

Stovec Industries Ltd.

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

Regd. Office and Factory:
N.I.D.C., Near Lambha Village, Post Narol,
Ahmedabad – 382 405, INDIA
CIN : L45200GJ1973PLC050790
Telephone : +91 79 6157 2300
+91 79 25710407 to 410
Fax : +91 79 25710 406
E-mail : admin@stovec.com

Reference: Scrip Code- 504959

Date : August 21, 2020

Subject : Notice convening 46th Annual General Meeting & Annual Report 2019

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, 2019 including Notice convening the 46th Annual General Meeting of the Company, to be held on Wednesday, September 16, 2020 at 3.00 p.m. through video conferencing/other audio visual means (VC/OAVM).

We request you to take the above on your records.

Thanking you,

Yours sincerely,
For, Stovec Industries Limited


Sanjeev Singh Sengar

Company Secretary & Compliance Officer



Encl.: As above

STOVEC[®]
INDUSTRIES LIMITED



46th Annual
REPORT **2019**

All you need in printing.
spgprints[®]

READING THROUGH...

Corporate Overview 01-08

Stovec Industries Limited at a Glance	02
Financial Highlights	04
Chairman's Message	05
Relentless Focus on Innovation	06
Corporate Information	08

Statutory Reports 09 - 66

Notice	09
Board's Report	21
Corporate Governance	27
Management Discussion and Analysis	41

Financial Statements 67 - 115

Standalone Financials	67
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Disclaimer: This document contains statements about expected future events and financials of Stovec Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There could be significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

Investor information

CIN:

L45200GJ1973PLC050790

BSE Code:

STOVACQ

Dividend Recommended:

₹ 60 per equity share of ₹ 10/- each

AGM Day, Date & Time:

Wednesday, September 16, 2020 at 3.00 pm

AGM Venue:

Through Video Conferencing (VC)/
Other Audio Visual Means (OAVM)

Contact detail:

T +91 (0)79 6157 2300

Fax +91 (0)79 2571 0406

Email at secretarial@stovec.com

**Delivering
innovative
solutions.**

**Building reliable
standards.**

Innovation is more than a strategy for us. It is a way of life at Stovec and continues to be the driving force behind our reliable quality standards.

As one of the leading names in the textile printing landscape, we deliver the best-in-class solutions to a growing fraternity of customers across the world.

During the year under review, we introduced new products and upgraded the existing ones. We employed the latest technology in our operations that help us meet the dynamic needs of our customers. As we seek to cross new milestones of growth, we continue to focus on expanding our reach and creating value for all with a long-term perspective.

₹4,272.60 Mn

Market capitalisation as on December 31, 2019

₹1,937.05 Mn

Revenue for FY 2019

₹375.98 Mn

EBIDTA for FY 2019

STOVEC INDUSTRIES LIMITED AT A GLANCE



Who we are

Founded in 1973, Stovec Industries Limited (hereafter 'Stovec' or 'The Company') is a subsidiary of the renowned SPGPrints Group. Established in 1947 and head-quartered in Boxmeer, Netherlands, SPGPrints entered textile market in 1953. The group is a leading provider of integrated solutions for rotary screen printing in the textile, label and industrial markets across the globe. Over the years, Stovec has evolved into a global leader in the rotary screen-printing technology.

What we do

Our business is broadly segregated into two segments in the textile printing industry:

- ▶ **CAPITAL GOODS**
- ▶ **CONSUMABLE**

Capital goods comprises rotary printing machines, laser engraving machines, digital printers, whereas, **consumable goods** include rotary textile screens, Anilox rollers, Rota plate, digital inks, lacquers and engraving chemicals.

We are mainly engaged into supply, installation and after sales support of printing machines and development and production of consumables for their use in textile and graphic printing industry. In the non-textile segment, the Company manufactures electroformed products for sugar industry, packaging and graphic printing industry.

1973

Year of inception

233

Employees as on December 31, 2019

Why we exist

Higher Purpose

To set the future standards of printing.

Mission

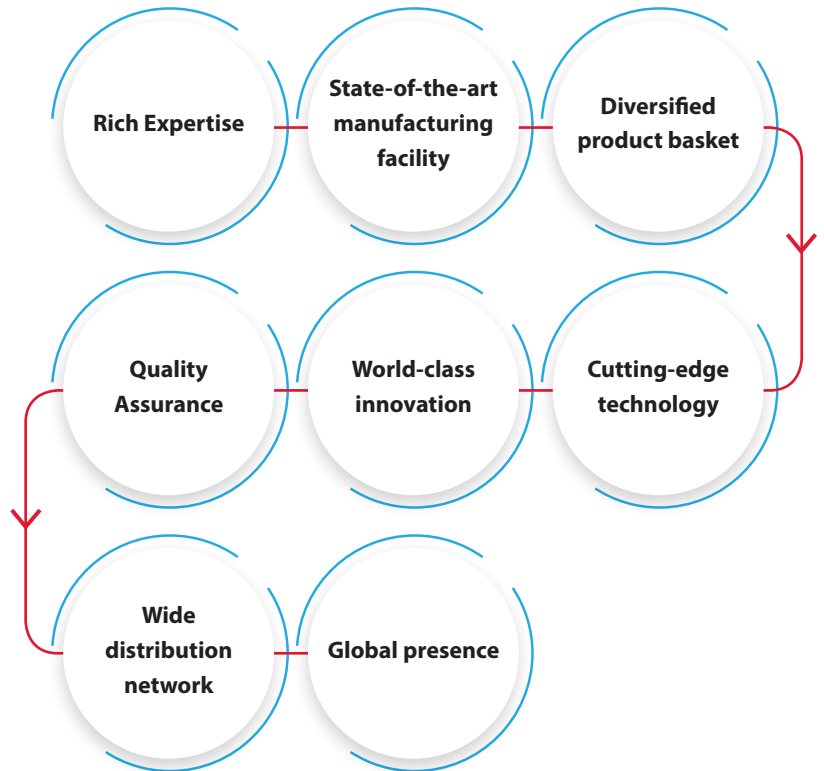
To be the reliable printing partner that leads the market into the future.

Our Brand Promise

All you need in printing.



What differentiates us



Where we operate

With path-breaking technology, quality offerings and wide distribution network, the Company is able to continuously meet the demands of its customers across the globe. Stovec is a part of SPGPrints Group having its headquarter in Boxmeer, Netherlands and SPGPrints operates through its subsidiaries located in USA, Austria, Brazil, China, Mexico, Pakistan and Turkey.

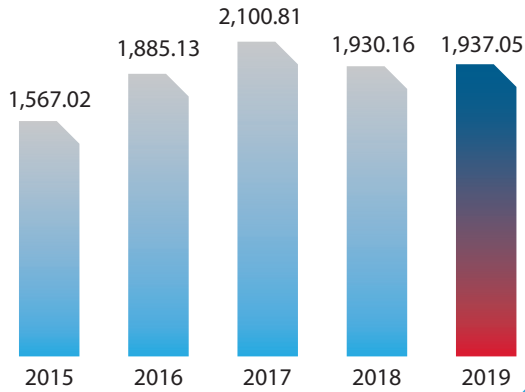


FINANCIAL HIGHLIGHTS

Revenue from Operations

(net of taxes)

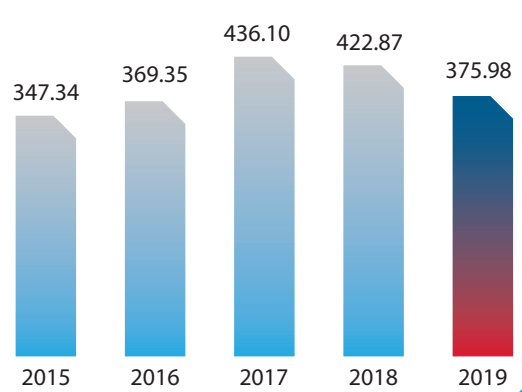
(₹ in Mn)



EBIDTA

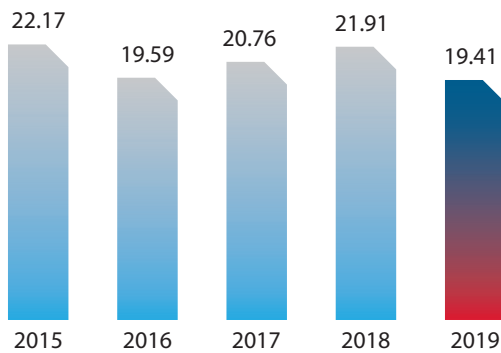
(Before Exceptional Items)

(₹ in Mn)



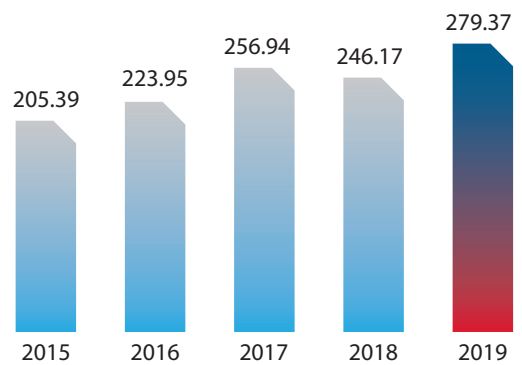
EBITDA Margin

(%)



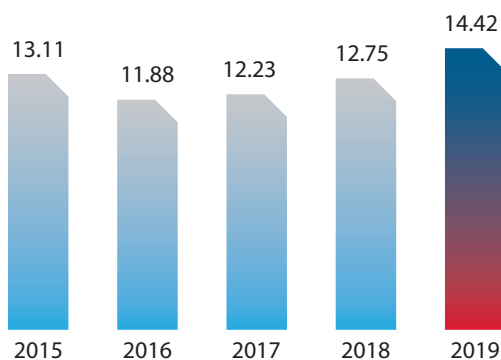
PAT (Before Exceptional Items)

(₹ in Mn)



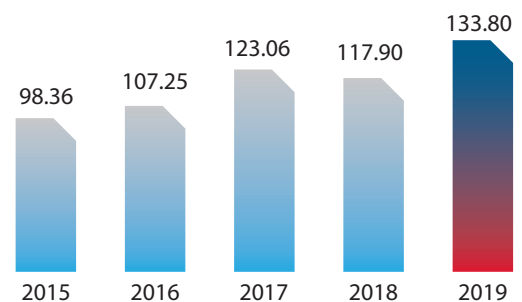
PAT Margin

(%)



Earning Per Share

(₹)



Note: PAT – Profit after Tax

CHAIRMAN'S MESSAGE



Over the past few years, we have built the foundation needed for a modernised textile printing machinery company. Though the year 2019 faced various headwinds, the focused approach of the Company ensured satisfactory performance. With continuous innovation, superior product quality and strong expertise, we are well positioned for a sustainable future.

Dear Shareholders,

We live in exciting times, where technological, economic and geopolitical changes are keeping us on our toes. The global economy witnessed its weakest pace during the year 2019. Intensified trade wars, Brexit delays and weak manufacturing activities in a few emerging markets are largely responsible for the slowdown.

During the year under review, Indian economy witnessed challenges owing to sluggish demand, low private consumption, tighter credit conditions and weakening manufacturing and construction sectors. Irrespective of the economy growing moderately, the textile sector continued to grow at its own pace. The Government has been taking measures such as abolishment of anti-dumping duty on Purified Terephthalic Acid (PTA) and launch of the National Technical Textiles mission among others, which will boost the sector going forward. However, shifting fashion trends, higher operating costs and the requirement of meeting different environmental standards may impede the growth prospect. Despite adversities, Stovec continued to enhance the core strength of its business segments.

I am glad to state that our unmatched expertise in value-engineering will bring distinguished experience for our customers across the globe. During the year 2019, Stovec's revenue from operations increased from ₹ 1,930.16 Mn in FY 2018 to ₹ 1937.05 Mn in FY 2019. The profit before tax stood at ₹ 372.15 Mn during the year.

It is noteworthy to mention that the Company launched unique products during the year, which will further set the benchmark in the textile consumable segment. We re-invented screen technology, while adding new screens in our product portfolio. The Company introduced new Ortascree™ and RandomScreen ECO®, which would serve the evolving needs of our customers by delivering high-quality prints.

Looking ahead

Stovec is well established in the domestic textile printing market for more than four decades now. We see developing trends in even in some low potential markets such as Panipat and Jetpur areas. Besides our primary focus of selling automatic rotary printing machine in the country, we are focused to increase the share of exports in the equipment business as well. With the latest printers and inks, the Company also expects to have a substantial share in the digital printing segment. Our established global performance with capability, trust and confidence of our customers leads us to believe that the future will be encouraging. Our endurance and sustainability rest on our talented workforce, strong know-how and an ability to adapt to the changing environment.

Year 2020 appears to be very different because of COVID-19. Global economy is expected to suffer heavily. The impact is being felt by all businesses around the world. The impact is not only limited to the demand side of the market, but the supply chain also is hampered. Lockdown and social distancing are impacting how businesses conduct their daily work. The pandemic is certainly affecting your company as well. Your company is taking the desired actions including keeping their employees & customers safe and reorienting operations to tide over the crisis.

Finally, I would like to thank our shareholders, customers, employees and the management team for their incredible support to the Company. I would like to extend gratitude to my fellow Board members for their continued guidance in ensuring that Stovec delivers on its action plans. I am optimistic that with our size, heritage and versatility, we shall continue to meet every kind of printing need with quality products, better turn-around time and reliable solutions.

Best wishes,

K.M. Thanawalla
Chairman

RELENTLESS FOCUS ON INNOVATION

Leading to the best-in-class
printing solutions



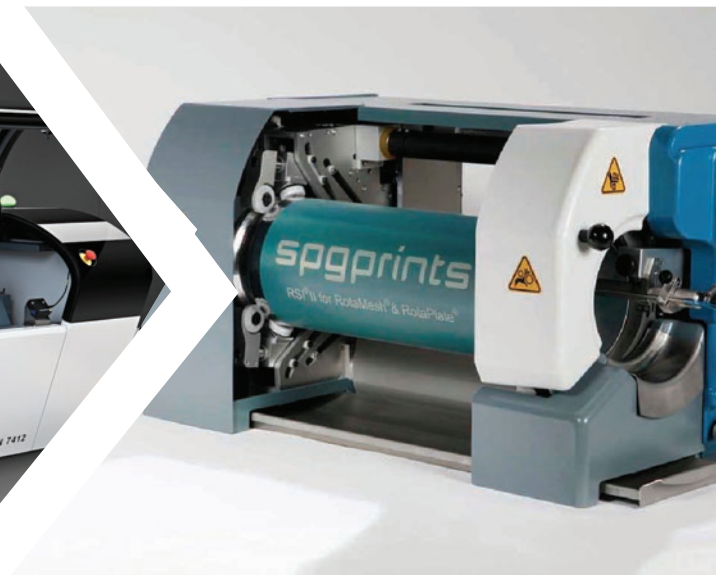
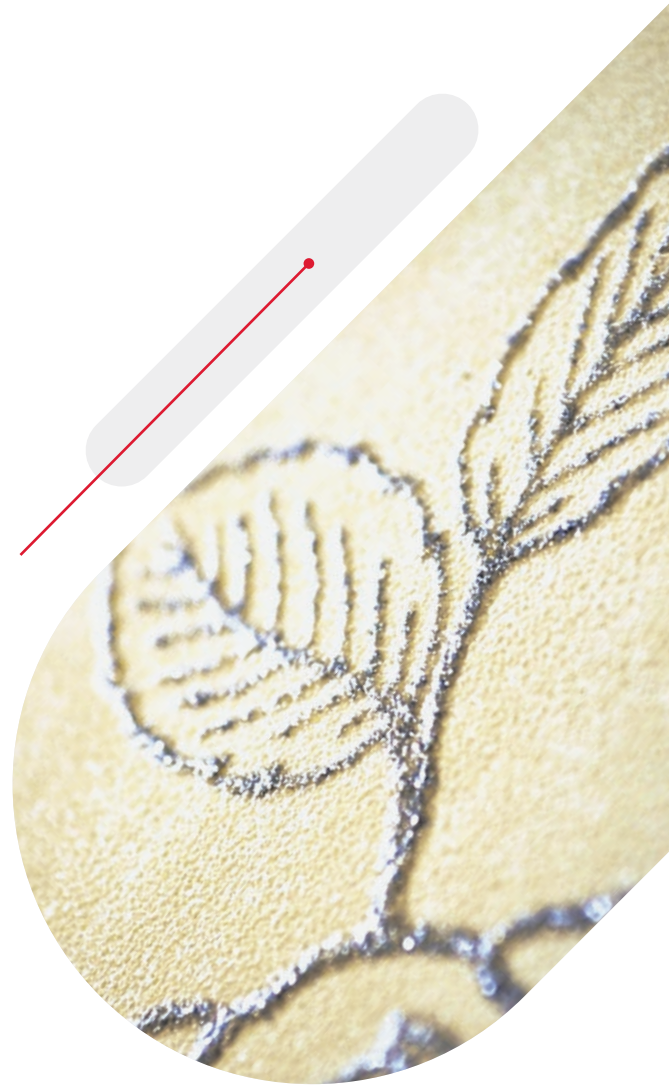
Stovec is at the forefront of leveraging advanced technologies and creating excellent products for the textile, packaging and the graphic printing industry.

Anticipating growing market requirements through our strong market intelligence, we have successfully developed high-quality and reliable rotary printing machines for our customers. During the year, the Company re-invented screen technology in the consumable segment by adding new screens in its product portfolio such as Ortascree™ & RandomScreen ECO®. These come with evenness, definition and high-quality prints to fulfil our customers evolving needs.

Through deep know-how, world-class technology and fully integrated manufacturing facility, Stovec remains one of the largest suppliers of the rotary screen-printing machines globally. As a part of our strategic goals, we are steadily discovering opportunities in tier-1 market and digital printing segment to further expand the market share.

₹3.23 Mn

R&D spend



CORPORATE INFORMATION

Board of Directors

Chairman & Independent Director

Mr. Khurshed M. Thanawalla

Non-Executive Non-Independent Directors

Mr. Dirk W. Joustra

Mr. Eiko Ris

Ms. Sangeeta Sachdev (Upto July 16, 2020)

Independent Directors

Mr. Marco Philippus A. Wadia

Mrs. Kiran Dhingra (w.e.f. April 1, 2020)

Managing Director

Mr. Shailesh Wani

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

Secretarial Auditor

Sandip Sheth & Associates
Company Secretaries, Ahmedabad

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
Phone: +91 79 26465179/86/87, Fax: +91 79 26465179
Email -ahmedabad@linkintime.co.in

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.

Notice

NOTICE is hereby given that the **46th Annual General Meeting** of the members of **STOVEC INDUSTRIES LIMITED** will be held on **Wednesday, September 16, 2020 at 3.00 p.m.** through video conferencing/other audio visual means (**VC/OAVM**) from the registered office of the Company at NIDC, Near Lambha Village, Post Narol, Ahmedabad - 382 405 to transact the following businesses-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended December 31, 2019, together with the Report of the Board of Directors and the Auditor's thereon;
2. To declare dividend on Equity Shares of the Company;
3. To appoint a Director in place of Mr. Eiko Ris (DIN: 07428696), who retires by rotation and being eligible, offers himself for re-appointment;
4. To approve appointment of M/s. S R B C & CO LLP, Chartered Accountants, (FRN 324982E/E300003) as Statutory Auditors of the Company to hold office from the conclusion of the 46th Annual General Meeting of the Company until the conclusion of the 51st Annual General Meeting of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) M/s. S R B C & CO LLP, Chartered Accountants, (FRN 324982E/E300003) be and is hereby appointed as statutory auditors of the Company to hold office for 5 (five) years from the conclusion of 46th Annual General Meeting (AGM) until the conclusion of 51st Annual General Meeting (AGM) of the Company, at such remuneration and applicable taxes plus reimbursement of out-of-pocket expenses in connection with the Audit as may be mutually agreed between the Board of Directors of the Company and the Auditors".

RESOLVED FURTHER THAT any of the Directors and Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary to give effect to the foregoing resolution."

SPECIAL BUSINESS:

5. **To approve re-appointment of Mr. K M. Thanawalla (DIN: 00201749), as an Independent Director of the Company for a second term of 5 (five) consecutive years**

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactments thereof, for the time being in force and basis of recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. K M Thanawalla (DIN: 00201749) aged about 76 years, an Independent Director of the Company, in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years on the Board of the Company with effect from May 7, 2020.

RESOLVED FURTHER THAT any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorised to do necessary filings with the Ministry of Corporate Affairs and Stock Exchanges and to take all steps, action as may be necessary to give effect to the above resolution."

6. **To approve re-appointment of Mr. Marco Wadia (DIN: 00244357), as an Independent Director of the Company for a second term of 5 (five) consecutive years**

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactments thereof, for the time being in force and basis of recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. Marco Wadia (DIN: 00244357), an Independent Director of the Company, in respect of whom the Company

has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years on the Board of the Company with effect from May 7, 2020.

RESOLVED FURTHER THAT any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorised to do necessary filings with the Ministry of Corporate Affairs and Stock Exchanges and to take all steps, action as may be necessary to give effect to the above resolution."

