19,710**	**3,10,71,718**	**(20,43,48,665)**	**27,15,54,019**
Other Information										
Segment Assets	69,36,23,065	2,80,13,442	5,74,18,442	98,72,39,895	1,76,62,94,844	75,84,58,548	3,14,34,438	28,81,66,430	48,49,38,244	1,56,29,97,660
Segment Liabilities	26,43,94,569	54,47,759	77,28,363	7,66,86,738	35,42,57,429	20,80,77,462	71,67,096	3,08,65,602	14,73,44,478	39,34,54,638
Capital Expenditure	1,97,79,560	6,90,819	55,251	99,47,226	3,04,72,856	10,47,63,344	-	18,46,584	3,66,46,746	14,32,56,674
Depreciation	3,09,30,016	18,72,910	88,26,272	1,09,97,829	5,26,27,027	2,27,46,953	18,21,604	2,78,61,594	80,84,868	6,05,15,019

b) Information about secondary business segments

The Group 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. Hence, the only the details related to Revenue related to the geographical segments are presented to the GODM.

Particulars	For the year ended December 31, 2018			For the year ended December 31, 2017		
	India	Outside India	Total	India	Outside India	Total
Revenue for the year ended	1,82,83,73,519	11,96,69,169	**1,94,80,42,688**	2,03,23,00,384	17,50,76,874	**2,20,73,77,258**
Carrying amount of segment assets as at	1,74,82,35,688	1,80,59,156	**1,76,62,94,844**	1,53,20,76,684	3,09,20,976	**1,56,29,97,660**
Capital Expenditure incurred during the year ended	3,04,72,856	-	**3,04,72,856**	14,32,56,674	-	**14,32,56,674**

There are no transactions with single customer which amounts to 10% or more of the Group's revenue for the year ended December 31, 2018 or for the year December 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38) Provision for Warranty

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 available about returns.

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
Opening Balance	2,40,03,773	2,51,34,167
Additions during the Year	1,13,82,624	1,97,93,240
Reversals/ utilisations during the year	2,43,29,901	2,09,23,634
Closing Balance	1,10,56,496	2,40,03,773

39) Research and Development Expenses

	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
Revenue Expenditure	37,90,174	34,66,906
Total	**37,90,174**	**34,66,906**

40) Leases

Operating Lease : As a Lessor

The Group had given Land and Building on operating lease for a period of 7 years which was completed on June 30, 2018 and after that the agreement is not renewed.

The Group 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 Rs. 8,631,330 (Previous Year Rs. 11,605,260) have been included under the head "Other Income" Note 25 "Lease Rentals" of Statements of Profit and Loss.

Operating Lease : As a Lessee

The Group has entered into cancellable lease agreements for premises for a period of one year. The lease rentals aggregating Rs. 1,958,928 (Previous Year Rs. 2,666,960) have been included under the head "Other Expenses" Note 31 "Rent" of Statements of Profit and Loss .

41) Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	For the year ended December 31, 2018 (₹)	For the year ended December 31, 2017 (₹)
(a) Gross amount required to be spent by the Group :	69,53,630	54,71,942
(b) Amount spent during the year :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	70,00,000	55,00,000

42) During the year 2018, the Group had sold certain identified assets of galvanic business. Resultant gain on such sale of assets of Rs. 37,440,975 has been shown as exceptional items in the consolidated financial statements for the year ended December 31, 2018. However, the operations of galvanic business is continued by the Group by entering into the Contract Manufacturing Agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43) The Group has executed Share Purchase Agreement on March 14, 2018 for divestment of 100% equity investment held by the Group in Atul Sugar Screens Private Limited to Veco B.V., for an aggregate consideration of Rs. 104,000,000. Consequent to said divestment, Atul Sugar Screens Private Limited ceased to be subsidiary of the Group w.e.f March 22, 2018. Gain on sale of such investment has been shown as exceptional item in the financial statement.