7. To approve appointment of Mrs. Kiran Dhingra (DIN 00425602), as an Independent Director of the Company for a term of 5 (five) consecutive years

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

"**RESOLVED THAT** pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modifications or re-enactments thereof, for the time being in force and basis of recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, Mrs. Kiran Dhingra (DIN 00425602), be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years on the Board of the Company with effect from April 01, 2020.

RESOLVED FURTHER THAT any of the Directors or the Key Managerial Personnel of the Company be and are hereby severally authorised to do necessary filings with the Ministry of Corporate Affairs and Stock Exchanges and to take all steps, action as may be necessary to give effect to the above resolution."

8. To approve payment of Commission to the Independent Directors of the Company

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

"**RESOLVED THAT** pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to the payment of Commission to Independent Directors, on annual basis, in addition to sitting fees and reimbursement of expenses

incurred for attending the meetings of the Board and Committee(s) thereof, within the overall ceiling of 1% (one percent) or such other percentage as may be specified by the Act from time to time in this regards, of the net profits of the Company (computed in the manner provided in Section 198 of the Act), for a period of three financial years commencing from January 1, 2020, with powers to the Board of Director's or its Committee(s), to decide such variable payment of commission from time to time to Independent Directors, as they may deem fit, within the above referred overall ceiling of 1% for the commission."

9. To approve payment of commission to Mr. K. M. Thanawalla, Chairman (Independent Director) for the financial year 2019, which may exceed fifty per cent of the total Commission payable to all the Independent Directors of the Company

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

"**RESOLVED THAT** pursuant to Regulation 17(6)(ca) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof for the time being in force and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the approval of Members of the Company at the 43rd Annual General Meeting, approval of the Members of the Company be and is hereby accorded for payment of Commission to Mr. K. M. Thanawalla for the financial year 2019 exceeding fifty per cent of the total Commission that may be payable to all Independent Directors for the financial year 2019.

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

10. To ratify remuneration of Cost Auditors of the Company for the financial year 2020

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1,25,000/- (Rupees One Lakhs Twenty-Five Thousand Only) plus applicable taxes and re-imbursalment of out-of-pocket expenses payable to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as Cost Auditors of the Company,

to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the Financial Year ending December 31, 2020.

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

NOTES:

- In view of the massive outbreak of the COVID-19 pandemic, Ministry of Corporate Affairs vide its Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 ('MCA Circulars'), inter alia, permitted companies to hold their AGM through video conferencing (VC) or other audio visual means (OAVM) following the procedure prescribed therein, whereby physical attendance of the Members to the AGM venue shall not be required. Therefore, the Company is providing facility to attend and participate in the AGM through VC/OAVM. Thus, Members can attend and participate in the meeting through VC/OAVM following the instructions given in the notice.
- In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014 read with the said MCA Circulars, the Annual Report of the Company is being sent through email only to the members whose email address are registered with the Company/Depositories, as the case may be. Member(s) however, are entitled to receive 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 2019 together with the Notice of 46th Annual General Meeting is also available on the website of the Company viz. www.stovec.com.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories, the following instructions to be followed:

- Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents for registering Email/Bank detail and submit.
- Post successful registration of the email, the member would get soft copy of the notice and Annual Report of the Company. In case of any queries, member may write to ahmedabad@linkintime.co.in.
- It is clarified that for permanent registration of email address, members are required to register their email

addresses, in respect of electronic holdings with their concerned Depository Participants and in respect of physical holdings, with the Company's Share Transfer Agent i.e. 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, Phone: +91 79 26465179/86/87, Email-ahmedabad@linkintime.co.in, by following due procedure.

- Members may also update their bank details by following instruction set out in (i) above.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
 - Pursuant to Sections 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund ("IEPF") established by the Central Government. During the year, the Company has transferred unclaimed dividend amount pertaining to the financial year 2011 & 2012 to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2013 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 Affairs website at <http://www.iepf.gov.in/>.

Financial Year	Interim/Final Dividend	Tentative Date of transfer to IEPF
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 2, 2025
2018	Final Dividend	June 9, 2026

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. During the year, Company had sent individual intimation to all such shareholders whose dividend has not been paid or claimed for any year during the seven consecutive years requesting them to claim their Dividend before the due date of transfer

failing which their shares were transferred to the IEPF and no claim shall lie against the Company on the shares so transferred. The Shareholders 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 September 10, 2020 to September 16, 2020 (both days inclusive). If the dividend on equity shares, as recommended by the Board of Directors is declared at the 46th Annual General Meeting, payment of such dividend will be made on or before its due date to the shareholders whose names appear in the Register of Members as on **September 9, 2020** upon close of business hours.
6. As mandated by the SEBI Listing Regulations, Company will remit dividend electronically by RTGS/National Electronic Clearing System (NECS)/National Automated Clearing House (NACH) etc. to the bank account registered with the Company. 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. Alternatively, members can follow the below instruction for updating bank details in the Company's record through RTA -
Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit.
7. Members holding shares in dematerialised 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.
8. In terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief profile of Director(s) seeking appointment/re-appointment at the 46th Annual General Meeting, is annexed and forms integral part of the Notice.
9. 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 dematerialised 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.
10. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 securities of listed entities can only be transferred in dematerialised form with effect from April 1, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form in order to avoid inconvenience in future.
11. All documents referred to in the accompanying notice and explanatory statement are open for inspection electronically.
12. Members who are holding shares in more than one folio in identical manner are requested to consolidate their holdings in one folio.
13. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting.
14. The Company has depository connectivity for holding share in demat/electronic form and therefore equity shares of the Company can 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 convert their holding into dematerialized form to eliminate risks associated with physical shares. Members can contact Company's Registrar and Share Transfer Agent for assistance in this regard.
15. 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.
16. **INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MEANS AND ATTENDING MEETING THROUGH VC**
 - a) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the

Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting and e-voting during the meeting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- b) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- c) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- d) Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- e) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.stovec.com. The Notice can also be accessed from the websites of the Stock

Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the meeting) i.e. www.evotingindia.com.

- f) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on **September 13, 2020 @ 9.00 hours (IST)** and ends on **September 15, 2020 @ 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 September 9, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first-time user follows the steps given below:

	For Shareholders 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) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number, which is communicated by e-mail, 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. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <STOVEC INDUSTRIES LIMITED> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to RTA at ahmedabad@linkintime.co.in.
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to RTA at ahmedabad@linkintime.co.in .

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / iPad for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ask questions during the meeting may**

register themselves as a speaker by sending their request in advance at least (3) three days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@stovec.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance Seven days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@stovec.com. The queries will be replied suitably by the Company.

- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER: -

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

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: August 13, 2020

Place: Ahmedabad

- 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 scrutiniser to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the email address viz; secretarial@stovec.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

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

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

By **Order of the Board of Directors,**

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. 4 to 9 of the Notice is annexed hereto and forms part of this Notice.

ITEM NO. 4

M/s. S R B C & CO LLP, Chartered Accountants, (FRN 324982E/E300003), was appointed as the Statutory Auditors of the Company by the members resolution passing through postal ballot on July 28, 2020 filling the casual vacancy caused by the resignation of former auditor viz. Deloitte Haskins & Sells LLP, to hold office till the conclusion of this Annual General Meeting. Based on the recommendation of the Audit Committee and conformation received from M/s. S R B C & CO LLP, on their eligibility, the Board recommends to the members for their appointment as the Statutory Auditors of the Company for a period of five years, from the conclusion of the 46th Annual General Meeting till the conclusion of 51st Annual General Meeting of the Company to be held in the year 2025.

M/s. S R B C & CO LLP, Chartered Accountants, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Terms and Conditions of Appointment are as under:

Term of Appointment: 5 year from the conclusion of this AGM until the conclusion of 51st AGM

Proposed Fees: The proposed audit fee for the first year shall be ₹ 24.00 Lakhs (Rs. Twenty-Four Lakhs only) plus applicable taxes, and reimbursement of out-of-pocket expenses to be incurred by them in connection with the statutory audit of the Company. The proposed fee is based on knowledge, expertise, industry experience, time and efforts required to be put in by M/s. S R B C & CO LLP during their association with the Company and also in line with the industry benchmarks. There is no material change in the fee payable to M/s. S R B C & CO LLP from that paid to the former auditor. The fees for other services such as certifications and other professional work will be in addition to the audit fee as above and will be decided by the management in consultation with the Auditors..

Credentials

M/s S R B C & CO LLP, (FRN 324982E/E300003), ("the Audit Firm"), is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Audit Firm was established in the year 2002 and is a limited liability partnership firm ("LLP") incorporated in India. It has registered office at 22, Camac Street, Kolkata and has 11 branch offices in various cities in India. All the constituent firms of SRB are member firms in India of Ernst & Young Global ('EYG').

The Audit Firm has valid Peer Review certificate and is part of S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

The documents in relation to the transaction can be inspected electronically.

None of the Directors, Key Managerial Personnel and their relatives is in any way, concerned or interested in the said resolution.

ITEM NO. 5 & 6

Mr. K. M. Thanawalla and Mr. Marco Wadia had been appointed by the Company as Independent Directors of the Company for a term of 5 consecutive year at the AGM held on May 7, 2015 and whose current term expires on May 6, 2020, and pursuant to Section 149(10) of the Act, they are eligible for re-appointment for a second term of five years on passing of a special resolution by the Company.

On the recommendation of Nomination & Remuneration Committee and based on report of their performance evaluation, the Board of Directors of the Company at their meeting held on February 25, 2020 approved the re-appointment of the above Independent Directors of the Company for a second term of five consecutive years with effect from May 7, 2020. The Company has also received consent letters and declaration of independence from such Directors for their re-appointment.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Act and the Rules made thereunder and listing regulations, for appointment as Independent Directors and they are independent of the management.

Pursuant to Regulation 36(3) of Listing Regulations the brief profile of Mr. K. M. Thanawalla and Mr. Marco Wadia are provided separately in this Notice. The Board of Directors is confident that their knowledge and experience will be of immense value to the Company and hence recommends the respective Resolutions for the approval of Members.

Further, in terms of Regulation 17 of the Listing Regulations, a non-executive director who attains the age of seventy-five years, shall not be appointed/continue his directorship as a non-executive director, unless such appointment is approved by the members by special resolution. Mr. K M Thanawalla who aged about 76 years, falls into the ambit of this provision and accordingly the approval of the members is also sought for by way of passing special resolution to this regard.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the reappointment of above directors as an Independent Directors of the Company for a second term is placed before the Members in general meeting for their approval.

Mr. K M Thanawalla and Mr. Marco Wadia both are not related to any Directors or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and their relatives except Mr. K M Thanawalla and Mr. Marco Wadia, are in any way concerned or interested, financially or otherwise, in the respective resolution related to their appointment.

ITEM NO. 7

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Ms. Kiran Dhingra (DIN: 00425602), as an Additional Director in the Independent Category on the Board of the Company for a term of 5 consecutive years with effect from April 01, 2020, who holds office up to the date of this Annual General Meeting. The Company has also received a consent letter and declaration of independence from her to act as Independent Director of the Company.

In the opinion of the Board, she fulfills the conditions specified in the Act and the Rules made thereunder and listing regulations, for appointment as Independent Director of the Company and she is independent of the management.

Mrs. Kiran Dhingra is MA in English Literature from the University of Meerut, UP. and a retired IAS Officer with almost 38 years of distinguished civil service with the distinction of being one of the longest serving officers at the rank of Secretary to the Government of India.

Before her retirement in the rank and scale of Secretary and Additional Secretary to Government of India, she had been Secretary to the Government of India in various Ministries including the Ministry of Textile, Govt. of India and also Chief Secretary to the Government of Goa. She has held positions in several fields - the development sector, the social, the infrastructural, industrial, environmental as well as the regulatory sectors - and therefore carries with her a vast store of well-grounded experience of administration, governance, planning and policy making, personnel matters and legislative writing.

She is on the Board of various other Companies including listed companies and also holds Directorship on the Board of Governors of the Goa Institute of Management, Goa, one of the top-ranking management institutes of the country, since January 2018 and her brief profile is provided in this Notice.

The Board of Directors is of opinion that she is a person of integrity and possesses all relevant expertise and experience. Board is confident that her knowledge and experience will contribute be of immense value to the Company and hence recommends the Resolution for the approval of Members.

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

None of the Directors, Key Managerial Personnel and their relatives except herself is in any way concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 8

In terms of Section 197 of the Companies Act, 2013 approval of the Members is not required for the payment of commission to the non-executive directors up to 1% of the net profits of the Company. However, as per Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, compensation and disclosures, all fees / compensation, payable to non-executive directors (includes Independent Director) requires approval of the Members by means of an ordinary resolution.

Considering the present dynamic business environment and good corporate governance, Independent Directors are playing a more pro-active role alongwith greater involvement in Board's decision-making process. It is therefore Company to appropriately compensate for their contributions. In view of this, the Board of Director, subject to the approval of Members in General Meeting, proposed to remunerate the Independent Directors by way of Commission and accordingly approval of Members is hereby sought by way of an Ordinary resolution for the payment of Commission to Independent Directors for a period of three financial years commencing from January 1, 2020. The Commission shall be in addition to the payment of sitting fees and reimbursement of expenses incurred for attending the meetings of the Board of Directors of the Company and Committee(s) thereof.

The Board of Directors recommends the resolution for the approval of Members.

Mr. K. M. Thanawalla and Mr. Marco Wadia, Independent Directors and their relatives are deemed to be interested in the resolution, to the extent of the remuneration that may be received by them. None of the other Directors, Key Managerial Personnel and their relatives, are in anyway concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 9

In terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 listed entity is required to obtain the approval of Members of the Company by way of Special Resolution for payment of remuneration to a single non-executive director exceeding 50% of the total remuneration payable to all non-executive director.

In the opinion of the Board of Directors of the Company, Mr. K. M. Thanawalla is a person of high repute and have a rich experience of over 5 decades in textile industry. His in-depth knowledge of the textile industry and strategic guidance has helped the Company to grow year by year and his continued guidance would be of immense benefit to the Company.

The payment of commission to Independent Directors was approved by the Members of the Company in the 43rd Annual General Meeting for a period of three financial years commencing from January 1, 2017 with powers to Board or Committee thereof to decide from time to time the percentage of net profit of each financial year to be paid as commission to the Independent

Directors. The Board is of the view that the commission payable to Mr. K. M. Thanawalla for the financial year 2019 may exceed fifty percent of the total commission payable to all Independent Directors of the Company and thus it is necessary to take approval of shareholders by way of special resolution.

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

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

ITEM NO. 10

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, 2020.

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. 10 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, 2020, 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 for the approval of Members.

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

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. Eiko Ris	Mr. K. M. Thanawalla
Director Identification Number	07428696	00201749
Date of Birth	October 17, 1958	December 24, 1942
Nationality	Dutch	Indian
Date of Appointment	March 12, 2019	January 28, 2005
Expertise in specific functional areas	Finance & General Management	Marketing and General Management
Qualifications & experience	<p>He holds the degree of MsC (RA) from the Netherlands Institute of Registrar Accounts He has rich experience of about four decades in finance.</p>	<p>He is a commerce graduate from the Bombay University, fellow of The Institute of Chartered Secretaries & Administrators, London, UK and Fellow of The British Institute of Management. He is also an Associate of The Textile Institute, U.K. He has over 4 decades of experience in establishing and managing green field projects across the spectrum of the textiles, shipping, trading and other industries in India, E. Africa and S.E. Asia.</p> <p>He has been closely associated with many Government and Business Bodies from as early as 1970. Between 1975 and 1982 he was an active member of The Kenya Government Textile Industry Standards Committee. In 1989 he represented India on the International Standards Organisation Committee on Textile Machinery where he was responsible for the preparation of ISO Standards for Textile Machinery. In 2011 Mr. Thanawalla has been nominated on the Panel of Experts for formulating and drafting the textile machinery and components section of the 11th Five Year Plan. He was the President- Swiss India Chamber of Commerce - India (West) from 2015 till 2017.</p> <p>Mr. Thanawalla is on the Board of various other Companies also.</p>
Terms and conditions of appointment/re-appointment	Non-Executive Director liable to retire by rotation.	Independent Director, Re-appointment for a second term of five consecutive years and shall not be liable to retire by rotation
Remuneration to be paid	None	Eligible for sitting fees and commission, if any, as approved.
Details of relationship with other Directors, Manager and Key Managerial Personnel of the Company	None	None
Details of shares held in the Company	Nil	Nil
No. of Board Meetings attended during the FY 2019	2 (Two)	6 (Six)
List of companies in which directorship held as on December 31, 2019	None	<p>Listed</p> <ol style="list-style-type: none"> 1) GMM Pfaulder Limited <p>Unlisted</p> <ol style="list-style-type: none"> 2) Ahura Holdings Private Limited 3) Behr Bircher Cellpack BBC India Private Limited 4) Capricorn Financial Services Private Limited 5) Galaxy Securities Private Ltd. 6) Hilti Manufacturing India Private Limited 7) Nysa LPG Logistics Private Limited 8) Nysa Marine Services Private Limited. 9) Oerlikon Textile India Private Limited 10) Pallas Gas Carriers Private Limited. 11) Pallas Gas Shipping Private Limited 12) PT Mitra Bahari Raya, Indonesia 13) Saffron Finvest and Trading Private Limited
Chairman/Member of the Committees of other public Companies as on December 31, 2019 (includes Audit Committee and Stakeholders' Relationship Committee only)	None	None

Name of Director	Mr. Marco Wadia	Mrs. Kiran Dhingra
Director Identification Number	00244357	00425602
Date of Birth	January 30, 1956	January 12, 1953
Nationality	Indian	Indian
Date of Appointment	May 21, 1999	April 1, 2020
Expertise in specific functional areas	Law & Legal	Administration, governance, planning and policy making, personnel matters and legislative writing, Deep knowledge of Textile Industry
Qualifications & experience	<p>He is B.A. (Hons), L.L.B. and practicing Advocate since 1986. Currently, he, is a partner in Crawford Bayley & Co., Advocates and Solicitors. He has about three decades of experience in the legal profession having specialised in corporate matters, Business and Law, Corporate planning & strategy and mergers and acquisitions etc. He is also on the Board and Committees of various other companies including as Independent Director in listed entities.</p>	<p>Mrs. Kiran Dhingra is MA in English Literature from the University of Meerut, UP. and a retired IAS Officer with almost 38 years of distinguished civil service with the distinction of being one of the longest serving officers at the rank of Secretary to the Government of India.</p> <p>Before her retirement, she had been Secretary to the Government of India in various Ministries including the Ministry of Textile, Govt. of India and also Chief Secretary to the Government of Goa. She has held positions in several fields - the development sector, the social, the infrastructural, industrial, environmental as well as the regulatory sectors - and therefore carries with her a vast store of well-grounded experience of administration, governance, planning and policy making, personnel matters and legislative writing.</p>
Terms and conditions of appointment/re-appointment	Independent Director, Re-appointment for a second term of five consecutive years and shall not be liable to retire by rotation	Appointment as Independent Director of the Company for a term of five consecutive years and shall not be liable to retire by rotation
Remuneration to be paid	Eligible for sitting fees and commission, if any, as approved.	Eligible for sitting fees and commission, if any, as may be approved.
Details of relationship with other Directors, Manager and Key Managerial Personnel of the Company	None	None
Details of shares held in the Company	3700	Nil
No. of Board Meetings attended during the FY 2019	6 (Six)	NA
List of companies in which directorship held as on December 31, 2019	<p>Listed</p> <ol style="list-style-type: none"> 1) Chambal Fertilisers and Chemicals Limited 2) Gobind Sugar Mills Limited 3) Jost's Engineering Co. Limited 4) Zuari Agro Chemicals Limited 5) Zuari Global Limited <p>Unlisted</p> <ol style="list-style-type: none"> 6) Amphenol Interconnect India Private Limited 7) Amphenol Omniconnect India Private Limited 8) Amphetronix Offset Interconnect Solutions Private Limited 9) Indian Register of Shipping 10) Johnson & Johnson Private Limited 11) Paradeep Phosphates Limited 12) Simon India Limited 	<p>Listed</p> <ol style="list-style-type: none"> 1) Goa Carbon Limited 2) Astra Microwave Products Limited 3) Zuari Agro Chemicals Limited <p>Unlisted</p> <ol style="list-style-type: none"> 4) Paradeep Phosphates Ltd 5) Indian Register of Shipping
Chairman/Member of the Committees of other public Companies as on December 31, 2019 (includes Audit Committee and Stakeholders' Relationship Committee only)	<ol style="list-style-type: none"> 1) Chambal Fertilisers & Chemicals Limited. 2) Gobind Sugar Mills Limited 3) Paradeep Phosphates Limited 4) Simon India Limited. 5) Zuari Agro Chemicals Limited 6) Zuari Global Limited 	<ol style="list-style-type: none"> 1) Goa Carbon Limited 2) Zuari Agro Chemicals Limited 3) Paradeep Phosphates Ltd

Director's Report

TO THE MEMBERS

Your Directors are pleased to present the 46th Annual Report and the Audited Financial Statement of the Company for the year ended December 31, 2019.

1. FINANCIAL RESULTS AND PERFORMANCE OVERVIEW

(₹ In Millions)

Particulars	Current Year 31.12.2019		Previous Year 31.12.2018	
Revenue from Operations (net)	1937.05		1930.16	
Other Income	54.85		59.74	
(a) Total Income:		1991.90		1989.90
(b) Total Expenditure:		1575.64		1535.30
Gross Profit before Depreciation and Amortisation expenses		416.26		454.60
Less: Depreciation & Amortisation expenses		44.10		52.52
Profit Before Exceptional Items and Tax		372.16		402.08
Add: Exceptional items		-		141.08
Profit before tax		372.16		543.16
Less: Current Tax	96.21		158.96	
Deferred tax	(3.45)		(3.05)	
(Excess)/Short provision of income tax of earlier years (Net)	0.03	92.79	-	155.91
Profit After Tax		279.37		387.25
Add: Profit brought forward from previous year		1122.62		827.56
Effect on account of adoption of Ind AS 115 from January 1, 2019		(0.69)		-
Dividend on equity shares (Refer Note below)		(114.84)		(75.17)
Tax on Dividend		(23.61)		(15.45)
Remeasurement gains/(losses) on defined benefit plans (net of tax)		(3.16)		(1.57)
Profit available for appropriation		1259.69		1122.62
Profit carried forward to Balance Sheet		1259.69		

During the year, your Company has achieved standalone revenue from operations of ₹ 1,937.05 million as compared to ₹ 1,930.16 million in previous year, with a modest growth under challenging business circumstances and Operational Profit (PBT) stood at ₹ 372.16 million as compared to 402.08 million in previous year.

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

2. RESERVES AND SURPLUS:

The Company has not transferred any amount to General Reserves for the FY 2019.

3. DIVIDEND:

Considering the Company's financial performance, the Board of Directors have recommended payment of Final Dividend of ₹ 60/- per equity share of ₹ 10/- each (i.e. 600%) for the financial year ended on December 31, 2019 subject to the approval of Members in the 46th Annual General Meeting of the Company.

4. 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.

5. FIXED DEPOSITS

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

6. CORPORATE GOVERNANCE & MDA

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.

7. 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.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Khurshed. M. Thanawalla (DIN: 00201749) and Mr. Marco Wadia (DIN: 00244357) were appointed as Independent Director of the Company for a term of 5 consecutive years by the Members at the 41st Annual General Meeting held on May 7, 2015. On the recommendation of Nomination & Remuneration Committee and based on the performance evaluation report, the Board of Directors of the Company at their meeting held on February 25, 2020 has considered and approved the re-appointment of the above Independent Directors of the Company for their second term of 5 (five) consecutive years with effect from May 7, 2020 and accordingly recommended to the members of the Company in the notice of Annual General Meeting. The Company has also received consent letters from such Directors for their said re-appointment as per the requirement of the Act. The abovenamed Independent Directors have furnished declarations to the Company, confirming that they meet the criteria of Independence as prescribed for Independent Directors under Section 149 (6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Resolutions for their appointment have been proposed for approval of Members in the Notice of convening 46th AGM.

Mr. Eiko Ris (DIN: 07428696), who retires by rotation and being eligible, offers himself for re-appointment. The Board recommend his appointment in the notice of AGM.

On the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on February 25, 2020 has approved the appointment of Mrs. Kiran Dhingra (DIN 00425602) as an additional director of the Company in the women Independent Director category with effect from April 01, 2020 for a term of five consecutive years, who shall hold office up to the date this annual general meeting. The Company has received consent letter and other required disclosures/declarations from Mrs. Kiran Dhingra in respect of her appointment as Independent Director of the Company as per the requirement of the Act and Listing Regulations. Resolution for her appointment has been proposed for approval of Members in the Notice of convening 46th AGM.

Mrs. Sangeeta Sachdev (DIN: 08118379), Non-Executive Director, ceased to be the Director of the Company in terms of Section 167(1)(b) of the Companies Act, 2013 with effect from July 16, 2020.

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

9. BOARD MEETING

During the financial year ended December 31, 2019, six 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 have been complied with.

10. PERFORMANCE EVALUATION

Performance evaluation of non-Independent Directors, Independent Directors, the Board as a whole and Committees of the Board has been carried out in accordance with the statutory provisions as contained in the Act and Listing Regulations. The details of Annual Performance Evaluation of Individual Directors including Chairperson, Board of Directors and Committees of Board of Directors are mentioned in the Corporate Governance Report.

11. 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.

12. BUSINESS RESPONSIBILITY REPORT (BRR)

SEBI vide Notification No. SEBI/LAD-NRO/GN/2019/45 dated December 26, 2019 had mandated top 1000 listed entities, based on market capitalization, to include BRR in the annual report of the Company. Your Company is one of the top 1000 listed entities as per list of BSE Top 1000 listed entities based on their market cap, it is pleased to present its first BRR for the FY 2019 in the SEBI prescribed format which forms part of this annual report as **Annexure -V**.

13. 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 VI** forming part of this Report.

14. 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 and the Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company with reference to the Financial statement, 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.

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

15. 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 appended as **Annexure VII** to this report.

16. 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 VIII**.

All the RPTs were placed before the Audit Committee for its approval and the Committee had granted its prior approval/omnibus approvals, as the case may be, for all RPTs considering their nature. The Audit Committee reviewed, on a quarterly basis, RPTs entered into by the Company to which omnibus approval was granted by the Committee. The Company has framed a policy on RPTs for the purpose of identification, approval and monitoring of such transactions. The policy on Related Party Transactions is hosted on the Company's website at www.stovec.com.

17. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

There were no loans given or security provided falling under Section 186 of the Act. However, statement providing particulars of Investments made under section 186 is provided in note no. 5 of Notes to the Standalone Financial Statements.

18. 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.

19. 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.

20. 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, 2019, 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, 2019 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, 2019, 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.

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

The Company has in place a Policy on Prevention of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at

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

- a. Number of complaints filed during the financial year - Nil
- b. Number of complaints disposed of during the financial year - Nil
- c. Number of complaints pending as on end of the financial year - Nil

22. AUDITORS AND AUDITORS REPORT

STATUTORY AUDITORS

M/s. S R B C & CO LLP, Chartered Accountants (FRN 324982E/E300003), has been appointed as the Statutory Auditors of the Company by the members passing the resolution on July 28, 2020 through postal ballot filling the casual vacancy caused by the resignation of M/s. Deloitte Haskins & Sell LLP to hold office upto the date of this AGM. The Audit Committee and Board further recommended the appointment of M/s. S R B C & CO LLP, as the auditor of the Company for a term of 5 (five) years to hold office from the conclusion of ensuing 46th AGM till the conclusion of 51st AGM to be held in the year 2025.

M/s. S R B C & CO LLP have conveyed their consent and eligibility to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013. Therefore, resolution to the appointment of M/s. S R B C & CO LLP, Chartered Accountants, as the Statutory Auditor of the company has been proposed to the members of the Company in the notice of convening AGM of the Company.

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 cost records are made and maintained by the Company as specified by Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

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 FY 2020, at a remuneration as mentioned in the Notice convening the 46th 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 ratifying remuneration payable to Cost Auditors forms part of the Notice convening 46th Annual General Meeting of the Company and the same is recommended for the consideration and approval of Members.

SECRETARIAL AUDIT & SECRETARIAL COMPLIANCE REPORT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (LODR) Amendment Regulation, 2018, the Company has appointed/engaged M/s Sandip Sheth & Associates, Practising Company Secretaries (COP No. 4354), for conducting Secretarial Audit & Secretarial Compliance Report of the Company for the financial year ended on December 31, 2019 and the same are annexed to this report as **Annexure-IX**.

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, Practising Company Secretaries, Secretarial Auditors in their secretarial audit report and therefore need not require any comments under section 134(3)(f) of the Act.

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

23. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE 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.

24. 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.

25. PARTICULARS OF EMPLOYEES

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

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, on any working day of the Company (i.e. except Saturday, Sunday and Public Holidays) up to the date of the 46th Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary of the Company.

26. 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

K.M. Thanawalla

Chairman

DIN: 00201749

Date : August 13, 2020

Place: Mumbai

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

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

A. Conservation of Energy

(i)	The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> • Utility equipment (such as HWG, Compressors, cooling tower) operating set points are re-adjusted to achieve optimised level of energy consumption. • Planned & replaced old inefficient equipment with energy efficient ones to improve efficiency, • Kept operating voltage at optimum levels that enhanced Nickel bath efficiency. • Maintained & improved power factor by installing additional capacitor banks. • Followed regular practice of kept replacing old inefficient lighting fixtures with LED lighting fixture. • Ensured healthy level of energy efficiency of all the plant machinery by following effective preventive maintenance practices.
(ii)	The steps taken by the Company for utilising alternate sources of energy.	Company time to time keep evaluating feasibility of utilising various available options in market for alternate energy.
(iii)	The capital investment on energy conservation equipment's	<ul style="list-style-type: none"> • Some inefficient rectifiers are replaced with new efficient versions. • New designed ecofriendly energy efficient process equipment & LED lights are installed while upgrading old production plant.

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	<ul style="list-style-type: none"> • 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)	Not Applicable
	(a) the details of technology imported;	
	(b) the year of import;	
	(c) whether the technology been fully absorbed;	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Amount (in ₹)
Earnings in foreign exchange from Goods and Services exported, Commission etc.	32,87,79,898
Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc.	78,13,60,829

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 as amended ("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	*Outside Directorship	**No. of Committee positions held outside	
			Member	Chairman
Mr. K M Thanawalla (DIN: 00201749)	Non-Executive & Independent (Chairman)	13 (Thirteen)	0	0
Mr. Marco Wadia (DIN: 00244357)	Non-Executive & Independent	12 (Twelve)	4	5
Mr. Dirk Wim Joustra (DIN: 00481154)	Non-Executive & Non-Independent	-	-	-
Mrs. Sangeeta Sachdev (DIN: 08118379)	Non-Executive & Non-Independent	-	-	-
Mr. Eiko Ris (DIN: 07428696)	Non-Executive & Non-Independent	-	-	-
Mr. Shailesh Wani (DIN: 06474766)	Executive (Managing Director)	-	-	-

*Please refer annexure to the Notice of the AGM for names of listed entities where the directors are holding directorship

**Includes Audit Committee and Stakeholders' Relationship Committee only in all public companies.

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

The Board met 6 (Six) times during the year i.e. February 14, 2019, April 05, 2019, May 09, 2019, July 17, 2019, August 13, 2019 and November 05, 2019 and maximum time gap between any two consecutive meetings was not more than 120 days. None of the Directors is a Director in more than 20 Companies or more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. None of the Executive Directors act as Independent Director of more than 3 listed entities. None of the Directors is a member in more than 10 Committees or is Chairperson of more than 5 Committees amongst the Companies in which he/she hold directorships. The attendance record of the Directors at the Board as well as Annual General Meeting are as follows-

DETAILS OF THE BOARD MEETINGS, ATTENDANCE AND SHAREHOLDING OF DIRECTORS

Directors	No of Board Meetings held	No of Board Meetings attended	Attendance at the last AGM	No. of Shares held	% of total shares of the Company
Mr. K. M. Thanawalla	06	06	Yes	Nil	Nil
Mr. Marco Wadia	06	06	Yes	3700	0.177
Mr. Dirk Wim Joustra	06	01	No	Nil	Nil
Mr. Guillaume Cornelis Gerardus Roncken (Ceased to be Director w.e.f. 12.03.2019)	06	01	No	Nil	Nil
Mr. Eiko Ris (Appointed as Director w.e.f 12.03.2019)	06	02	Yes	Nil	Nil
Ms. Sangeeta Sachdev	06	01	Yes	Nil	Nil
Mr. Shailesh Wani	06	06	Yes	Nil	Nil

DISCLOSURE OF EXPERTISE OR SKILLS OF DIRECTORS

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

Sr.	List of core skills/expertise/ competence	Availability as on December 31, 2019
a)	Knowledge of the Manufacturing sector and Textile Industry	✓
b)	General Business Understanding, Administration and management	✓
c)	Sales and Marketing Functions	✓
d)	Business Strategy Formation	✓
e)	Corporate Strategy/Restructuring	✓
f)	Finance, Accounting and Costing	✓
g)	Legal, Regulatory Compliance	✓
h)	Corporate Governance	✓
i)	Human Resource Management	✓
j)	Risk Management and Mitigation Planning	✓

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

The disclosure regarding appointment/re-appointment of Directors has been given under Sr. No. 8 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 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 or re-appointment of such 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.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarisation programme was organised for Independent Directors on November 5, 2019. The details of familiarisation Programme is available at the website of the Company www.stovec.com at <https://www.spgpprints.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 utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (xviii) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xix) To look into the reasons for substantial defaults in the payment to the depositors, if any, debenture holders, if any, shareholders (in case of non-payment of declared dividends) and creditors;
- (xx) To review the functioning of the Whistle Blower/Vigil Mechanism; Details of establishing the Vigil Mechanism have been disclosed on the Company's website and in the Director's Report;
- (xxi) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xxii) To review the financial investments, in particular, the investments made by the unlisted subsidiary company;
- (xxiii) Other matters as may be prescribed from time to time to be dealt with or handled by the Audit Committee pursuant to provisions of the Companies Act, 2013, the Rules framed thereunder, the Listing Regulation and the guidelines, circulars and notifications issued by Securities and Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") from time to time.
- (xxv) Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (xxiv) 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 FY 2019 are given below:

Directors	Position held in Committee	Independent/Executive/ Non-Executive	No. of Meeting 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. February 14, 2019, April 05, 2019, May 09, 2019, August 13, 2019 and November 05, 2019.

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.
- Whether to extend or continue the term of appointment of the independent director.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

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 FY 2019 are given below:

Directors	Position held in Committee	Independent/Executive/Non-Executive	No. of Meeting held	No. of Meetings attended
Mr. Marco Wadia	Chairman	Independent & Non-Executive Director	02	02
Mr. K M Thanawalla	Member	Independent & Non-Executive Director	02	02
*Mr. Eiko Ris	Member	Non-Executive Director	-	-

*(Appointed as a member w.e.f. March 12, 2019)

Mr. Guillaume Cornelis Gerardus Roncken ceased to be a member of the committee upon resignation w.e.f. March 12, 2019.

The Nomination and Remuneration Committee met 2 (two) times during the year on February 14, 2019 and April 05, 2019. 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, recognise 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 authorised to decide the remuneration of the Managing Director/Executive Director's, subject to the approval of the Members. Remuneration comprises of fixed Components viz. Salary, perquisites and allowances and 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 FY 2019 are given below: -

(A) MANAGING DIRECTOR REMUNERATION:

The details of remuneration to Managing Director are as follows:

Managing Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and other Funds	Total
Mr. Shailesh Wani	1,25,65,261.00	9,80,004.00	8,52,267.00	1,43,97,532.00*

* Remuneration includes variable pay on provisional basis.

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, 2019 to September 30, 2022, terminable by six months' notice by either side or amount equivalent to six months' salary in lieu thereof.

(B) NON-EXECUTIVE DIRECTORS:

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

Name	*Sitting Fees (In INR)	Commission (In INR)	Total (In INR)
Mr. K M Thanawalla	5,94,000	14,89,300	20,83,300
Mr. Marco Wadia	5,67,000	5,10,700	10,77,700

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

NOTE:

- Directors other than Independent Directors opted not to accept any sitting fees for attending Board/Committee Meetings, as applicable.

- As approved by Members of the Company in the 43rd Annual General Meeting, Commission is payable only to Independent Directors. Commission mentioned above will be paid to Independent Directors after the approval of Annual Financial Statements for the FY 2019 by the Members at the ensuing Annual General Meeting.
- During the year, there were no pecuniary relationships or transactions between the Non-Executive Directors and the Company.

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 committee thereof 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, contribution in decision making, Role and Responsibility as a Chairman/ Member of the Board/Committee etc.

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

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE

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*	Member	Non-Executive Director

*Appointed as a Member w.e.f March 12, 2019.

During the year under report, the committee met on February 14, 2019 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 FY 2019 are as follows: -

Complaints Received	Resolved during the Year	*Pending as on 31.12.2019
3	2	1

*Resolved within timelines

3.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

TERMS OF REFERENCE:

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

COMPOSITION:

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	2
Mr. Eiko Ris*	Member	Non-Executive Director	2	1

*Appointed as a Member w.e.f March 12, 2019

During the year, the Corporate Social Responsibility Committee met 2 (two) times i.e. on February 14, 2019 and November 5, 2019.

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.spgpriints.com/uploads/documents/Stovec/Stovec-policies/CSR_Policy.pdf.

Company Secretary acted as the Secretary to the Committee.

3.5 OTHER COMMITTEES

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 2019, no meeting of Committee of Directors was held.

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 February 14, 2019, 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
FY2018	Annual General Meetings	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad- 382405	May 9, 2019	11:00 am
FY2017			May 2, 2018	11:00 am
FY2016			May 11, 2017	11:00 am

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

Date of Meeting	Summary
May 09, 2019	Re-appointment of Mr. Shailesh Wani as Managing Director of the Company
May 02, 2018	Nil
May 11, 2017	Nil

Postal Ballot:

During the year under review, pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Board of Directors had got the approval of the members of the Company on January 04, 2019 through postal ballot for two items. The Postal Ballot Notices along with their Explanatory Statement and the postal ballot forms were sent to all the Shareholders of the Company along with postage prepaid envelopes. Mr. Sandip Sheth (Membership No. FCS 5467) and failing him Mr. Prashant Prajapati (Membership No. ACS 32597) of M/s. Sandip Sheth & Associates, Practicing Company Secretaries. Was appointed as the Scrutinizer who conducted the postal ballot process in a fair and transparent manner. The procedures prescribed under said section were duly followed for conducting the postal ballot process for passing the following resolutions vide Postal Ballot Notice dated November 14, 2018:-

- Continuation of directorship of Mr. K. M. Thanawalla, Chairman (Non- Executive and Independent) who has attained the age of seventy-five years on December 24, 2017.
- Commission to Mr. K. M. Thanawalla, Chairman (Non-Executive and Independent), for the financial year 2018, which may exceed fifty per cent of the total Commission payable to all the Independent Directors of the Company

Summary of Results of the Postal Ballot and e-Voting:

1. For Special Resolution No. 1

Sr. No.	Particulars	Postal Ballot Form			No. of Shares voted upon			% of Total Paid Up Shares	% Net Valid Votes Cast
		Physical Ballot	Remote Evoting	Total	Physical Ballot	Remote Evoting	Total		
1.	Total postal ballot forms received /Evoting	72	27	99	1488438	40759	1529197	-	-
2.	Less: Invalid/Abstained Postal Ballot Forms	7	0	7	132	0	132	-	-
3.	Net Valid Postal Ballot Votes (1-2)	65	27	92	1488306	40759	1529065	-	-
4.	Forms with Assent for the Resolution	64	26	90	1488291	40757	1529048	74.13	99.999
	Forms with dissent for the Resolution	1	1	2	15	2	17	0.00	0.001

2. For Special Resolution No. 2

Sr. No.	Particulars	Postal Ballot Form			No. of Shares voted upon			% of Total Paid Up Shares	% Net Valid Votes Cast
		Physical Ballot	Remote Evoting	Total	Physical Ballot	Remote Evoting	Total		
1.	Total postal ballot forms received /Evoting	72	27	99	1488438	40759	1529197	-	-
2.	Less: Invalid/Abstained Postal Ballot Forms	11	0	11	2437	0	2437	-	-
3.	Net Valid Postal Ballot Votes (1-2)	61	27	88	1486001	40759	1526760	-	-
4.	Forms with Assent for the Resolution	59	22	81	1485894	40600	1526494	74.00	99.98
	Forms with dissent for the Resolution	2	5	7	107	159	266	0.00	0.02

The above-mentioned resolutions were passed by the members with requisite majority on January 04. There is no special resolution is proposed to be conducted to pass through postal ballot.

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. No penalties or strictures have been imposed by them on the Company during the last 3 years. However, SEBI has imposed settlement charges for ₹ 5,84,350/- (Rupees Five Lakhs Eighty-Four Thousand Three Hundred and Fifty only) toward settlement of delayed disclosure under SEBI SAST Regulation to the Stock Exchange, on Company's suo moto application.
- 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, 2019.
- 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 March 12, 2019. No personnel have 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 other than those approved the members of the Company during the FY 2019. Related Party Transaction Policy has been formulated in order to regulate the transactions between Company and Related Parties. The Related Party Transaction Policy is available at the website of the Company at www.stovec.com at https://www.spgpprints.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.spgpprints.com/uploads/documents/Stovec/Stovec-policies/Policy_for_determining_Material_Subsidiaries.pdf.

6.10 Policy for determining Material Information

As required by Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved the Policy for determining Material Information and is available at the website of the Company at www.stovec.com at https://www.spgpprints.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.spgpprints.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 Credit Rating

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

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

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

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

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

6.17 Regarding non-acceptance of Recommendation of any committee

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

6.18 Regarding total fees paid to the Statutory Auditor on a consolidated basis

Details relating to fees paid to the Statutory Auditors is given in the Notes 31 to the Financial Statements.

6.19 Disclosure in relation to Sexual Harassment of Women at Workplace

The disclosure has been given at Sr. No. 21 to the Directors' Report.

6.20 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

The Company does not have any subsidiary, Associate and joint venture company during the FY 2019.