Particulars	**Amount (₹)**
Consideration received on sale of shares (net)	10,37,40,000
Net assets disposed of	(6,02,84,801)
Gain on disposal	**4,34,55,199**

Analysis of assets and liabilities over which control was lost : **(₹)**

Particulars	**As at March 21, 2018**
Current Assets	
Cash and cash equivalents	76,72,286
Bank balances other than Cash and cash equivalents	3,21,03,506
Trade receivables	2,95,85,373
Inventories (net of stock reserve)	1,35,73,259
Other current assets	1,21,70,005
Non-current Assets	
Property, Plant and Equipment	14,85,066
Capital work-in-progress	46,619
Other Intangible assets	5,23,954
Deferred Tax assets	2,58,480
Other Non-current assets	11,07,349
Current liabilities	
Payables	(3,81,97,141)
Non-current liabilities	
Other Non-current liabilities	(43,955)
Net assets disposed of	**6,02,84,801**

Net Cash Inflow on Disposal of Subsidiary :

Particuars	**Amount (₹)**
Consideration received in Cash and Cash equivalents	10,37,40,000
Cash and Cash equivalent balances disposed of	(76,72,286)
Gain on disposal	**9,60,67,714**

44) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Scheduel III to the Companies Act, 2013.

Name of the Group	**Net Assets**		**Share in Profit or Loss**	
	As % of Consolidated net assets	**Amount (₹)**	**As % of Consolidated profit or loss**	**Amount (₹)**
Parent				
Stovec Industries Limited	100%	1,76,62,94,844	99%	32,49,24,481
Subsidiary				
Atul Sugar Screens Private Ltd.	0%	-	1%	25,26,346
Total	**100%**	**1,76,62,94,844**	**100%**	**32,74,50,827**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45) Board of Directors of the Parent Company have recommended the final dividend of Rs. 55 per equity share having face value of Rs. 10 each (550%) for the financial year ended December 31, 2018, subject to approval of the Members. This comprises of normal dividend of Rs. 40 per equity share and a special dividend of Rs. 15 per equity share on account of gains arising from divestment of equity investment and sale of assets of galvanic business.

46) The financial statements were reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Parent Company at their meeting held on February 14, 2019.

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors
Stovec Industries Limited

Sd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)

Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)

Sd/-
Paras Mehta
Chief Financial Officer

Place : Mumbai
Date : February 14, 2019

Form No. SH-13

Nomination Form

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

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

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

(1) Particulars of the Securities (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

(2) Particulars of Nominee/s
- (a) Name : ______________________
- (b) Date of Birth : ______________________
- (c) Father's/Mother's/Spouse Name : ______________________
- (d) Occupation : ______________________
- (e) Nationality : ______________________
- (f) Address : ______________________
- (g) E-mail id : ______________________
- (h) Relationship with the security holder : ______________________

(3) In case Nominee is a Minor
- (a) Date of birth : ______________________
- (b) Date of attaining majority : ______________________
- (c) Name of guardian : ______________________
- (d) Address of guardian : ______________________

(4) Particulars of Nominee in case minor nominee dies before attaining age of majority
- (a) Name : ______________________
- (b) Date of Birth : ______________________
- (c) Father's/Mother's/Spouse's Name : ______________________
- (d) Occupation : ______________________
- (e) Nationality : ______________________
- (f) Address : ______________________
- (g) E-mail id : ______________________
- (h) Relationship with the security holder : ______________________
- (i) Relationship with the minor nominee : ______________________

Name and Address of the Shareholder(s):____
Signature of the Shareholder(s)____
Name and Address of Witnesses:____
Signature of Witnesses:____

BANK ACCOUNT PARTICULARS / ECS / NACH MANDATE FORM

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

- Print the following details on my/our dividend warrant.
- Credit my dividend amount directly to my Bank account by ECS/NACH.

  (Strike out whichever is not applicable)

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

Particulars of Bank Account :

A. Bank Name

B. Branch Name, Address (for Mandate only)

C. 9 DIGIT Code number of the Bank & Branch as appearing on the MICR cheque

D. Account Type (Saving/Current)

E. Account No. as appearing on the cheque book

F. STD Code & Telephone No.

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

Mail to :

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.