8. MEANS OF COMMUNICATION

The Quarterly Results were published in Business Standard (English) and Loksatta Jansatta/Jaihind (Gujrati) and simultaneously hosted on the Company's website www.stovec.com and also submitted with the BSE Limited (BSE). All the required disclosures and information are hosted on the Company's website for the benefit of the shareholders and is available. The Annual Report of the Company is also available on the website in a user friendly and downloadable form.

9. GENERAL INFORMATION FOR MEMBERS

9.1 Annual General Meeting:

Day, Date and Time	Wednesday, September 16, 2020 at 3.00 p.m.
Venue	Through VC/OAVM from the Registered Office of the Company

9.2 Financial Calendar:

Financial Year	Ending on December 31, 2019
Date of Book Closure	September 10, 2020 to September 16, 2020 (both days inclusive)
Dividend Payment Date	On or before October 15, 2020

9.3 Listing:

The Company's shares are listed on the BSE Limited (BSE) and the Company has paid annual listing fees to BSE in respect of the year 2019-2020. The Ahmedabad Stock Exchange (ASE) vide its letter dated January 11, 2017 communicated to the Company that it is non-functional and under exit policy, thereby no need to make any compliance with ASE.

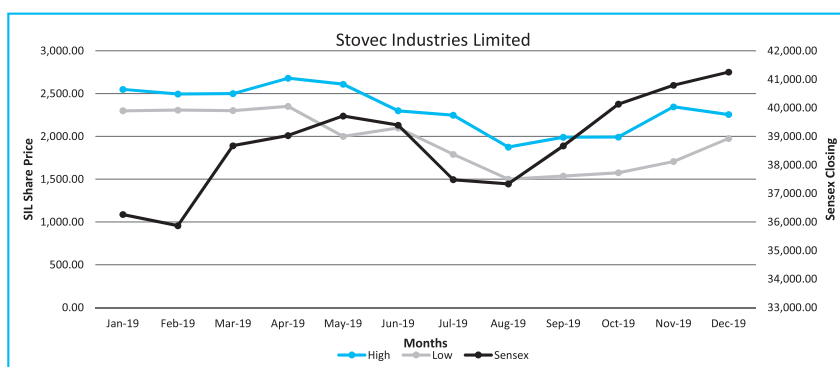
9.4 The following are the listing details of the Company's Shares:

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

9.5 Market Information:

Month	BSE		
	High (₹)	Low (₹)	BSE SENSEX
Jan-19	2,549.80	2,300.00	35,256.69
Feb-19	2,495.00	2,307.10	35,867.44
Mar-19	2,499.95	2,302.00	38,672.91
Apr-19	2,680.00	2,350.05	39,031.55
May-19	2,610.00	2,000.00	39,714.20
Jun-19	2,300.00	2,098.95	39,394.64
Jul-19	2,248.55	1,790.00	37,481.12
Aug-19	1,874.85	1,500.00	37,332.79
Sep-19	1,990.00	1,535.05	38,667.33
Oct-19	1,992.00	1,575.00	40,129.05
Nov-19	2,344.95	1,706.00	40,793.81
Dec-19	2,254.95	1,975.00	41,253.74

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



*Source: www.bseindia.com

9.6 Registrar and Transfer Agents: -

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

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

Tel: +91(0) 79 - 2646 5179/86/87, Fax: +91(0) 79 - 2646 5179. ahmedabad@linkintime.co.in

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 dematerialised 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 31.12.2019		As on 31.12.2018	
	No of Shares	%	No. of Shares	%
Promoters & Promoter Group	1,483,777	71.06	1,483,777	71.06
Mutual Funds/UTI	0	0.00	0	0.00
Foreign Portfolio Investors	0	0.00	600	0.03
Investor Education and Protection Fund	29,948	1.43	25,263	1.21
Financial Institutions/Banks	1,102	0.05	1,451	0.07
Bodies Corporate	31,045	1.49	24,733	1.19
NRIs (Repatriable)	6,274	0.30	5,932	0.28
NRIs (Non-Repatriable)	9,871	0.47	9,894	0.47
Clearing Members	270	0.01	6,705	0.32
Directors & their Relatives	5,864	0.28	5,864	0.28
Individuals/HUF	5,19,865	23.92	5,23,697	25.08
Trusts	0	0.00	0	0.00
TOTAL	2,088,016	100.00	2,088,016	100.00

9.11 Distribution of Shareholding as on December 31, 2019:

Range of Shares	No. of Shareholders	% of total Shareholders	No. of Shares	% of Total Shares
1 - 500	6699	97.9959	301442	14.4368
501 - 1000	75	1.0971	53363	2.5557
1001 - 2000	34	0.4974	48593	2.3272
2001 - 3000	9	0.1317	22565	1.0807
3001 - 4000	5	0.0731	17678	0.8466
4001 - 5000	4	0.0585	18146	0.8691
5001 - 10000	5	0.0731	29718	1.4233
10001 or more	5	0.0731	1596511	76.4607
TOTAL	6,836	100	2,088,016	100.00

9.12 Shareholders (holding in excess of 1% of capital) as on December 31, 2019:

Name of Shareholders	No. of Shares held	% of Share Capital
SPGPrints B.V.	14,83,777	71.0616
Nanda Kishore Sharma	41,520	1.9885
IEPF, MCA	29,948	1.4343
Amit Shantilal Motla	24,745	1.1851

9.13 Dematerialisation of Shares & Liquidity:

As on December 31, 2019, shares comprising 96.64% of the Company's Equity Share Capital have been dematerialised.

ISIN No. :- INE755D01015

9.14 Plant Location & Address for Correspondence:

STOVEC INDUSTRIES LIMITED

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

CIN : L45200GJ1973PLC050790

Tel : +91 79- 6157 2300

Facsimile No : +91 79- 2571 0406

Website : www.stovec.com

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, 2019.

For, STOVEC INDUSTRIES LIMITED

Shailesh Wani

Managing Director

(DIN: 06474766)

Date : February 25, 2020

Place: Ahmedabad

CIN: - L45200GJ1973PLC050790

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

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

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

To,
The Members,
Stovec Industries Ltd.
N.I.D.C. Nr. Lambha Village,
Post: Narol, Ahmedabad – 382 405, Gujarat, India.

We have examined all relevant registers, records, forms and disclosures received from the directors of **Stovec Industries Limited**, produced before us by the Company for the purpose of certifying compliance of conditions of clause 10 (i) of para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 for the year ended on 31st December 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification. During the course of such certification, we have relied on various information and declaration furnished by each director of the Company as at 31st December 2019 and relied on the online information available with Ministry of Corporate Affairs Portal, its filing position and other web pages.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st December, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	Director Identification Number (DIN)	Date of appointment in the Company
1	MR. KHURSHED MEHERWANJI THANAWALLA	00201749	28/01/2005
2	MR. SHAILESH CHANDRAKRISHNA WANI	06474766	01/10/2013
3	MR. DIRK WIM JOUSTRA	00481154	29/01/1999
4	MR. EIKO RIS	07428696	12/03/2019
5	MR. MARCO PHILIPPUS ARDESHIR WADIA	00244357	21/05/1999
6	MS. SANGEETA PUNEET SINGH SACHDEV	08118379	02/05/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the clause 10 (i) of para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 for the year ended on 31st December 2019.

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

Place: Ahmedabad
Date: February 19, 2020

Sandip Sheth*Partner*

FCS: 5467

CP No.: 4354

UDIN: F005467A000561231

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 - 382 405, Gujarat, India.

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, 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

Sandip Sheth & Associates

Firm Unique Code: P2001GJ041000

Practicing Company Secretaries

Place: Ahmedabad
Date: February 25, 2020

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

UDIN: F005467A000573298

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMIC OVERVIEW

The global economic momentum witnessed its weakest pace over the past ten years largely owing to intensified trade wars, increasing geopolitical tensions, Brexit delays and weak economic activity in a few emerging markets. There were common influences across countries and country-specific factors leading to trade barriers and high level of business uncertainty globally. According to the World Economic Outlook by the International Monetary fund (IMF), global growth is recorded at 2.9% in 2019.

However, in late 2019, the world witnessed an unexpected outbreak of Covid-19 pandemic, which continues to impact several economies. In the pre-Covid phase, signs of stabilisation were seen through improving economic activities and monetary policies. Further, Covid-19 developed rapidly into a global health crisis, forcing Governments to impose lock-downs of all economic activities. As a consequence, IMF has predicted a 3% contraction of the world economy in 2020 and has further warned that it may further cut global growth outlook for 2020. The Covid-19 has resulted in disruption of supply-chain, plunge in commodity prices specially oil, significant dip in capital expenditures leading to decline in travel and automobile industry, and in durable purchase.

Outlook

Assuming that the pandemic fades in the second half of 2020 and that policy actions taken around the world are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains, IMF project global growth in 2021 to rebound to 5.8%. However, the same assumption is likely to change as economies across the globe face more Covid difficulties.

Besides Covid, the other downside risks also remain prominent, including rising geopolitical tensions, intensifying social unrest, deepening economic frictions between countries. A materialisation of these risks could impact the global growth prospect.

(Source: The World Economic Outlook by IMF April 2020)

INDIAN ECONOMIC OVERVIEW

The journey of Indian economy has been promising over recent years with the advent of various structural reforms. However, the GDP growth rate of the economy moderated over three consecutive years. The economic growth for 2019, is estimated at 4.2% owing to sluggish demand, shrinking private consumption and weakening manufacturing and construction sectors. Further, tighter credit conditions in the non-banking sector contributed to a muted domestic demand.

The industrial sector as per Index of Industrial Production (IIP) registered a growth of 0.6% in FY 2019-20 (April-November) as compared to 5% during FY 2018-19 (April-November). Headline inflation increased to 7.35% in December FY 2019-20 owing

to temporary increase in food inflation. Several reforms were undertaken by the Government to boost the economy such as easing of credit for the stressed real estate and NBFC sector, change in corporate taxes and measures to ease Goods and Services Tax (GST) related roadblocks. Further to this, Government also introduced Kusum scheme under which farmers will be assisted to setup solar pumps and irrigation facilities.

With these reforms, the economy was sailing on a recovery path, but Covid-19 struck the Indian economy. The impact of Covid-19 led manufacturing activities to a halt. Further a nationwide lockdown was announced to curb the pandemic, which also resulted in loss of income and rise in unemployment. However, the Government intervened by announcing economic stimulus and rate cuts. It also announced an economic package (in mid-May 2020) which will spur economic growth and build a self-reliant India. The economic package focussed on strengthening the five pillars i.e. growing a new economy creating a state-of-the-art infrastructure, setting up a technology-based delivery system, leveraging the young demography and exploiting domestic demand.

Outlook

Amid Covid-19 times, the IMF has revised India's 2020 growth forecast to 1.9%. As the impact of Covid-19 gradually fades out, the economy is expected to rebound coming years. This growth will be supported by robust consumption, continued implementation of structural and financial reforms and efforts to reduce public debt. In addition, higher tax revenue, better mobilisation of non-tax revenue and corporate tax reductions will play a pivotal role in reviving the economy. Further, the financial stimulus announced will also give a kick start to manufacturing and service sector. However, lingering effect of credit weakness, rising inflation, fiscal deficit and global headwinds will continue to pose challenges to an otherwise smooth growth momentum.

(Source: Economic Survey Report FY 2019-20, IMF April 2020)

INDUSTRY STRUCTURE AND DEVELOPMENTS

Overview

Stovec Industries Limited is the global market leader in rotary screen-printing technology, offering complete printing solutions to the textile industry. It is a subsidiary of the SPGPrints Group, headquartered at Boxmeer, Netherlands. Besides India, Stovec also caters to clients in other textile manufacturing countries for rotary printing equipment including Korea, Taiwan, Colombia, USA, Bangladesh, Mexico, China and Brazil. The Company's performance is directly dependent on the demand from the textile industry.

The Company offers wide range of products like Pegasus Evo rotary screen-printing machine, RD8 Rotary screen-printing machine, Rotary screen consumable for textile printing, Anilox and screen for graphics printing. Besides, the Company also

offers digital ink, lacquers and chemicals that enables highest quality results in textile printing. Stovec also provides products for conventional and digital engraving in the printing domain.

The Company's state-of-art manufacturing and R&D facilities are located in Ahmedabad. With a strong technology prowess, Stovec continuously strives to drive innovation into the products, ensuring highest quality standards. Strong distribution network further allows the Company to understand the growing customer needs and offer customised products and services.

TEXTILE SECTOR

India's textile sector is one of the mainstays of the economy. The country continues to be the only country other than China to have a full textile value chain, i.e. from fibre to clothing. This sector caters to wide range of segments from traditional handloom products to cotton, wool and silk products. The industry contributes to 13% of the industrial output and over 2% of India's GDP. The Government has been taking continuous measures for ensuring a sustainable growth for the sector. These include reshuffling of GST rates, allowing refund of accumulated taxes in case of textiles and promoting exports, among others.

Favourable Government initiatives

Over the recent past, there have been favourable Government policies to boost up the industry growth. The Government has come up with a number of announcements for the textiles sector in the Union Budget FY 2020-21. These include:

1. Allotted ₹ 3,514.79 crore for the development of textile sector.
2. Allotted ₹ 762 crore for Amended Technology Upgradation Fund Scheme (ATUFS).
3. Abolished the anti-dumping duty on Purified Terephthalic Acid (PTA), a critical input for textile fibres and yarns. Its easy availability at competitive prices is desirable to unlock immense potential in the textile sector. It would also boost growth of manmade fibre (MMF) industry and the entire textiles value chain.
4. Launched National Technical Textiles mission with a four-year implementation period from FY 2020-21 to FY 2023-24 at an estimated outlay of ₹ 1480 crore. It will provide the much-needed thrust to the technical textiles segment.
5. Scheme for Reversion of duties and taxes on exported products will help in making textiles and apparel exports competitive.

(Source: Union Budget Analysis by FICCI)

Growth drivers

1. **Rising income:** India's GDP per capita at current prices increased by 7.6% in a decade (from FY 2009 to FY 2019). This rise in disposable income of consumers which fuels

private consumption have resulted in increased aspirational buying. As people are becoming more fashion conscious, the demand for textile is expected to rise in foreseeable future.

2. **Demographic factors:** India is on track to become the youngest country in the world with ~64% of the population falling under the working age category by FY 2020. This constitutes potential buyers of various branded products, thus providing a huge opportunity in the domestic textile market.
3. **Increasing urbanisation:** Urbanisation in India is happening at a fast pace. It is estimated that by FY 2025, the number of Indians living in urban areas will reach 543 Mn and will contribute to 70% of India's GDP. This shift in the consumer demand through evolving fashion trends is expected to support higher textile demand.
4. **Consumption behaviour:** Increase in consumption has been catalysed by awareness about international brands. This, coupled with the rising disposable incomes and changing lifestyles, will drive the growth of the textile industry.

(Source: IBEF, The Economic Times)

OPPORTUNITIES FOR ROTARY AND DIGITAL TEXTILE PRINTING

Development in fashion trends

Rapid urbanisation, increasing disposable income and change in fashion trends have led to higher demand in the textile market. Besides, rising growth in fast-changing retail and online clothing market further presents opportunities for foreign and domestic textile players.

Rise in demand for technical textiles

Technical textiles are used for non-aesthetic purpose and have wide applications in agriculture, clothing, packaging and furnishing sector. The Government's ₹ 1,480 crore National Technical Textiles Mission aims to position India as a global leader in technical textiles. This will lead to a surge in the demand for technical textiles, which will fuel the growth of the textile printing machine market.

Supportive Government policies

The Government has proposed various measures to make textile sector more competitive and sustainable. This includes setting up technology upgradation schemes and skill development programmes. As a result, the textile printing machine sector is well positioned to grow ahead.

Growing digital textile printing

Increasing awareness and faster adaptability of creative fashion designs, inclination towards newer colour options and easy access to digital printing technologies are the key factors for rising demand of digital textile printing. In addition, competitive price, cost advantage, lower wastage and power consumption are propelling the growth of digital textile printing machine market.

THREATS

Slowdown in the economy (Covid-19)

Slowdown in the global as well as Indian economy can hamper the demand in the textile industry, which might affect your Company.

Increase in raw material prices

Increase in raw material prices, such as metals, could increase the cost of manufacturing.

Foreign exchange risk

As the Company imports and exports its products across multiple countries, any adverse currency fluctuation can affect profitability of the Company.

GRAPHICS PRINTING

The rapid rise of digital print technology, versatility and flexibility combined with the high-quality graphics has led the print labels market to grow. Increasing organised retail store and e-commerce, along with changing lifestyle will lead to higher demand in the packaging and label industry. Further, increase in the demand for personal care products, food and beverage is expected to drive packaging and label industry.

FINANCIAL REVIEW

Company's revenue has increased from ₹ 1,930.16 Mn in FY 2018 to ₹ 1937.05 Mn in FY 2019, a modest growth under challenging business circumstances. The Profit before exceptional item and tax decreased from ₹ 402.08 Mn in FY 2018 to ₹ 372.16 Mn in FY 2019.

Details of significant changes in key financial ratios:

As required by SEBI (LODR)(Amendment) Regulations, FY 2018, the Company is required to furnish the details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations for the changes. There are no significant changes (change of 25% or more) compared to immediately preceding financial year as mentioned in above regulation.

Segment-wise performance:

The segment wise sales performance of the Company is as under:
(Amount in ₹ Mn)

Particulars	FY 2019	FY 2018
Textile Consumables & Textile Machinery	1549.46	1,540.04
Graphic Products	95.24	92.87
Galvanic	292.35	297.25

TRADE SHOWS & EXHIBITIONS

The Company participated in various exhibitions like ITMACH, Gandhinagar, India and ITMA, held in Barcelona, Spain. This further enhanced its visibility in the global markets.

RISKS AND CONCERNS

Risk Management is a very important part of our business. The main aim of risk management is to identify, monitor and take

precautionary measures in respect of the events that may pose risks for the business. Stovec has a robust risk management framework in place and has adopted a systematic approach to mitigate risks associated with accomplishment of objectives of the company such as price risk, forex risk, environment risk etc. The Company believes that this would ensure controlling risks proactively and help to achieve stated objectives.

INTERNAL CONTROL SYSTEM

The Company's resilience and focus is driven to a large extent by its strong internal control systems for financial reporting. Keeping in mind the nature, size and complexity of business operations, our formulated control framework covers various aspects of governance, compliance, audit, control and reporting areas. Stringent procedures ensure high accuracy in recording and providing reliable financial and operational information while meeting statutory compliances.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Our employment policies are designed to empower employees and create an environment in which each employee can perform and grow to his or her fullest potential. The Company continuously aims to offer career advancement to its people through comprehensive training programs and friendly HR policies.

Industrial relations at the offices and plants continued to be harmonious. The Company provides complete transparency to the workforce through open communication channels. The policies are further refined to align with the organisational interest and benefit everyone at the same time. As on December FY 2019, we have a team of total 233 employees adding value to our organisation.

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, articles published in various newspapers.

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. CSR Policy is available on the Company’s website at https://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/CSR_Policy.pdf

OBJECTIVE OF CSR POLICY:

- Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising 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 programs 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 marginalised 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;
- vii. Any other CSR activities as specified in Schedule VII of Companies Act, 2013 by MCA from time to time.

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. Eiko Ris	Member

3. Average net profit of the Company for last three financial years: ₹ 85.89 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 86.00 Lakhs

5. Details of CSR spent during the financial year

- a) Total amount to be spent for the financial year: ₹ 86.00 Lakhs
- 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	₹ 86.00 Lakhs	₹ 86.00 Lakhs	₹ 86.00 Lakhs	Direct
	Total			₹ 86.00 Lakhs	₹ 86.00 Lakhs	₹ 86.00 Lakhs	

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

Shailesh Wani

Managing Director
(DIN: 06474766)

Date : August 13, 2020
Place: Ahmedabad

For and on behalf of CSR Committee
For, Stovec Industries Limited

Shailesh Wani

Chairman – Corporate Social Responsibility Committee
(DIN: 06474766)

BUSINESS RESPONSIBILITY REPORT

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

SECTION - A

GENERAL INFORMATION ABOUT THE COMPANY:

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L45200GJ1973PLC050790
2.	Name of the Company	Stovec Industries Limited
3.	Registered address	NIDC, Near Lambha Village, Post Narol, Ahmedabad - 382 405 (Gujarat, India)
4.	Website	www.stovec.com
5.	Email id	secretarial@stovec.com
6.	Financial year reported	January 1, 2019 to December 31, 2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Textile -Manufacturer of Rotary Printing Machines, Perforated Nickle Screens, and other textile consumables and spare parts
8.	Three key products/services of the Company (as in balance sheet)	(i) Perforated Rotary Screens, Lacquer & Auxiliary Chemicals, Rotary Printing Machines, Engraving Equipment, Components and Spares, Digital Ink (ii) Anilox Rollers, Rota mesh screens and Rota Plate (iii) Galvano consumables
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of international locations	Zero (0)
	(b) Number of National locations	One (1) Plant/factory located at its registered office at Ahmedabad.
10.	Markets served by the Company - Local / State / National / International	Company serves to domestic as well as international markets.

SECTION - B

FINANCIAL DETAILS OF THE COMPANY:

Sr. No.	Particulars	Details
1.	Paid up capital as on December 31, 2019	₹ 2,08,80,160
2.	Total turnover for F.Y. 2019	₹ 1,79,10,12,074
3.	Total profit after taxes for F.Y. 2019	₹ 2,793,68,336
4.	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%) for F.Y. 2019	₹ 86,00,000 (3.08%)
5.	List of activities in which expenditure in 4 above has been incurred	Refer Annexure IV to Board's Report for CSR Activities

SECTION - C

OTHER DETAILS:

Sr. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	N. A.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No other entity / entities participate in the BR initiatives of the Company.

SECTION - D

BUSINESS RESPONSIBILITY (“BR”) IN FORMATION:

1. Details of Director(s) responsible for BR

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

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

(b) Details of the BR head

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

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

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, is composed of nine principles of Business Responsibility. They are -

- P1. Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3. Businesses should promote the well-being of all employees.
- P4. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5. Businesses should respect and promote human rights.
- P6. Businesses should respect, protect, and make efforts to restore the environment.
- P7. Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8. Businesses should support inclusive growth and equitable development.
- P9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy (ies) for ...@	Y	Y	Y	N	Y	Y	N	Y	Y
		This forms part of the Code of Business Conduct & Ethics of the Company.	The policy is part of the Code of Business Conduct & Ethics and EHS Policy.	Code of Business Conduct & Ethics & Internal HR Policies for Employees.	The Company does not have a specific policy, however certain aspect of this principle forms part of the CSR Policy.	This forms part of the Code of Business Conduct & Ethics.	This forms part of the Code of Business Conduct & Ethics and EHS Policy.	-	The Company has a CSR Policy.	This forms part of the Code of Business Conduct & Ethics.
2.	Has the policy been formulated in consultation with the relevant stakeholders?	N	N	N	N	N	N	-	N	N

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
		The Company's policies are in conformity with national/international standards, wherever applicable and in compliance with the applicable regulatory requirements.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
		As a process, all policies have been considered and noted by the Board/Committee/s of the Board. The Board authorised the Senior Officials of the Company to authenticate the policies.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online	All Policies which are statutorily required, are placed on the Company's website at www.stovec.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The policies is/are communicated to the relevant stakeholders, wherever applicable and required.								
8.	Does the Company have in-house structure to implement the Policy / Policies	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the Policy / Policies to address stakeholders' grievances related to the policy (ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of these policies by an internal or external agency?	N	N	N	N	N	N	-	N	N
		The Heads of Departments are responsible for effective implementation of the Policies/process. No independent audit of the policies has been carried out but the Internal Audit Function periodically looks at the implementation thereof.								

Notes: @ The Company has its Code of Business Conduct & Ethics broadly covering the above principles. Besides, Company has also Insider Trading Policy and Code of Fair Disclosure, Policy on Related Party Transactions & Material Subsidiary, Whistle blower and Vigil Mechanism, Familiarization Program, CSR Policy, Policy on Prevention of Documents and Archival Policy, Policy for determining material information, Policy on prevention of sexual harassment of women at workplace which support to above principals.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

(Tick up to 2 Options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles				√			√		
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

Considering the business activities of the Company and the nature of its business, the Management/Board has not felt the need to formulate certain policies. However, the Board reviews the requirements from time to time and will formulate relevant policies as and when the need arises.

3. Governance related to BR

Sr. No.	Particulars	Details
a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The Board of Directors of the Company, either directly or through its Managing Director or internal Committees, periodically assesses the BR performance of the Company.
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company publishes the information on BR on its Annual Report. The Annual Report is uploaded on the website of the Company at www.stovec.com .

SECTION - E

PRINCIPLE -WISE PERFORMANCE:

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

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company has defined the Code of Business Conduct & Ethics for its Directors and employees that cover issues related to ethics, workplace responsibilities and conflict of interest etc. It also covers to suppliers, vendors and other entities/firms with whom the company does business. Further, the Company has adopted a Whistle Blower Policy to provide a mechanism for employees and Directors of the Company to approach the Ombudsperson or Chairman of the Audit Committee of the Company, as the case may be, for reporting unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct.

In compliance with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, Company has amended its Whistle Blower Policy to enable employees to report instances of leak of unpublished price sensitive information. The Company has also in place Anti-Sexual Harassment Policy to maintain a work environment free from any form of conduct which can be considered as harassing, coercive or disruptive.

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

The Company has different mechanisms for receiving and dealing with complaints from different stakeholders' viz. investors, customers, employees, vendors, etc. There are dedicated resources to address the complaints within a time bound manner. The investors complaints are reported on quarterly basis to the concerned stock exchange. Also, there was no complaint reported by any Director or employee of the company under our vigil/whistle blower mechanism and no were reported under Sexual harassment policy.

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

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

As an environmentally conscious Company, the Company continues to innovate and use efficient technologies to bring down our strain on ecology. The Company has undertaken the following initiatives to this objective:

- Use of state of art effluent Treatment Plant (ETP) to reduce treated water discharge.
- Ensuring energy efficient operations.
- Use of alternate packaging material to minimise wood consumption

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

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

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

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

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

Yes, the Company has procedures in place for sustainable sourcing including transportation.

As a responsible corporate citizen, the Company endeavours to reduce the environmental impact on its operations. The Company has made conscious efforts to reduce the usage of paper through various digital initiatives including paperless board meeting, generating of digital PO, use of recyclable packing materials. Our supplier analysis also takes into account the sourcing strategy of the supplier and proximity of the supplier to the location where the order request has been raised so as to improve logistics and save time, cost & emissions from unwanted transportation through longer routes.

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

Most of the raw materials are procured from areas near by factories and works with vendors extensively to improve capacities and capabilities. It is therefore if all other factors are on par amongst the potential suppliers, then the Company gives preference to the local supplier or small producer and thus procure goods locally. For consumable and operational services, the Company prefers to connect with local vendors/suppliers to supply the necessary manpower and other requirements. Thus, the preference is given to micro, small and medium enterprises (MSME) for business opportunity and upliftment of lower middle class.

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

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

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

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

Principle 3: Businesses should promote the wellbeing of all employees

- 1) Total number of employees : 233 (staff – 107 + Workmen – 126)
- 2) Total number of employees hired on temporary/contractual/casual basis : 44
- 3) Number of permanent women employees : 04
- 4) Number of permanent employees with disabilities : 01
- 5) Do you have an employee association that is recognized by management: Yes

- 6) What percentage of your permanent employees is members of this recognized employee association? -100% of Workmen Strength
- 7) Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

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

- 8) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- Permanent Employees : 89.22%
 - Permanent Women Employees : 25%
 - Casual/Temporary/Contractual Employees : 100%
 - Employees with Disabilities : Nil

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

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

Yes. The Company has mapped its internal and external stakeholders. The Company constantly strives to keep the communication open and transparent with all its stakeholders, with a view to maximizing stakeholder’s satisfaction and value creation.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

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

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

We, being a responsible corporate, believes in inclusive growth and equitable development for socio-economic betterment of the community. The Company susceptible to extend support to the disadvantaged and marginalized stakeholders, through CSR programs and active employee volunteering. Company efforts to promote for extending support to weaker section/community including engagement of differently abled persons in the employment.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGO s/others?

The Company is committed to upholding the dignity of every individual engaged or associated with the Company.

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

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

No complaints on Human Rights were received during the year.

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

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGO s/others?

The Policy covers only to the Company. The Company adheres to all statutory compliances with respect to environment, health and safety requirements.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company doesn't have any specific program or initiatives to address such issues. However, Company is continuously implementing process improvements to reduce emissions and wastes and also explore various opportunities to address such issues from time to time -such as use of solar rooftop.

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

3. **Does the Company identify and assess potential environmental risks?**

The Company is aware of the potential environmental risks; thus, Company follows sound environmental management practices at its manufacturing unit to assess and address potential environmental risks.

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

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

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Yes, the Company ensures project related to the Clean Development Mechanism and environmental compliance report is filed with the state environment authority i.e. GPCB.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc., Y/N. If yes, please give hyperlink for web page etc.**

Yes, the Company uses in its operations battery-operated forklift and stackers for material handling.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

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

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No notices were received by the Company during the year ended on December 31, 2019.

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

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

The Company is a member of Textile Manufacturing Machines Association (TMMA).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) - No**

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

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

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

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

The Company has contributed its full CSR contribution to Prime Minister National relief fund. Please refer annual CSR report of the Company annexed to the Directors Report of this Annual Report.

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

No

4. What is your company's direct contribution to community development projects- Amount in Rs. and the details of the projects undertaken?

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

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

Not applicable

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

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

There are no consumer cases / customer complaints outstanding as at the end of the Financial Year and all the pending complaints with respect to company's goods have been taken care by the separate team and have been resolved within the committed timelines.

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

No.

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

No.

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

The customer feedback /comments is being taken during customer visit and appropriate actions are taken as applicable.

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 FY 2019, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary during the FY 2019.

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	43.87: 1	7%
2	Mr. Paras Mehta	Chief Financial Officer	Not Applicable	10%
3	**Mr. Sanjeev Singh Sengar	Company Secretary	Not Applicable	-

*remuneration includes variable pay on provisional basis.

**appointed w.e.f. April 5, 2019

Note:

The Company pays sitting fees to Independent Directors only. 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 FY 2019 was 17.37%.
- (iii) The Company had 233 permanent employees on the rolls of the Company as on December 31, 2019.
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year was 13.57 % whereas the increase in the managerial remuneration was 7%. The average increases 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) It is hereby affirmed that the remuneration paid during the year 2019 is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of Board of Directors

K.M. Thanawalla

Chairman

DIN: 00201749

Date : August 13, 2020

Place: Mumbai

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on December 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L45200GJ1973PLC050790
Registration Date	June 5, 1973
Category /Sub-Category of the Company	Company limited by shares; Indian Non-Government Company.
Address and Contact Details	N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India. Tel: +91-79-6157 2300 • Fax: +91-79-25710406 Email : secretarial@stovec.com Web.: www.stovec.com
Whether Shares Listed	Yes, BSE
Details of Registrar and Transfer Agent	Link Intime India Pvt. Ltd. 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. Telefax.: +91 (0) 79 2646 5179/86/87 E-mail id: ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sr. No.	Name and description of main products /services	NIC code of the product/service	% of total turnover of the company
1.	Perforated Rotary Screens	32909	42.42%
2.	Rotary Screen-Printing Machine	28262	23.90%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / associate	% of shares held	Applicable Section
1.	SPGPrints B.V.	Not Applicable	Holding Company	71.06 %	2 (46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) CATEGORY-WISE SHARE HOLDING:

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year 2019				No. of shares held at the end of the year 2019				% change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A)	Promoters & Promoters Group									
1)	Indian									
a)	Individual/HUF	0	0	0	0	0	0	0	0	0
b)	Central Govt	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	0	0	0	0	0	0	0	0	0
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any Other...	0	0	0	0	0	0	0	0	0
	Sub-total (A) (1)	0	0	0	0	0	0	0	0	0
2)	Foreign									
a)	NRIs - Individuals	0	0	0	0	0	0	0	0	0
b)	Other - Individuals	0	0	0	0	0	0	0	0	0

(i) CATEGORY-WISE SHARE HOLDING: (Contd...)

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year 2019				No. of shares held at the end of the year 2019				% change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c)	Bodies Corp.	1483777	0	1483777	71.06	1483777	0	1483777	71.06	0.00
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any Other...	0	0	0	0	0	0	0	0	0
	Sub-total (A) (2)	1483777	0	1483777	71.06	1483777	0	1483777	71.06	0.00
	Total shareholding of Promoter (A) = (A) (1)+(A)(2)	1483777	0	1483777	71.06	1483777	0	1483777	71.06	0.00
	B) Public Shareholding									
	1) Institutions:									
a)	Mutual Funds	0	0	0	0	0	0	0	0.00	0
b)	Banks / FI	362	1089	1451	0.07	449	653	1102	0.05	(0.02)
c)	Central Govt	0	0	0	0	0	0	0	0	0
d)	State Govt(s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	0	0	0	0	0	0	0	0	0
g)	FIs	0	0	0	0	0	0	0	0	0
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others – Foreign Portfolio Investors	600	0	600	0.03	0	0	0	0	(0.03)
j)	Others –investor Education and Protection Fund, Ministry of Corporate Affairs	25263	0	25263	1.21	29948	0	29948	1.43	0.22
	Sub-total (B)(1)	26225	1089	27314	1.31	30397	653	31050	1.49	0.18
	2) Non Institutions									
a)	Bodies Corp.									
i)	Indian	24189	544	24733	1.18	30552	493	31045	1.49	0.31
ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	337748	87637	425385	20.37	350649	65803	416452	19.9449	0.37
ii)	Individual Shareholder holding nominal share capital in excess of ₹ 1 lakh	77006	0	77006	3.69	82786	-	82786	3.9648	(0.52)
c)	Others(specify)									
i)	Clearing Member	6705	0	6705	0.32	270	0	270	0.01	(0.31)
ii)	NRI (Repat)	5235	697	5932	0.28	5747	527	6274	0.30	0.02
iii)	NRI (Non-Repat)	9894	0	9894	0.47	9871	0	9871	0.47	0
iv)	Director's/Director's Relatives	3310	2554	5864	0.28	3310	2554	5864	0.28	0
	Hindu Undivided Family (HUF)	21256	50	21306	1.02	20577	50	20627	0.99	(0.03)
	Trust	100	0	100	0.00	0	0	0	0	0
	Sub-total (B)(2)	485443	91482	576925	27.63	503762	69427	573189	27.45	(0.18)
	Total Public Shareholding (B) = (B)(1)+(B)(2)	511668	92571	604239	28.94	534159	70080	604239	28.94	0
	C) Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	1995445	92571	2088016	100.00	2017936	70080	2088016	100.00	0

(ii) SHAREHOLDING OF PROMOTERS:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1.	SPGPrints B.V.	14,83,777	71.06	0.00	14,83,777	71.06	Nil	Nil

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):

There were no change in promoters holding during the year.

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year- 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	NANDA KISHORE SHARMA	35485	1.6995			35485	1.6995
	Purchase			08-Feb-19	716	36201	1.7338
	Purchase			15-Feb-19	974	37175	1.7804
	Purchase			22-Feb-19	924	38099	1.8247
	Purchase			01-Mar-19	675	38774	1.857
	Purchase			29-Mar-19	646	39420	1.8879
	Purchase			17-May-19	1065	40485	1.9389
	Purchase			19-Jul-19	541	41026	1.9648
	Purchase			26-Jul-19	494	41520	1.9885
	AT THE END OF THEYEAR					41520	1.9885
2	AMIT SHANTILAL MOTLA	25000	1.1973			25000	1.1973
	Sale			08-Nov-19	(100)	24900	1.1925
	Sale			31-Dec-19	(155)	24745	1.1851
		AT THE END OF THEYEAR					24745
3	BHAVNA GOVINDBHAI DESAI	16521	0.7912			16521	0.7912
						16521	0.7912
4	RAMESH MANOHAR KASBEKAR	7266	0.348			7266	0.348
						7266	0.348
5	UDAYAN GOVINDBHAI DESAI	0	0			0	0
	Purchase			18-Jan-19	4296	4296	0.2057
	Purchase			15-Mar-19	2663	6959	0.3333
						6959	0.3333
6	KISHAN GOPAL MOHTA	6948	0.3328			6948	0.3328
						6948	0.3328
7	MSPL LIMITED	5821	0.2788			5821	0.2788
	Purchase			11-Jan-19	40	5861	0.2807
	Purchase			18-Jan-19	40	5901	0.2826
	Sale			29-Mar-19	(498)	5403	0.2588
	Purchase			05-Apr-19	41	5444	0.2607
	Purchase			12-Apr-19	82	5526	0.2647
	Purchase			19-Apr-19	40	5566	0.2666
	Purchase			26-Apr-19	460	6026	0.2886
	Purchase			10-May-19	79	6105	0.2924
	Purchase			14-Jun-19	44	6149	0.2945
	Purchase			29-Jun-19	88	6237	0.2987
	Purchase			12-Jul-19	45	6282	0.3009

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS): (Contd...)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year- 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2019	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
	Purchase			20-Sep-19	60	6342	0.3037
	Purchase			29-Nov-19	45	6387	0.3059
	Purchase			06-Dec-19	44	6431	0.308
	AT THE END OF THEYEAR					6431	0.308
8	STEWART & MACKERTICH WEALTH MANAGEMENT LIMITED	5900	0.2826			5900	0.2826
	Sale			01-Nov-19	(2000)	3900	0.1868
	Purchase			06-Dec-19	500	4400	0.2107
	AT THE END OF THEYEAR					4400	0.2107
9	HEIDE CRISTEL BHAGWATI	5599	0.2681			5599	0.2681
	AT THE END OF THEYEAR					5599	0.2681
10	KINJAL R. MANIAR	5500	0.2634			5500	0.2634
	AT THE END OF THEYEAR					5500	0.2634

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Marco Wadia				
	At the beginning of the year	2,150	0.103	2,150	0.103
	Acquired on 13 th Decembe, 2019 by way of transmission	1,550	0.074	3,700	0.177
	At the End of the year	3,700	0.177	3,700	0.177

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year	-	-	-	-
• Addition				
• Reduction				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Shailesh Wani (Managing Director)	Total Amount ₹
1.	Gross salary		
	(a) *Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	1,43,97,532	1,43,97,532
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - Others, specify...	-	-
5.	Others, please specify	-	-
	Total (A)	1,43,97,532	1,43,97,532
	Ceiling as per the Act -5% of Net Profits		

*Includes variable pay on provisional basis.

B. Remuneration to Other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount ₹
		Mr. Khurshed M. Thanawalla	Mr. Marco Wadia	
1.	Independent Directors			
	• Sitting Fee for board/committee meetings	5,94,000	5,67,000	11,61,000
	• Commission	14,89,300	5,10,700	20,00,000
	• Others, please specify	-	-	-
	Total (1)	20,83,300	10,77,700	31,61,000
2.	Other Non-Executive Directors			
	• Fee for attending board /committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	20,83,300	10,77,700	31,61,000
	Total Managerial Remuneration			31,61,000
	Overall Ceiling as per the Act -1% of Net Profits			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
		Mr. Paras Mehta (Chief Financial Officer)	Mr. Sanjeev Singh Sengar ** (Company Secretary)	Total ₹
1.	Gross salary			
	(a) *Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,78,168	17,69,542	62,47,710
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961			
	(c) Profits in lieu of salary under section 7(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	44,78,168	17,69,542	62,47,710

*Includes variable pay on provisional basis.

** Appointed w.e.f. April 05, 2019.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES -

There were no penalties, punishment or compounding of offence under the Companies Act, 2013 during the year.

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 arm's 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.

Name(s) of the related party and nature of relationship:	SPGPrints B.V., Holding Company
Nature of contracts/arrangements/ transactions:	Acquisition of Service and Spare Parts Business including Customer & Supplier Database, Design & Drawings and other related assets, each of which forms an integral part of the Service and Spare Parts Business for Rotary Printing Equipment from SPGPrints B.V.
Duration of the contracts/ arrangements/transactions	One time
Salient terms of the contracts or arrangements or transactions including the value, if any	<ol style="list-style-type: none"> 1. The purchase price was paid in cash to the bank account of seller through normal Banking channel. 2. The Purchase Price was based on valuation report of independent valuer RBSA Valuation Advisors LLP, Ahmedabad. 3. The transaction was to be completed by September 30, 2019, which was concluded in June 2019 after obtaining approval of members at their 45th AGM of the Company held on May 9, 2019. <p>The value of the transaction was EURO 2.49 Mn (equivalent to ₹ 199 Mn approx.) based on valuation report of RBSA Valuation Advisors LLP, Ahmedabad.</p>
Date(s) of approval by the Board, if any	April 5, 2019
Amount paid as advances, if any	Nil

For and on behalf of Board of Directors

K.M. Thanawalla

Chairman

DIN: 00201749

Date : August 13, 2020
Place: Mumbai

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st December, 2019

FORM NO. MR 3

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

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

This secretarial audit report draft is given to the Board of Directors of the company for the noting purpose only without prejudice to our rights to observe and comments, if any, during evaluation and audit of final papers, documents, returns, books of accounts and related papers furnished to us by the Company and/or its management.

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st December, 2019 (hereinafter referred to as "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (*Not applicable to the Company during Audit Period*)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 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 (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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., except as mentioned hereunder;

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 vide ordinary resolution passed by the members at the 45th Annual General Meeting of the Company held on 9th May 2019.

Place: Ahmedabad
Date: February 25, 2020

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

Sandip Sheth
Partner
FCS: 5467
CP No.: 4354
UDIN No:- F005467A000573287

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.

For, **Sandip Sheth & Associates**

Practicing Company Secretaries

Firm Unique Code: P2001GJ041000

Place: Ahmedabad

Date: February 25, 2020

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

UDIN No:- F005467A000573287

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

Dear Sir/s,

Sub:- Annual Secretarial Compliance Report for the year ended December 31, 2019.

We have been engaged by Stovec Industries Limited (hereinafter referred to as 'the listed entity') bearing CIN: L45200GJ1973PLC050790 whose equity shares are listed on BSE Limited (BSE) (Security Code 504959) to conduct an audit in terms of Regulation 24A of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 08th February, 2019 and to issue Annual Secretarial Compliance Report thereon.