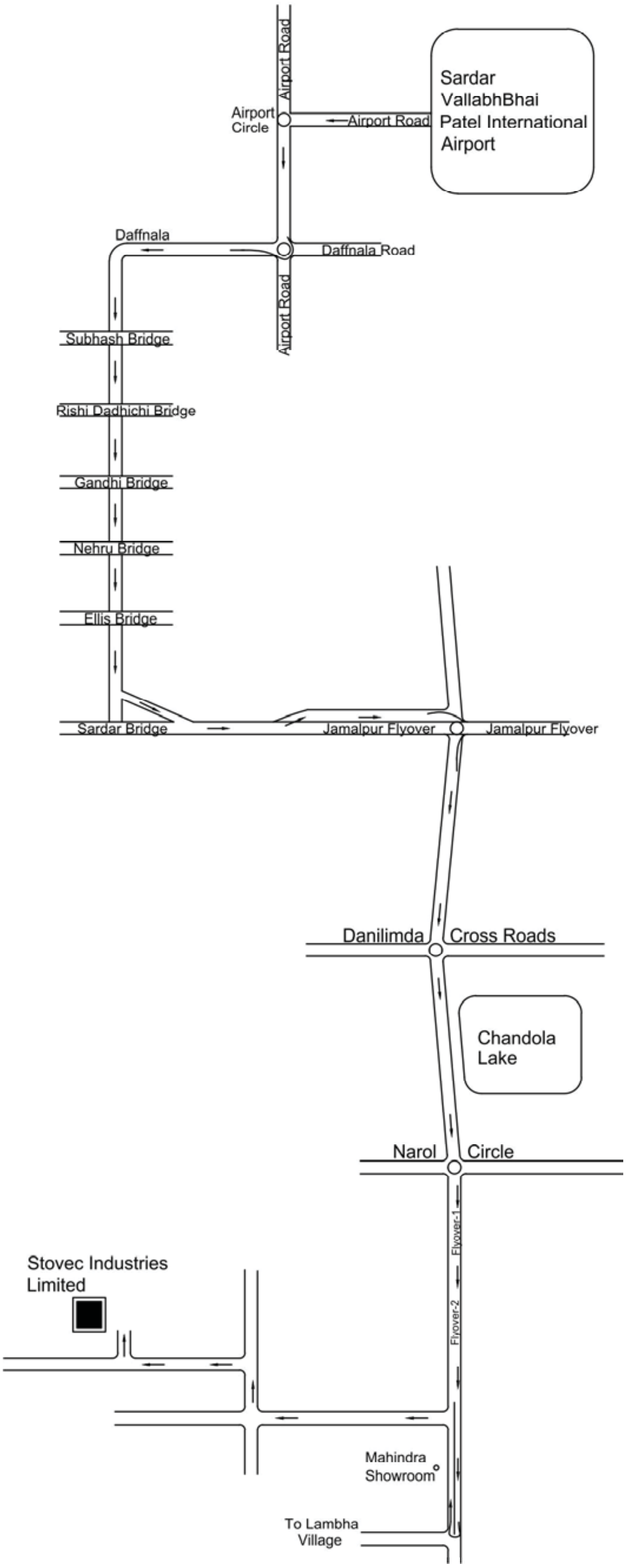
....

(Signature of the Shareholder)

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

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

Route Map to the venue of AGM



STOVEC INDUSTRIES LIMITED

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

ATTENDANCE SLIP

45TH ANNUAL GENERAL MEETING, THURSDAY, 9TH DAY OF MAY, 2019 AT 11.00 A.M.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE VENUE OF MEETING

DP ID & CLIENT ID/FOLIO NO.	
NO. OF SHARES	
NAME AND ADDRESS OF THE REGISTERED MEMBERS	

I hereby record my presence at the 45th Annual General Meeting of the Company to be held on Thursday, 9th May, 2019 at 11.00 a.m. at the Registered Office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India.