It is the responsibility of the management of the Company to maintain records, devise proper systems to ensure compliance with provisions of all applicable SEBI Regulations and circulars/ guidelines issued there under from time to time and to ensure that the systems are adequate and are operating effectively. Our responsibility is to verify compliances by the Company with provisions of all applicable SEBI Regulations and circulars/ guidelines issued there under from time to time and issue report thereon. Our audit was conducted in accordance with Guidance Note on Annual Secretarial Compliance Report issued by the Institute of Company Secretaries of India and in a manner which involves such examinations and verifications as considered necessary and adequate for the said purpose.

Annual Secretarial Compliance Report for the year ended as at December 31, 2019 is enclosed herewith as Annexure-A.

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

Place: Ahmedabad
Date: February 25, 2020

Sandip Sheth
Partner
FCS: 5467
CP No.: 4354
UDIN No:- F005467A000573243

ANNUAL SECRETARIAL COMPLIANCE REPORT
of Stovec Industries Limited for the year ended December 31, 2019
 [Under Regulation 24A of Securities and Exchange Board of India
 (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Sandip Sheth And Associates, have examined:

- (a) all the documents and records made available to us and explanation provided by *Stovec Industries Limited* ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st December 2019 ("Review Period") in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) Securities and Exchange Board of India (Depositories And Participants) Regulations, 2018

and circulars/guidelines issued thereunder, whereas we further report that there were no actions/events reported by the listed entity during the period under review for the following SEBI Regulations;

- (a) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- (e) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

We hereby report based on the above examination that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ Deviations circulars / guidelines including specific clause)	Observations/Remarks of Practicing Secretary Company
	No such deviation of non-compliance of any regulations is reported by the Company during the period under review.	

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder insofar as it appears from our examination of those records.

- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action Taken By	Details of Violation	Details of action taken eg., fines, warning letter, debarment etc.,	Observations/remarks Practicing Secretary, if any
	SEBI under SEBI (Settlement Proceedings) Regulations, 2018	Delayed compliance of Disclosures within stipulated time period under Regulations 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as 'SAST') suo moto Application filed by Company.	Summary Settlement charges ₹ 5,84,350/- (Rupees Five Lakhs Eighty Four Thousand Three Hundred and Fifty only) imposed by SEBI has been agreed by the applicant for the Aforementioned default.	The Company has paid the settlement charges by way of Demand Draft No. 048083 dated April 08, 2019 drawn on Axis Bank Limited of ₹ 5,84,350/- (Rupees Five Lakhs Eighty Four Thousand Three Hundred and Fifty only) and received settlement Order vide SO/EFD/SD/282/A PR/2019 dated April 15, 2019.

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observation of Practicing Company Secretary in the Previous Report	Observations made in Secretarial Compliance Report for the year ended (The years are to be mentioned)	Action taken by the listed entity, if any	Comments of Practicing Company Secretary on the actions taken by listed entity
	No Comments are offered since this being first year of applicability of this Annual Secretarial Compliance Report the Company.			

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

Place: Ahmedabad
 Date: February 25, 2020

Sandip Sheth
Partner
 FCS: 5467
 CP No.: 4354
 UDIN No:- F005467A000573243

Independent Auditor's Report

To The Members of Stovec Industries Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Stovec Industries Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2019, 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 significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

BUSINESS COMBINATION — SERVICE AND SPARE PARTS BUSINESS RELATED TO ROTARY PRINTING EQUIPMENT— REFER TO NOTES 2.2(I) AND 43 TO THE FINANCIAL STATEMENTS:

Key Audit Matter Description

During the financial year 2019, the Company has acquired the Service and Spare Parts Business relating to Rotary Printing Equipment from SPGPrints B.V. ("the Parent") for a consideration of INR 195,714,000 (Equivalent to Euro 2.49 million).

The Company considered the purchase to be a business combination considering the facts of the case and terms of Business Purchase Agreement entered by the Company with the Parent. The same was also considered to be a transaction between entities having common control as the Parent holds controlling interest in the equity shares of the Company, and accounted the same using Pooling of Interest in accordance with the guidance provided under Appendix C of Ind AS 103. Accordingly, the Company has presented the transaction retrospectively and previously published financial statements for the financial year 2018 have been restated to that extent.

We focused on this area as Key Audit Matter due to the size / materiality of the transaction, need of application of judgements and complexity of the accounting treatment related to the Business Combination of entities under common control in accordance with Ind AS 103.

Principal audit procedures performed:

Our audit procedures related to the common control transaction included the following, among others:

- We tested the Design, Implementation and Operating effectiveness of controls over accounting for business combination transaction.
- We evaluated the reasonableness of management's assessment of the nature of transaction by reviewing the business purchase agreement entered into by the Company with the Parent.
- We evaluated the reasonableness of the accounting position taken with respect to the restatement of the previously published financial statements for the financial year 2018 and impact on tax expenses consequent to the business combination.

REVENUE FROM CONTRACTS WITH CUSTOMERS — REFER TO NOTE 2.5 AND 24(D) TO THE FINANCIAL STATEMENTS

Key Audit Matter Description

The manufacturing and sale of textile machineries contribute a significant portion of its business of Textile Machinery and Consumables segment. Revenue from such business is recognized

Independent Auditor's Report (Contd...)

in accordance with Ind AS 115, Revenue from Contracts with Customers, either based on the dispatch/delivery of machines on completion of manufacturing or based on the extent of progress towards manufacturing of the machines, depending on the type and value of the machines. A certain portion of revenue is also deferred and recognised when the installation is completed to the satisfaction of the customers.

We consider revenue recognition from such contracts to be a Key Audit Matter because management's assessments and terms of contracts significantly impact the determination of the performance obligations related to the individual contracts, which critically affects the revenue recognised for the period. These assessments include, in particular, the scope of deliveries and services required to fulfil contractually defined obligations. Furthermore, the first time application of Ind AS 115 in financial year 2019 was of relevance for our audit as it required assessment of all ongoing contracts in relation to the new accounting criteria.

Principal audit procedures performed:

As part of our audit:

- We tested the Design, Implementation and Operating effectiveness of internal controls over revenue recognition with respect to performance obligations and transaction prices. Our procedures included a combination of enquiry with entity personnel, reperformance and inspection of evidences in respect of these controls.
- We evaluated the appropriateness of the accounting policy of revenue recognition and transition date accounting based on the Ind AS 115.
- Selected contracts on sample basis and performed the following procedures:
- Read, analysed and identified the distinct performance obligations in the contract.
- Dispatch / delivery of the machines was verified with LR copies, gate register and other relevant documents maintained by the Company.
- Completion of the installation of machines from machine installation report and other relevant documented maintained by the Company.
- Considered the terms of the contracts to determine the transaction price including any variable consideration for each performance obligation to verify the transaction price used to recognize revenue.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the

Director's report, including Annexures thereto (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the Letter from Chairman, which is expected to be made available to us after that date.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (Contd...)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

Independent Auditor's Report (Contd...)

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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.
- g) 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 explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - 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)

Kartikeya Raval
Partner

(Membership No. 106189)

UDIN: 20106189AAAABV6758

Place: Ahmedabad

Date: February 25, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) 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, 2019 in conjunction with our audit of the 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 of the Company 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, 2019, based on the criteria for internal financial control over financial reporting 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)

Kartikeya Raval

Partner

Place: Ahmedabad

(Membership No. 106189)

Date: February 25, 2020

UDIN: 20106189AAAABV6758

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 Services Tax, Customs Duty, and other material statutory dues in arrears as at December 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Excise Duty and Service Tax which have not been deposited as on December 31, 2019 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	2,906,176	2,906,176
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2017-18	4,296,110	3,925,630
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

There are no dues of Value Added Tax and Goods and Services Tax that have not been deposited as at December 31, 2019 on account of disputes.

- (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 material 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)

Kartikeya Raval
Partner

Place: Ahmedabad
Date: February 25, 2020
(Membership No. 106189)
UDIN: 20106189AAAABV6758

Standalone Balance Sheet as at December 31, 2019

(₹)

Particulars	Notes	As at	
		December 31, 2019	December 31, 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	25,83,55,388	28,95,62,590
(b) Capital work-in-progress		4,57,42,452	44,47,301
(c) Other Intangible assets	4	12,10,425	29,08,670
(d) Financial Assets			
(i) Investments	5	70,13,833	1,10,81,848
(ii) Other non-current financial assets	6	80,55,999	1,21,60,950
(e) Deferred tax assets (Net)	17	9,66,694	-
(f) Other non-current assets	7	1,20,28,664	95,33,694
Total Non-current Assets		33,33,73,455	32,96,95,053
Current assets			
(a) Inventories	8	33,16,03,477	24,56,19,172
(b) Financial assets			
(i) Trade receivables	9	30,93,93,742	27,43,50,208
(ii) Cash and cash equivalents	10	31,35,57,782	8,09,26,555
(iii) Bank balances other than (ii) above	11	46,16,39,890	81,61,06,346
(iv) Other current financial assets	12	25,44,572	49,88,753
(c) Other current assets	13	2,14,57,008	1,46,08,757
Total Current Assets		1,44,01,96,471	1,43,65,99,791
Total Assets		1,77,35,69,926	1,76,62,94,844
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	2,08,80,160	2,08,80,160
(b) Other equity	15	1,32,65,33,193	1,19,25,05,055
Total Equity		1,34,74,13,353	1,21,33,85,215
Liabilities			
<i>Non-current liabilities</i>			
(a) Long term Provisions	16	1,69,20,408	1,42,08,959
(b) Deferred tax liabilities (Net)	17	-	45,70,424
(c) Other non-current liabilities	18	1,25,54,574	1,26,98,182
Total Non-current Liabilities		2,94,74,982	3,14,77,565
<i>Current liabilities</i>			
(a) Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	19	27,21,720	14,81,157
- Total outstanding dues of creditors other than micro enterprises and small enterprises	19	25,82,39,093	23,46,98,575
(ii) Other current financial liabilities	20	99,59,943	21,00,81,603
(b) Other current liabilities	21	9,04,00,109	5,45,31,159
(c) Short term Provisions	22	2,59,57,594	1,72,87,185
(d) Current tax liabilities (Net)	23	94,03,132	33,52,385
Total Current Liabilities		39,66,81,591	52,14,32,064
Total Liabilities		42,61,56,573	55,29,09,629
Total Equity and Liabilities		1,77,35,69,926	1,76,62,94,844

See accompanying notes forming part of the financial statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No.: 117366W/W-100018

Kartikeya Raval
Partner

Place: Ahmedabad
Date: February 25, 2020

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

K. M. Thanawalla
Chairman
(DIN: 00201749)

Paras Mehta
Chief Financial Officer

Place: Ahmedabad
Date: February 25, 2020

Shailesh Wani
Managing Director
(DIN: 06474766)

Sanjeev Singh Sengar
Company Secretary

Standalone Statement of Profit & Loss for the year ended December 31, 2019

(₹)

Particulars	Notes	For the year ended December 31, 2019	For the year ended December 31, 2018
INCOME			
Revenue from operations	24	1,93,70,49,150	1,93,01,59,059
Other Income	25	5,48,45,443	5,97,40,284
Total Income		1,99,18,94,593	1,98,98,99,343
EXPENSES			
Cost of materials consumed	26	93,74,10,136	88,93,84,591
Purchase of stock-in-trade	27	6,04,92,603	4,81,49,858
Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade	28	(4,18,75,035)	4,01,31,383
Employee benefits expense	29	21,31,38,751	20,80,98,844
Finance costs	30	19,24,898	22,68,811
Depreciation and amortisation expense	4	4,40,95,030	5,25,23,623
Other expenses	31	40,45,53,138	34,72,69,427
Total expenses		1,61,97,39,521	1,58,78,26,537
Profit Before Exceptional Items and Tax		37,21,55,072	40,20,72,806
Exceptional Items (Refer Note 42)		-	14,10,80,975
Profit before tax		37,21,55,072	54,31,53,781
TAX EXPENSES			
- Current tax		9,62,14,238	15,89,59,679
- Short provision of income tax of earlier years (Net)		25,728	-
- Deferred tax		(34,53,230)	(30,54,515)
		9,27,86,736	15,59,05,164
Net Profit for the year		27,93,68,336	38,72,48,617
Other Comprehensive Income ("OCI")			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans		(42,11,239)	(22,16,165)
(ii) Equity instruments through other comprehensive income		(40,68,015)	(18,17,622)
Income tax relating to items that will not be reclassified to profit or loss		20,83,888	11,31,120
		(61,95,366)	(29,02,667)
Total Comprehensive Income for the year		27,31,72,970	38,43,45,950
Earnings Per Share			
Basic and Diluted Earnings Per Share (Refer Note 34)		133.80	185.46

See accompanying notes forming part of the financial statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No.: 117366W/W-100018

Kartikeya Raval
Partner

Place: Ahmedabad
Date: February 25, 2020

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

K. M. Thanawalla
Chairman
(DIN: 00201749)

Paras Mehta
Chief Financial Officer

Place: Ahmedabad
Date: February 25, 2020

Shailesh Wani
Managing Director
(DIN: 06474766)

Sanjeev Singh Sengar
Company Secretary

Standalone Cash Flow Statement For The Year Ended December 31, 2019

(₹)

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Exceptional Items and Tax	37,21,55,072	40,20,72,806
Adjustments for:		
Depreciation / Amortisation	4,40,95,030	5,25,23,623
Finance cost	19,24,898	22,68,811
Interest income	(4,21,98,566)	(3,39,98,125)
Unrealised foreign exchange (gain) / loss	(3,11,334)	85,47,415
Realised foreign exchange gain on Business Acquisition	(29,38,200)	-
Loss on sale of assets	2,38,592	87,831
(Reversal) / Provision for doubtful trade receivables (Net)	(4,61,573)	39,77,207
Provision / (Reversal) for other liabilities	38,41,181	(22,36,357)
Provision / (Reversal) for warranty	17,37,753	(72,89,654)
Operating Profit Before Working Capital Changes	37,80,82,853	42,59,53,557
Adjustments For Changes In Working Capital:		
(Increase) / Decrease In Other assets	(1,01,66,837)	1,40,78,417
(Increase) / Decrease In Inventories	(8,92,45,736)	7,32,10,385
(Increase) / Decrease In Trade receivables	(3,47,14,932)	6,48,67,718
Increase In Other liabilities	3,76,15,132	2,12,84,097
Increase / (Decrease) In Trade and Other Payables	2,45,32,719	(3,55,00,946)
Cash Generated From Operations	30,61,03,199	56,38,93,228
Direct Taxes Paid (Net)	(9,07,54,518)	(15,55,02,191)
A. Net Cash Generated from Operating Activities	21,53,48,681	40,83,91,037
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(5,41,80,954)	(3,04,17,605)
Purchase Consideration Paid for Business Acquisition	(19,57,14,000)	-
Proceeds from Sale of Property, Plant and Equipment	14,57,628	9,51,68,717
Sale of Investments	-	10,37,40,000
Investments in Bank Deposits	35,99,60,322	(56,77,42,463)
Interest Income	4,46,42,747	3,49,48,105
B. Net Cash Generated from (Used in) Investing Activities	15,61,65,743	(36,43,03,246)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend paid on equity shares	(11,33,47,014)	(7,51,68,576)
Dividend distribution tax paid on above	(2,36,11,285)	(1,54,54,659)
Other Finance costs paid	(19,24,898)	(22,68,811)
C. Net Cash Used In Financing Activities	(13,88,83,197)	(9,28,92,046)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	23,26,31,227	(4,88,04,255)
Cash and Cash Equivalents as at the beginning of the year	8,09,26,555	12,97,30,810
Cash and Cash Equivalents as at the end of the year	31,35,57,782	8,09,26,555

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Cash and Cash Equivalents at the end of the year comprise :		
Cash on hand	3,06,894	2,93,259
Cheques on hand	7,60,001	75,13,781
Bank Balances :		
- In Current Accounts	9,74,90,887	7,31,19,515
- Deposits with original maturity less than 3 months	21,50,00,000	-
Cash and Cash Equivalents (Refer Note 10)	31,35,57,782	8,09,26,555

Standalone Cash Flow Statement For The Year Ended December 31, 2019

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- 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, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current and previous period as follows.

Changes in liabilities arising from financial activities

Particulars	Unpaid Dividend on equity shares	Unpaid Dividend Distribution Tax on equity shares	Other Finance Costs accrued but not due
Balance as at January 1, 2018	-	-	-
Cash Flows	7,51,68,576	1,54,54,659	22,68,811
Balance as at December 31, 2018	-	-	-
Balance as at January 1, 2019	-	-	-
Cash Flows	11,33,47,014	2,36,11,285	19,24,898
Balance as at December 31, 2019	-	-	-

See accompanying notes forming part of the financial statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No.: 117366W/W-100018

Kartikeya Raval
Partner

Place: Ahmedabad
Date: February 25, 2020

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

K. M. Thanawalla
Chairman
(DIN: 00201749)

Paras Mehta
Chief Financial Officer

Place: Ahmedabad
Date: February 25, 2020

Shailesh Wani
Managing Director
(DIN: 06474766)

Sanjeev Singh Sengar
Company Secretary

Standalone Statement Of Change In Equity For The Year Ended On December 31, 2019

A. EQUITY SHARE CAPITAL

(₹)

Particulars	No. of Shares	Amount
Balance as at January 1, 2018	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
Changes in equity share capital during the year	-	-
Balance as at December 31, 2019	20,88,016	2,08,80,160

B. OTHER EQUITY

(₹)

Particulars	Reserves and Surplus					Items of Other Comprehensive Income	Total
	General Reserve	Securities Premium	Capital Redemption Reserve	Capital Reserve	Capital Reserve on Business Combination		
Balance as at January 1, 2018	18,19,54,416	7,96,18,502	3,50,000	3,46,115	-	82,75,64,422	1,08,90,43,240
Profit for the year	-	-	-	-	-	38,72,48,617	38,72,48,617
Impact of Business Combination (Refer Note 15.2)	-	-	-	-	(19,02,60,900)	-	(19,02,60,900)
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	-	-	-	-	(19,02,60,900)	38,56,77,799	19,40,85,050
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	(19,02,60,900)	1,12,26,18,986	1,19,25,05,055
Balance as at January 1, 2019	18,19,54,416	7,96,18,502	3,50,000	3,46,115	(19,02,60,900)	1,12,26,18,986	1,19,25,05,055
Profit for the year	-	-	-	-	-	27,93,68,336	27,93,68,336
Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	(40,68,015)	(40,68,015)
Tax impact on Change in Fair Value of investments measured at FVTOCI	-	-	-	-	-	10,23,919	10,23,919
Remeasurements of the defined benefit plans	-	-	-	-	-	(42,11,239)	(42,11,239)
Tax impact on Remeasurements of the defined benefit plans	-	-	-	-	-	10,59,969	10,59,969
Total Comprehensive Income for the year	-	-	-	-	-	27,62,17,066	27,31,72,970
Effect on account of adoption of Ind AS 115 from January 1, 2019. [Refer Note 15 (vi)]	-	-	-	-	-	(6,92,667)	(6,92,667)
Declared Dividend	-	-	-	-	-	(11,48,40,880)	(11,48,40,880)
Tax on Declared Dividend	-	-	-	-	-	(2,36,11,285)	(2,36,11,285)
Balance as at December 31, 2019	18,19,54,416	7,96,18,502	3,50,000	3,46,115	(19,02,60,900)	1,25,96,91,220	1,32,65,33,193

See accompanying notes forming part of the financial statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration No.: 117366W/W-100018

For and on behalf of the Board of Directors

Stovec Industries Limited

Kartikaya Raval
Partner

K. M. Thanawalla
Chairman
(DIN: 00201749)

Shailesh Wani
Managing Director
(DIN: 06474766)

Paras Mehta
Chief Financial Officer

Sanjeev Singh Sengar
Company Secretary

Place: Ahmedabad
Date: February 25, 2020

Place: Ahmedabad
Date: February 25, 2020

Notes to Standalone Financial Statements

1) GENERAL INFORMATION

Stovec Industries Limited ("the Company") was incorporated on June 5, 1973. The Company's factory and registered office is located in Ahmedabad, Gujarat. The Company is listed on Bombay Stock Exchange 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 Ind AS Financial Statements of the Company for the year ended December 31, 2019 have 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.

The financial statements are presented in Company's functional currency - INR.

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 recognised 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.

Judgements:

i) Common control transaction under Ind AS 103

The Company has acquired the Service and Spare Parts Business relating to Rotary Printing Equipment ("said business") from SPGPrints B.V. ("the Transferor") as has been described in detail in Note 43 to the financial statements. The Management of the Company evaluated the facts of the case and terms of the Business Transfer Agreement and concluded that the said business satisfies the conditions related to input, process and output to be classified as a "Business" to be accounted for in accordance with Ind AS 103 - Business Combination (Ind AS 103). Further, in determining the accounting treatment of the business combination, the management has considered the shareholding of the Transferor and other shareholders in the Company and the structure of Board of Directors of the Company, which could give SPGPrints B.V. sufficient power to make decisions about the relevant activities of the Company. After a careful evaluation of the available information, the Management concluded that the acquisition meets the criteria for accounting for the business combination Appendix C - Business combinations of entities under common control, of Ind AS 103.

Accordingly, the acquisition has been accounted for by applying the "pooling of interest method" as suggested in Appendix C of Ind AS 103 and the financial information in the financial statements in respect of the previous year has been restated as if the business combination had occurred from the beginning of the preceding year in the financial statements, irrespective of the actual date of the combination.

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

Notes to Standalone Financial Statements (Contd.)

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 capitalised. 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 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 basis comprising material, labour and related factory overheads.

Notes to Standalone Financial Statements (Contd.)

- 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.

Sale of Goods and Services

Sales are recognised, net of returns and trade discounts, on transfer of significant control to the buyer, which generally coincides with the delivery of goods to customers. The Company collects Goods and Services Tax (GST) on behalf of the Government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

In case of sale of Textile Machines, revenue from contracts with Customers is either based on the dispatch/delivery of machines on completion of manufacturing or based on the extent of progress towards manufacturing of the machines, depending on the type and value of the machines. A certain portion of revenue towards installation is also deferred and recorded when the installation is completed to the satisfaction of the customers.

Service income is recognised on completion of rendering of services. The same is recorded net of goods and service tax.

Refer to Note 15.6 for impact of transitioning to Ind AS 115 - Revenue from Contract with Customers w.e.f. January 1, 2019.

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 provided there is no significant uncertainty exists for the measurability, realisation and utilisation of the credit under the scheme.

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 the balance 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 technical 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

Notes to Standalone Financial Statements (Contd.)

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 (except for business combination of entities under common control) 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 amortised 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

Notes to Standalone Financial Statements (Contd.)

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 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 Government Securities 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 statement 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 occur and is reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recognised 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 Loss for 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 Loss on 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 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.

Notes to Standalone Financial Statements (Contd.)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement 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 the financial 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.

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

Notes to Standalone Financial Statements (Contd.)

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 transaction values and where such values are different from the fair value, 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

Notes to Standalone Financial Statements (Contd.)

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.

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

Notes to Standalone Financial Statements (Contd.)

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 115, 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.

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

Notes to Standalone Financial Statements (Contd.)

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.

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

Notes to Standalone Financial Statements (Contd.)

- 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 115.

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

Notes to Standalone Financial Statements (Contd.)

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 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 dividing the 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 Governments Grants

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

2.19 Business Combination

Business Combination has been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes fair value of any contingent considerations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair value on the date of acquisition. Business Combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Company incurs in connection with a business combination such as legal fees, due diligence fees and other professional consulting fees are expensed as incurred. If the initial accounting for a business combination is incomplete by the end of reporting period in which the combination occurs, the Company reports provisional amounts

Notes to Standalone Financial Statements (Contd.)

for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amount recognised at that date. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

3) RECENT ACCOUNTING STANDARDS ISSUED BUT NOT APPLICABLE

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 April 1, 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 recognised 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.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company will apply this amendment for annual reporting periods beginning on or after January 1, 2020. The Company does not expect to have any impact of this amendment on the financial statements.

The amendment to Appendix C of Ind AS 12 clarifies how to apply the recognition and measurement principles while recognising current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under

Ind AS 12. As per the Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on January 1, 2020. The impact of the Appendix on the Financial Statements, as assessed by the Company, is expected to be not material.

Ind AS 109 Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

Notes to Standalone Financial Statements (Contd.)

4) PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Particulars	Gross Carrying Value			As at January 1, 2019	As at December 31, 2019	Depreciation / Amortisation For the year	As at January 1, 2019	As at December 31, 2019	Net Carrying Amount As at December 31, 2019
	As at January 1, 2019	Additions during the year	Deletions during the year						
Tangible Assets									
Land- Freehold (Refer Note 1)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 2)	9,43,86,568	11,07,903	-	9,54,94,471	22,58,57,058	41,30,659	75,60,414	1,16,91,073	8,38,03,398
Plant and Equipment	21,90,03,201	79,19,868	10,66,011	22,58,57,058	1,24,82,080	3,01,06,489	5,08,65,454	8,03,00,329	14,55,56,729
Furniture and Fixtures	1,24,82,080	-	-	1,24,82,080	48,41,613	10,67,619	24,08,137	34,75,756	90,06,324
Vehicles	59,91,798	-	11,50,185	48,41,613	1,65,72,736	7,17,522	9,06,871	14,82,195	33,59,418
Office Equipments	1,42,70,711	17,41,426	6,40,247	1,53,71,890	39,02,471	28,54,504	39,02,471	63,76,012	89,95,878
Computers	1,46,53,222	20,15,826	96,312	1,65,72,736	60,50,703	34,19,212	60,50,703	94,08,155	71,64,581
Sub-Total (A)	36,12,56,640	1,27,85,023	29,52,755	37,10,88,908	37,10,88,908	4,22,96,005	7,16,94,050	11,27,33,520	25,83,55,388
Intangible Assets									
Computer Software	71,65,069	1,00,780	-	72,65,849	72,65,849	17,99,025	42,56,399	60,55,424	12,10,425
Sub-Total (B)	71,65,069	1,00,780	-	72,65,849	72,65,849	17,99,025	42,56,399	60,55,424	12,10,425
Total (A+B)	36,84,21,709	1,28,85,803	29,52,755	37,83,54,757	37,83,54,757	4,40,95,030	7,59,50,449	11,87,88,944	25,95,65,813

Particulars	Gross Carrying Value			As at January 1, 2018	As at December 31, 2018	Depreciation / Amortisation For the year	As at January 1, 2018	As at December 31, 2018	Net Carrying Amount As at December 31, 2018
	As at January 1, 2018	Additions during the year	Deletions during the year						
Tangible Assets									
Land- Freehold (Refer Note 1)	4,69,060	-	-	4,69,060	-	-	-	-	4,69,060
Buildings (Refer Note 2)	9,39,14,468	4,72,100	-	9,43,86,568	21,90,03,201	42,64,415	32,95,999	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	1,24,82,080	3,34,45,977	3,32,34,537	5,08,65,454	16,81,37,747
Furniture and Fixtures	1,22,12,294	2,98,915	29,129	1,24,82,080	59,91,798	11,64,715	12,43,422	24,08,137	1,00,73,943
Vehicles	34,19,370	30,13,788	4,41,360	59,91,798	1,42,70,711	5,98,821	4,33,101	9,06,871	50,84,927
Office Equipments	1,23,59,260	2,187,794	2,76,343	1,42,70,711	1,46,53,222	25,95,062	13,89,538	39,02,471	1,03,68,240
Computers	1,10,04,067	40,04,176	3,55,021	1,46,53,222	36,12,56,640	35,14,737	26,49,962	60,50,703	86,02,519
Sub-Total (A)	38,80,34,136	2,97,60,556	5,65,38,052	36,12,56,640	36,12,56,640	4,55,83,727	4,22,46,559	7,16,94,050	28,95,62,590
Intangible Assets									
Trademark	1,89,72,463	-	1,89,72,463	-	-	23,12,153	78,76,960	-	-
Technical/ Commercial Know-how	1,86,42,099	-	1,86,42,099	-	-	22,71,892	77,39,800	-	-
and Non-compete Fees	-	-	-	-	-	-	-	-	-
Computer Software	61,68,069	9,97,000	-	71,65,069	71,65,069	23,55,851	19,00,548	42,56,399	29,08,670
Sub-Total (B)	4,37,82,631	9,97,000	3,76,14,562	71,65,069	71,65,069	69,39,896	1,75,17,308	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	36,84,21,709	5,25,23,623	5,97,63,867	7,59,50,449	29,24,71,260

Notes:

- (1) Freehold Land includes ₹ 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 Carrying amount:	Buildings (₹)
As at December 31, 2018	31,62,061
As at December 31, 2019	29,26,192

Notes to Standalone Financial Statements (Contd.)

5) INVESTMENTS

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Quoted Investments (fully paid)		
Investment in Equity Shares valued at FVTOCI (Refer note 36)		
Jaysynth Dyestuff (India) Ltd. (173,107 Shares (December 31, 2018 : 173,107) of ₹ 1/- each fully paid-up)	70,10,833	1,10,78,848
Unquoted Investments (fully paid)		
Investment in Equity Shares valued at Cost		
Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd. (30 Shares (December 31, 2018 : 30) of ₹ 100/- each fully paid-up)	3,000	3,000
	70,13,833	1,10,81,848
Details of quoted/unquoted investments:		
(a) Aggregate amount of quoted investments and market value thereof;		
Purchase Cost	1,36,89,438	1,36,89,438
Market Value	70,10,833	1,10,78,848
(b) Aggregate amount of unquoted investments;		
Purchase Cost	3,000	3,000

6) OTHER NON-CURRENT FINANCIAL ASSETS

(Unsecured, Considered Good)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Sundry Deposits	80,55,999	81,60,950
Margin Money Deposit	-	40,00,000
	80,55,999	1,21,60,950

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

7) OTHER NON-CURRENT ASSETS

(Unsecured, Considered Good)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Capital Advances	5,40,255	-
Balances with Government Authorities	22,41,145	8,51,729
Advance Tax and Tax Deducted at Source	92,47,264	86,81,965
	1,20,28,664	95,33,694

8) INVENTORIES

(At lower of cost and net realisable value)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Raw Materials [Includes Goods-in-transit ₹ 67,109,922 (December 31, 2018 ₹ 42,683,523)]	15,31,78,905	10,68,14,652
Work -in-Process	1,22,37,851	1,91,76,759
Finished Goods	13,79,18,397	9,02,51,678
Stock-in-Trade	1,80,10,980	1,68,63,756
Packing Material, Stores, Spares and Tools	1,02,57,344	1,25,12,327
	33,16,03,477	24,56,19,172

Note: The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for Inventory in the current year is ₹ 3,261,431. In the previous year reversal of write-down of inventories of ₹ 2,044,171 was consequent to consumption of inventories which were earlier written down or on account of sales.

Notes to Standalone Financial Statements (Contd.)

9) TRADE RECEIVABLES

(Unsecured)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Considered Good		
From Related Parties (Refer Note 35 IV)	2,22,19,307	1,63,60,006
From Others	28,71,74,435	25,79,90,202
Considered Doubtful	48,84,417	53,45,990
	31,42,78,159	27,96,96,198
Less: Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	48,84,417	53,45,990
	30,93,93,742	27,43,50,208

Note 1 : 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%

(₹)

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
Opening Balance	53,45,990	13,68,783
Additions during the Year	35,70,637	88,25,405
Reversals during the Year	40,32,210	48,48,198
Closing Balance	48,84,417	53,45,990

Note 2 : No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member, other than dues from related parties disclosed as above.

Note 3 : The fair value of Trade Receivables is not materially different from the carrying value presented.

10) CASH AND CASH EQUIVALENTS :

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Bank Balances :		
In Current accounts	9,74,90,887	7,31,19,515
Deposits with original maturity less than 3 months	21,50,00,000	-
Cheques on hand	7,60,001	75,13,781
Cash on hand	3,06,894	2,93,259
	31,35,57,782	8,09,26,555

Notes to Standalone Financial Statements (Contd.)

11) BANK BALANCES (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Deposits with original maturity more than 3 months	44,31,34,896	80,14,51,252
Margin Money Deposit	96,47,245	72,91,211
Unpaid Dividend Accounts	88,57,749	73,63,883
	46,16,39,890	81,61,06,346

Notes :

- (1) The fair value of Bank Balances (Other than Cash and Cash Equivalents) is not materially different from the carrying value presented.
- (2) Margin money deposits are marked as lien against the outstanding bank guarantees.

12) OTHER CURRENT FINANCIAL ASSETS

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Interest Accrued but not Due On Deposits	25,44,572	49,88,753
	25,44,572	49,88,753

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

13) OTHER CURRENT ASSETS

(Unsecured and Considered Good)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Advances for Goods and Services	49,22,629	69,67,439
Prepaid Expenses	27,28,876	24,82,645
Export Incentive Receivables	1,13,16,103	51,58,673
Balances with Government Authorities	24,89,400	-
	2,14,57,008	1,46,08,757

14) EQUITY SHARE CAPITAL

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Authorised:		
2,900,000 (December 31, 2018 : 2,900,000) Equity Shares of ₹ 10/- each	2,90,00,000	2,90,00,000
10,000 (December 31, 2018 : 10,000) Preference Shares of ₹ 100/- each	10,00,000	10,00,000
	3,00,00,000	3,00,00,000
Issued, Subscribed and Paid-up:		
2,088,016 (December 31, 2018 : 2,088,016) Equity Shares of ₹ 10/- each fully paid-up	2,08,80,160	2,08,80,160
	2,08,80,160	2,08,80,160

Notes to Standalone Financial Statements (Contd.)

a) Reconciliation of number of shares

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
As at January 1, 2018	20,88,016	2,08,80,160
Increase/(decrease) during the year	-	-
As at December 31, 2018	20,88,016	2,08,80,160
Increase/(decrease) during the year	-	-
As at December 31, 2019	20,88,016	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 ₹ 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

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
1,483,777 (December 31, 2018 : 1,483,777) Equity shares of ₹ 10/- each fully paid up are held by SPGPrints B.V., The Netherlands, the Holding Company.	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

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Number of shares	14,83,777	14,83,777
SPG Prints B.V. - The Netherlands, the Holding Company	71.06%	71.06%

e) There are no shares allotted 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, 2019.

15) OTHER EQUITY

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Capital Reserve	3,46,115	3,46,115
Capital Reserve on account of business combination (refer note (i) below)	(19,02,60,900)	(19,02,60,900)
Capital Redemption Reserve (refer note (ii) below)	3,50,000	3,50,000
Securities Premium (refer note (iii) below)	7,96,18,502	7,96,18,502
General Reserve (refer note (iv) below)	18,19,54,416	18,19,54,416
Retained Earnings (refer note (v) below)	1,25,96,91,220	1,12,26,18,986
Other Comprehensive Income	(51,66,160)	(21,22,064)
	1,32,65,33,193	1,19,25,05,055

(₹)

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
15.1) Capital Reserve		
Balance at the beginning and at the end of the year	3,46,115	3,46,115
15.2) Capital Reserve on account of business combination (refer note (i) below)		
Balance at the beginning of the year	(19,02,60,900)	-
Transactions during the year (refer note 43)	-	(19,02,60,900)
Balance at the beginning and at the end of the year	(19,02,60,900)	(19,02,60,900)
15.3) Capital Redemption Reserve (refer note (ii) below)		
Balance at the beginning and at the end of the year	3,50,000	3,50,000

Notes to Standalone Financial Statements (Contd.)

15) OTHER EQUITY (Contd...)

(₹)

Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
15.4) Securities Premium (refer note (iii) below)		
Balance at the beginning and at the end of the year	7,96,18,502	7,96,18,502
15.5) General Reserve (refer note (iv) below)		
Balance at the beginning and at the end of the year	18,19,54,416	18,19,54,416
15.6) Retained Earnings (refer note (v) below)		
Balance at the beginning of the year	1,12,26,18,986	82,75,64,422
Profit for the year	27,93,68,336	38,72,48,617
Effect on account of adoption of Ind AS 115 from January 1, 2019. (Refer Note (vi) below)	(6,92,667)	-
Declared Dividend	(11,48,40,880)	(7,51,68,576)
Tax on Declared Dividend	(2,36,11,285)	(1,54,54,659)
Remeasurement gains / (losses) on defined benefit plans (net of tax)	(31,51,270)	(15,70,818)
Balance at the end of the year	1,25,96,91,220	1,12,26,18,986
15.7) Other Comprehensive Income		
Balance at the beginning of the year	(21,22,064)	(7,90,215)
Change in Fair Value of investments measured at FVTOCI (net of tax)	(30,44,096)	(13,31,849)
Balance at the end of the year	(51,66,160)	(21,22,064)

Notes :

- (i) Capital Reserve is created on account of business combination transaction between the Company and SPGPrints B.V. Refer to Note 43 for the detailed note on the transaction.
- (ii) Capital Redemption Reserve created on redemption of Redeemable Preference shares.
- (iii) 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.
- (iv) General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- (v) Retained Earnings can be distributed by the Company as dividend to its equity shareholders and the same is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.
- (vi) The Company has adopted new standard on revenue recognition Ind AS 115 "Revenue from Contracts with customers", which is effective from January 1, 2019. The standard has been adopted using the modified retrospective approach, the impact of which has been accounted in retained earnings as at January 1, 2019.

16) LONG-TERM PROVISIONS

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Provision for Compensated absences (Refer Note 29C)	1,69,20,408	1,42,08,959
	1,69,20,408	1,42,08,959

Notes to Standalone Financial Statements (Contd.)

17) DEFERRED TAX (ASSETS) / LIABILITIES (NET)

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Deferred Tax (Assets) / Liabilities (Net)		
Deferred tax liability		
(a) Property, plant and equipment	1,58,85,065	2,06,92,525
	1,58,85,065	2,06,92,525
Deferred tax assets		
(a) Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	12,29,408	15,56,752
(b) Provision for contingency	26,55,087	29,02,934
(c) Remeasurement gains / (losses) on defined benefit plans	9,13,018	5,97,599
(d) Change in Fair Value of investments measured at FVTOCI	16,81,005	7,60,205
(e) Other timing differences allowable on payment basis	1,03,73,241	1,03,04,611
	1,68,51,759	1,61,22,101
Deferred Tax (Assets) / Liabilities (Net)	(9,66,694)	45,70,424

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

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Profit before tax as per Statement of Profit and Loss	37,21,55,072	54,31,53,781
Domestic Tax Rate (in %) (Refer Below Note)	25.17	29.12
Income tax using the Company's domestic tax rate	9,36,71,432	15,81,66,381
Tax Effect of:		
Incremental deduction for Research & Development Expenditure	-	(3,61,504)
Non-deductible expenses	34,48,575	25,01,678
Income tax related to prior years	25,728	-
Income not chargeable to tax	(81,314)	(26,56,144)
Expenses allowable only under income tax	(78,33,275)	-
Effect of change in tax rate	35,55,590	45,25,977
Income chargeable to lower rate of tax	-	(62,71,224)
Income tax Recognised in Statement of Profit and Loss	9,27,86,736	15,59,05,164

Note : The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for the period April 1, 2019 to December 31, 2019 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section.

Movement in Deferred Tax Liabilities for the year ended December 31, 2019

(₹)

Tax effects of items constituting Deferred tax liabilities/ Assets:	Opening balance as at January 1, 2019	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance as at December 31, 2019
Property, plant and equipment	2,06,92,525	(48,07,460)	-	1,58,85,065
	2,06,92,525	(48,07,460)	-	1,58,85,065

Tax effects of items constituting Deferred tax Assets:	Opening balance as at January 1, 2019	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance as at December 31, 2019
Provision for Doubtful Receivables (Including Expected Credit Loss Allowance)	15,56,752	(3,27,344)	-	12,29,408
Provision for contingency	29,02,934	(2,47,847)	-	26,55,087
Remeasurement gains / (losses) on defined benefit plans	5,97,599	(7,44,550)	10,59,969	9,13,018
Change in Fair Value of investments measured at FVTOCI	7,60,205	(1,03,119)	10,23,919	16,81,005
Other timing differences allowable on payment basis	1,03,04,611	68,630	-	1,03,73,241
	1,61,22,101	(13,54,230)	20,83,888	1,68,51,759

Notes to Standalone Financial Statements (Contd.)

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	Closing balance as 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 Assets:	Opening balance as at January 1, 2018	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance as 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 investments measured at FVTOCI	2,74,432	-	4,85,773	7,60,205
Other timing differences allowable on payment basis	1,07,38,914	(4,34,303)	-	1,03,04,611
	1,52,59,986	(2,69,005)	11,31,120	1,61,22,101

18) OTHER NON-CURRENT LIABILITIES

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Security Deposits	20,05,956	31,74,091
Other Liabilities [Including Provision for Contingencies and Net off Duty paid under protest ₹ 3,584,693 (December 31, 2018 : ₹ 4,029,470)]	1,05,48,618	95,24,091
	1,25,54,574	1,26,98,182

19) TRADE PAYABLES

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
a) Micro Enterprises and Small Enterprises (Refer Note below)	27,21,720	14,81,157
b) Other Trade Payables	25,82,39,093	23,46,98,575
	26,09,60,813	23,61,79,732

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.

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	18,31,730	4,82,259
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	8,89,990	9,98,898
c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	1,08,908	-
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.	-	-
g) Further interest remaining due and payable for earlier years.	8,89,990	9,94,352

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

Notes to Standalone Financial Statements (Contd.)

20) OTHER CURRENT FINANCIAL LIABILITIES

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Payable towards Business Combination (Refer Note 43)	-	19,86,52,200
Unpaid Dividend	88,57,749	73,63,883
Others	11,02,194	40,65,520
	99,59,943	21,00,81,603

Note: There is no amount due and outstanding as at December 31, 2019 and December 31, 2018 to be credited to Investor Education and Protection Fund.