Full name of the Proxy, if attending the Meeting:

Signature of the Member / Joint Member / Proxy attending the Meeting :_______________________

EVSN (Electronic Voting Sequence Number)	SEQUENCE NUMBER
190411002	

- Please refer 45th AGM Notice for instructions on remote e-voting.
- Remote e-voting facility is available during the following period:

Date and time of Commencement of Remote e-voting	6th May, 2019 @ 9:00 hours (IST)
Date and time of end of Remote e-voting	8th May, 2019 @ 17:00 hours (IST)

STOVEC INDUSTRIES LIMITED

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

45TH ANNUAL GENERAL MEETING, THURSDAY, 9TH DAY OF MAY, 2019 AT 11:00 A.M.

Form No. MGT-11

PROXY FORM

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

CIN	L45200GJ1973PLC050790
Name of the Company	Stovec Industries Limited
Registered Office	N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India
Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No. / Client Id	
DP ID	

I/We, being the holder(s) of __________ equity shares of Stovec Industries Limited, hereby appoint

1. Name : ____________________ E-mail Id : ____________________
   Address: ____
   ____________________ Signature: ____________________ or failing him/her
2. Name : ____________________ E-mail Id : ____________________
   Address: ____
   ____________________ Signature: ____________________ or failing him/her
3. Name : ____________________ E-mail Id : ____________________
   Address: ____
   ____________________ Signature: ____________________

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 45th Annual General Meeting of the Company to be held on Thursday, 9th day of May, 2019, at 11:00 a.m. at the registered office of the Company at N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below :

Sr. No.	Particulars	Optional*	
		For	**Against**
	ORDINARY BUSINESS		
1.	To receive, consider and adopt:		
	a) the Audited Financial Statements of the Company for the financial year ended December 31, 2018, together with the Report of the Board of Directors and the Auditor's thereon; and		
	b) the Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2018 and the Report of the Auditors thereon.		
2.	To declare dividend on Equity Shares.		
3.	To appoint a Director in place of Mr. Dirk Wim Joustra (DIN: 00481154), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To partially modify the resolution related to appointment of Statutory Auditors.		
	SPECIAL BUSINESS		
5.	Appointment of Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) as a Director of the Company		
6.	Appointment of Mr. Eiko Ris (DIN: 07428696) as a Director of the Company		
7.	Re-appointment of Mr. Shailesh Wani (DIN: 06474766) as a Managing Director of the Company		
8.	Approval of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2019		
9.	Approval for Related Party Transactions with M/s SPGPrints B.V. for the financial year 2019 and 2020		
10.	Approval for Material Related Party Transactions relating to Acquisition of Service and Spare Parts Business for rotary printing equipment from M/s SPGPrints B.V.		

Signed ________________ this day of ________________ 2019

Affix One Rupee Revenue Stamp

____

Signature of Proxy holder(s)

Signature of Member(s) across Revenue Stamp

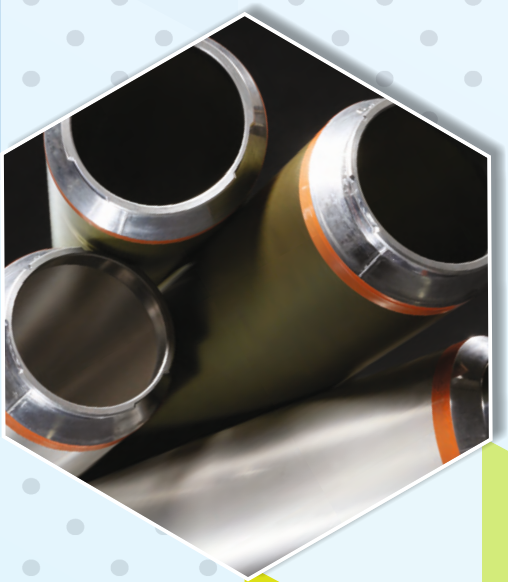
Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 45th Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

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

World Wide Operations Meeting at Stovec - India.

Team Stovec



STOVEC®
INDUSTRIES LIMITED

ISO 9001
BUREAU VERITAS
Certification
Excluding Design

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