21) OTHER CURRENT LIABILITIES

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Advances from Customers	7,44,43,339	2,59,85,103
Statutory dues	1,59,56,770	2,85,46,056
	9,04,00,109	5,45,31,159

22) SHORT-TERM PROVISIONS

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Employee Benefits		
Provision for Gratuity (Refer Note 29B)	36,27,404	20,52,196
Provision for Compensated absences (Refer Note 29C)	42,89,383	41,78,494
Provision for Warranty (Refer Note 38)	1,11,46,329	1,10,56,495
Provision for GST (Refer Note below)	68,94,478	-
	2,59,57,594	1,72,87,185

Note : The Company provides installation/ upgradation services to the customers of SPG Prints Austria GMBH in India for which the invoices are raised on SPG Prints Austria GMBH. Till date the Company was not charging GST on such invoices considering it to be exempt on account of export of services. However, as there is ambiguity on whether the above transactions fall within definition of export of services, the Company has preferred to apply for Advance Ruling with tax authorities. Pending decision of Advance Ruling, the Company had made provision for the same.

23) CURRENT TAX LIABILITIES (NET)

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Current tax liabilities (Net off Advance tax and TDS of ₹ 59,861,938, December 31, 2018 ₹ 94,855,917)	94,03,132	33,52,385
	94,03,132	33,52,385

24) REVENUE FROM OPERATIONS

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Sale of Goods and Services	1,79,10,12,074	1,79,16,74,471
Other Operating Income :		
Commission Income	1,00,61,715	1,16,77,890
Sale of Manufacturing Scrap	12,83,68,983	12,40,31,179
Export Incentives	76,06,378	27,75,519
	1,93,70,49,150	1,93,01,59,059

Notes to Standalone Financial Statements (Contd.)

24) REVENUE FROM OPERATIONS (Contd..)

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Details of Sale of Goods and Services		
a) Sales of Goods Manufactured:		
Perforated Rotary Screens and Textile Machines	1,16,50,72,694	1,24,73,97,383
Sugar sieves and segments	22,84,00,331	23,27,13,764
Other Manufactured Goods Sold	29,09,30,165	21,21,90,102
	1,68,44,03,190	1,69,23,01,249
b) Sales of Traded Goods :		
Perforated Rotary Screens	2,08,04,543	2,74,23,380
Other Traded Goods Sold	5,10,55,092	4,52,44,146
	7,18,59,635	7,26,67,526
c) Sale of Services	3,47,49,249	2,67,05,696
	3,47,49,249	2,67,05,696
	1,79,10,12,074	1,79,16,74,471
d) Reconciliation of the amount of Revenue recognised in statement of profit and loss with the contracted price :		
Revenue as per Contracted Price	1,80,18,61,971	1,79,45,00,268
Adjustments		
Installment revenue deferred in previous year	26,06,706	19,98,751
Installment revenue deferred in next year	(50,29,224)	(19,14,037)
Discount to the customer	(84,27,379)	(29,10,511)
	1,79,10,12,074	1,79,16,74,471

25) OTHER INCOME

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Interest Income on:		
Bank Deposits	4,20,92,757	3,39,02,897
Others	1,05,809	95,228
	4,21,98,566	3,39,98,125
Liabilities no longer required written back	-	5,58,593
Provision for Doubtful Receivables written back (Net) (Refer Note 9)	4,61,573	-
Provision for Warranty (Net) (Refer Note 38)	-	72,89,654
Lease rentals (Refer Note 40)	44,47,450	86,31,330
Net Gain on Foreign Currency Transactions and Translation	1,74,381	-
Miscellaneous Income	75,63,473	92,62,582
	5,48,45,443	5,97,40,284

26) COST OF MATERIALS CONSUMED

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Raw Materials and Components Consumed	92,10,19,269	87,05,97,894
Packing Materials Consumed	1,63,90,867	1,87,86,697
	93,74,10,136	88,93,84,591

27) PURCHASE OF STOCK-IN-TRADE

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Perforated Rotary Screens	5,62,70,409	4,31,19,412
Others	42,22,194	50,30,446
	6,04,92,603	4,81,49,858

Notes to Standalone Financial Statements (Contd.)

28) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening Stock		
- Work-in-process	1,91,76,759	5,47,29,079
- Finished Goods	9,02,51,678	7,75,11,303
- Stock-in-Trade	1,68,63,756	3,41,83,194
	12,62,92,193	16,64,23,576
Closing Stock		
- Work-in-process	1,22,37,851	1,91,76,759
- Finished Goods	13,79,18,397	9,02,51,678
- Stock-in-Trade	1,80,10,980	1,68,63,756
	16,81,67,228	12,62,92,193
	(4,18,75,035)	4,01,31,383

29) A. Employee benefits expense

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Salaries, Wages and Bonus	18,85,87,770	18,61,49,588
Contribution to Provident and Other Funds	70,53,958	59,64,486
Gratuity (Refer Note 29B)	23,91,064	19,75,346
Welfare Expenses	1,51,05,959	1,40,09,424
	21,31,38,751	20,80,98,844

B. Employee Benefits :

(a) Defined Contribution Plan :

The Company's contribution to Provident Fund aggregating ₹ 6,250,385 (Previous Year ₹ 5,213,002) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(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 :

i. Reconciliation of Opening and Closing Balances of defined benefit obligation

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Present Value of Defined Benefit Obligations at the beginning of the year	1,93,13,579	1,58,75,440
Current Service Cost	22,32,224	18,41,564
Interest Income / Expense	14,94,871	12,17,646
Benefit paid	(50,27,095)	(18,83,539)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	9,81,380	8,52,450
Experience variance (i.e. Actual experience vs assumptions)	31,39,905	14,10,018
Present Value of Defined Benefit Obligations at the end of the year	2,21,34,864	1,93,13,579

Notes to Standalone Financial Statements (Contd.)

ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets (₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Fair Value of Plan assets at the beginning of the year	1,72,61,383	1,41,31,216
Interest Income	13,36,031	10,83,864
Expected return on plan assets, Excluding Interest Income	(89,954)	46,303
Employer's Contribution	-	20,00,000
Fair Value of Plan assets at the end of the year	1,85,07,460	1,72,61,383
Fair Value of Plan assets at the end of the year	1,85,07,460	1,72,61,383

iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets (₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Present Value of Defined Benefit Obligations at the end of the year	2,21,34,864	1,93,13,579
Fair Value of Plan assets at the end of the year	1,85,07,460	1,72,61,383
Net Defined Asset / (Liability) recognised in Balance Sheet as at the end of the year	(36,27,404)	(20,52,196)

iv. Composition of Plan Assets

Percentage of each Category of Plan Assets to total Fair Value of Plan Assets: (₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Cash Accumulation Scheme with Life Insurance Corporation of India	93%	93%
Cash and Cash Equivalents	7%	7%

v. Gratuity Cost for the Year (₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Current service cost	22,32,224	18,41,564
Interest Cost	1,58,840	1,33,782
Expenses recognised in the income statement	23,91,064	19,75,346

vi. Other Comprehensive Income (₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Actuarial (Gain) / loss	41,21,285	22,62,468
Return on plan assets, excluding amount recognised in interest income	89,954	(46,303)
Components of defined benefit costs recognised in other comprehensive income	42,11,239	22,16,165

vii. Actuarial Assumptions (₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Discount Rate (per annum)	7.24%	7.74%
Annual Increase in Salary Cost	Future Term Specific [0,2] - 10.00% p.a. [3, onwards] - 7.00% p.a.	7.50%
Rate of Employee Turnover	Service Specific [0,5] - 5.00% p.a. [5, onwards] - 1.00% p.a.	Service Specific [0,5] - 5.00% p.a. [5, onwards] - 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)

Notes to Standalone Financial Statements (Contd.)

viii. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Defined Benefit Obligation (Base)	2,21,34,864	1,93,13,579

(₹)

Particulars	Year ended December 31, 2019		Year ended December 31, 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	31,12,215	(25,19,452)	22,93,376	(18,59,464)
(% change compared to base due to sensitivity)				
Salary Growth Rate (- / + 0.5%)	(13,29,238)	14,63,621	(9,83,799)	10,82,630
(% change compared to base due to sensitivity)				
Attrition Rate (- / + 1%)	(15,111)	3,340	(13,090)	4,425
(% 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).

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	Year ended December 31, 2019	Year ended December 31, 2018
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	37,24,811	31,85,131
2nd Following year	2,49,078	26,61,199
3rd Following Year	6,77,648	6,13,042
4th Following Year	16,24,351	11,49,767
5th Following Year	3,01,039	13,83,204
Sum of Years 6 to 10	48,56,635	37,69,667
Sum of Years 11 and above	6,39,13,803	5,20,21,629

Notes to Standalone Financial Statements (Contd.)

- 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 actuarial 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, 2019 is ₹ 21,209,791 (Long term provision ₹ 16,920,408 and Short term provision ₹ 4,289,383). The same for the year ended December 31, 2018 ₹ 18,387,453 (Long term provision ₹ 14,208,959 and Short term provision ₹ 4,178,494).

30) FINANCE COSTS

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Other Borrowing Cost	19,24,898	22,68,811
	19,24,898	22,68,811

31) OTHER EXPENSES

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Consumption of Stores and Spares	1,38,76,989	1,49,71,360
Rent (Refer note 40)	1,55,316	17,97,228
Rates and Taxes	1,90,353	6,51,186
Power and Fuel	14,80,31,174	14,08,37,834
Repairs to Buildings	53,33,686	44,66,284
Repairs to Plant and Equipment	71,15,822	78,83,327
Repairs to Others	43,90,523	43,10,043
Insurance	22,11,175	28,70,559
Auditors' Remuneration for :		
- Statutory Audit Fees	28,00,000	26,80,000
- Tax Audit Fees	4,00,000	4,72,006
- Others	5,75,000	6,55,350
	37,75,000	38,07,356

Notes to Standalone Financial Statements (Contd.)

31) OTHER EXPENSES (Contd...)

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Travelling and Conveyance	1,19,71,460	1,82,04,748
Royalty	2,69,91,409	3,41,25,891
Provision for Doubtful Receivables (Net) (Refer Note 9)	-	39,77,207
Provision for Warranty (Net) (Refer Note 38)	17,37,753	-
Commission / Service Charges	1,97,31,917	1,06,18,831
Sales Promotion Expenses	3,57,82,916	38,87,081
Group Management Fees	5,18,99,650	3,75,54,804
Net Loss on Foreign Currency Transactions and Translations	-	68,64,587
Loss on Sale of Property, Plant and Equipment (Net)	2,38,592	87,831
Contribution towards Corporate Social Responsibility activities (Refer Note 41)	86,00,000	70,00,000
Other General, Administrative and Selling Expenses	6,25,19,403	4,33,53,270
	40,45,53,138	34,72,69,427

32) a) Contingent Liabilities Not Provided For In Respect Of:

(₹)

Particulars	As at December 31, 2019	As at December 31, 2018
Reinstatement with backwages claimed by worker. Also, include claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit.	40,00,000	40,00,000
Disallowance of Voluntary Retirement Scheme (VRS) expenditure by tax authorities.	19,11,581	19,11,581
Disallowance of provision for warranty and addition of expense incurred in relation to earning of exempt income	42,96,110	-
Classification of Service Tax on business auxiliary services challenged by tax authorities.*	8,89,554	8,89,554
Service Tax credit taken on Sales Commission paid disallowed by tax authorities.	10,93,900	10,93,900
Total	1,21,91,145	78,95,035

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

*Against the said matter, the Company has paid ₹ 444,777 which has been shown under Other Non-current Assets.

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, 2019 is ₹ 7,985,290 (December 31, 2018 ₹ 1,331,417).

33) DIVIDEND REMITTED IN FOREIGN CURRENCY

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Amount remitted (₹)	8,16,07,735	5,34,15,972
Dividend related to financial year	December 31, 2018	December 31, 2017
Number of non-resident shareholders	1	1
Number of shares	14,83,777	14,83,777

34) EARNINGS PER SHARE

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Profit Attributable to equity shareholders	27,93,68,336	38,72,48,617
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)	133.80	185.46

Notes to Standalone Financial Statements (Contd.)

35) RELATED PARTY DISCLOSURE:

Related party disclosure as required by Ind AS-24, "Related Party Disclosure", is given below:

I. Parties where control exists:

Related Party	Relationship
SPGPrints B.V.	Parent
SPGPrints Group B.V.	Parent of SPGPrints B.V.
Print II B.V.	Parent 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
SPGPrints Brasil Ltda.
Spgprints America Inc
Spgprints Pakistan Pvt Ltd
Veco B.V. (upto April 18, 2018)
Atul Sugar Screens Private Limited (From March 22, 2018 and upto April 18, 2018)

III. Key Management Personnel:

Mr. Shailesh Wani	Managing Director
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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, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Sale of Products								
SPGPrints B.V.	2,36,38,137	1,99,92,369	-	-	-	-	2,36,38,137	1,99,92,369
SPG Prints Mexico, S.A. de C.V.	-	-	27,17,238	2,28,072	-	-	27,17,238	2,28,072
SPGPrints Austria GMBH	-	-	-	13,36,080	-	-	-	13,36,080
SPGPrints Brasil Ltda	-	-	40,93,823	6,64,875	-	-	40,93,823	6,64,875
SPGPrints Printing Systems (Wuxi) Co.,Ltd	-	-	28,42,969	1,04,906	-	-	28,42,969	1,04,906
Spgprints America Inc	-	-	75,77,777	-	-	-	75,77,777	-
Spgprints Pakistan Pvt Ltd	-	-	1,12,295	-	-	-	1,12,295	-
SPGPrints Baski Sistemleri Tic. Ltd. Şti.	-	-	45,47,882	-	-	-	45,47,882	-
Atul Sugar Screens Private Limited	-	2,48,38,968	-	96,00,529	-	-	-	3,44,39,497
Sub - Total	2,36,38,137	4,48,31,337	2,18,91,984	1,19,34,462	-	-	4,55,30,121	5,67,65,799
Sale of Services								
SPGPrints B.V.	15,540	-	-	9,59,630	-	-	15,540	9,59,630
Spgprints America Inc	-	-	3,25,729	-	-	-	3,25,729	-
SPGPrints Austria GMBH	-	-	1,26,89,110	1,74,07,864	-	-	1,26,89,110	1,74,07,864
Sub - Total	15,540	-	1,30,14,839	1,83,67,494	-	-	1,30,30,379	1,83,67,494

Notes to Standalone Financial Statements (Contd.)

IV. Transactions with related parties (Contd...)

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Purchase of Raw Material and Components								
SPGPrints B.V.	10,34,31,273	15,40,70,894	-	-	-	-	10,34,31,273	15,40,70,894
Veco B.V.	-	-	-	7,83,115	-	-	-	7,83,115
SPGPrints Austria GMBH	-	-	1,06,943	1,24,64,454	-	-	1,06,943	1,24,64,454
SPGPrints Baski Sistemleri Tic. Ltd. Sti	-	-	-	10,41,263	-	-	-	10,41,263
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	11,91,646	6,11,290	-	-	11,91,646	6,11,290
Sub - Total	10,34,31,273	15,40,70,894	12,98,589	1,49,00,122	-	-	10,47,29,862	16,89,71,016
Purchase of Fixed Assets								
SPGPrints B.V.	99,45,863	64,90,743	-	-	-	-	99,45,863	64,90,743
SPGPrints Austria GMBH	-	-	-	1,21,584	-	-	-	1,21,584
Sub - Total	99,45,863	64,90,743	-	1,21,584	-	-	99,45,863	66,12,327
Expenses Recovered from other companies								
SPGPrints B.V.	9,55,341	62,06,539	-	-	-	-	9,55,341	62,06,539
SPGPrints Austria GMBH	-	-	1,05,561	12,80,387	-	-	1,05,561	12,80,387
Shandong Tongda Printing Systems Co. Ltd	-	-	-	19,028	-	-	-	19,028
Sub - Total	9,55,341	62,06,539	1,05,561	12,99,415	-	-	10,60,902	75,05,954
Remuneration								
Mr. Shailesh C Wani (Refer Note 1 below)	-	-	-	-	1,43,97,532	1,51,65,167	1,43,97,532	1,51,65,167
Sub - Total	-	-	-	-	1,43,97,532	1,51,65,167	1,43,97,532	1,51,65,167
Purchase of Services								
SPGPrints B.V.	35,56,364	9,16,310	-	-	-	-	35,56,364	9,16,310
SPGPrints Printing Systems Wuxi Co.,	-	-	-	7,59,342	-	-	-	7,59,342
Sub - Total	35,56,364	9,16,310	-	7,59,342	-	-	35,56,364	16,75,652
Expenses Charged by other companies								
SPGPrints B.V.	8,98,95,046	3,89,92,167	-	-	-	-	8,98,95,046	3,89,92,167
SPGPrints Austria GMBH	-	-	-	1,09,330	-	-	-	1,09,330
Sub - Total	8,98,95,046	3,89,92,167	-	1,09,330	-	-	8,98,95,046	3,91,01,497
Royalty Expense								
SPGPrints B.V.	2,69,91,409	3,01,02,777	-	-	-	-	2,69,91,409	3,01,02,777
Veco B.V.	-	-	-	40,23,114	-	-	-	40,23,114
Sub - Total	2,69,91,409	3,01,02,777	-	40,23,114	-	-	2,69,91,409	3,41,25,891
Dividend Paid								
SPGPrints B.V.	8,16,07,735	5,34,15,972	-	-	-	-	8,16,07,735	5,34,15,972
Sub - Total	8,16,07,735	5,34,15,972	-	-	-	-	8,16,07,735	5,34,15,972
Commission Received								
SPGPrints B.V.	4,29,717	2,16,130	-	-	-	-	4,29,717	2,16,130
SPGPrints Austria GMBH	-	-	96,31,998	1,14,61,761	-	-	96,31,998	1,14,61,761
Sub - Total	4,29,717	2,16,130	96,31,998	1,14,61,761	-	-	1,00,61,715	1,16,77,891

Notes to Standalone Financial Statements (Contd.)

IV. Transactions with related parties (Contd...)

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
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
Acquisition of Global Spares and Service Business								
SPGPrints B.V.	19,57,14,000	-	-	-	-	-	19,57,14,000	-
Sub - Total	19,57,14,000	-	-	-	-	-	19,57,14,000	-
Balance payable at the year-end								
SPGPrints B.V.	1,89,14,887	23,54,10,837	-	-	-	-	1,89,14,887	23,54,10,837
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	1,75,643	9,03,710	-	-	1,75,643	9,03,710
Remuneration Payable to Shailesh Wani	-	-	-	-	1,94,425	1,20,149	1,94,425	1,20,149
Sub - Total	1,89,14,887	23,54,10,837	1,75,643	9,03,710	1,94,425	1,20,149	1,92,84,955	23,64,34,696
Balance receivable at the year-end								
SPGPrints B.V.	1,41,59,111	92,00,495	-	-	-	-	1,41,59,111	92,00,495
SPGPrints Austria GMBH	-	-	32,81,244	68,11,794	-	-	32,81,244	68,11,794
Spprint America Inc	-	-	10,19,703	-	-	-	10,19,703	-
SPGPrints Printing Systems (Wuxi) Co.,Ltd	-	-	6,40,728	1,11,871	-	-	6,40,728	1,11,871
SPGPrints Brasil Ltda	-	-	23,09,901	-	-	-	23,09,901	-
Spprint Mexico S A De C V	-	-	8,08,620	2,35,846	-	-	8,08,620	2,35,846
Sub - Total	1,41,59,111	92,00,495	80,60,196	71,59,511	-	-	2,22,19,307	1,63,60,006

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 Standalone Financial Statements (Contd.)

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, 2019			
	Fair Value through Profit & Loss	Fair Value through Other Comprehensive Income	Amortised Cost	Total
Financial assets				
(i) Investments	-	70,10,833	3,000	70,13,833
(ii) Other non-current financial assets	-	-	80,55,999	80,55,999
(iii) Trade receivables	-	-	30,93,93,742	30,93,93,742
(iv) Cash and cash equivalents	-	-	31,35,57,782	31,35,57,782
(v) Bank balance other than (iv) above	-	-	46,16,39,890	46,16,39,890
(vi) Other current financial assets	-	-	25,44,572	25,44,572
Total	-	70,10,833	1,09,51,94,985	1,10,22,05,818
Financial liabilities				
(i) Trade Payables	-	-	26,09,60,813	26,09,60,813
(ii) Other current financial liabilities	-	-	99,59,943	99,59,943
Total	-	-	27,09,20,756	27,09,20,756

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	-	-	21,00,81,603	21,00,81,603
Total	-	-	44,62,61,335	44,62,61,335

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, 2019	70,10,833	-	-	70,10,833
Investment in equity instruments as at December 31, 2018	1,10,78,848	-	-	1,10,78,848

Notes to Standalone Financial Statements (Contd.)

(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.

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 committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

(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, 2019	Year ended December 31, 2018
Bank deposits (Including Margin Money Deposit)	66,77,82,141	81,27,42,463
% Change in interest rates	0.50%	0.50%
Impact on Profit for the year	33,38,911	40,63,712

(₹)

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.

Notes to Standalone Financial Statements (Contd.)

Net Open Exposures Outstanding as at the Balance Sheet Date

(₹)

Particulars	Foreign Currency Denomination	As at December 31, 2019		As at December 31, 2018	
		Foreign Currency Amount	Amount ₹	Foreign Currency Amount	Amount ₹
Trade Receivables	EURO	3,38,251	2,70,19,468	2,05,160	1,63,67,655
	USD	4,75,312	3,38,75,466	1,838	1,28,274
Short-term Loans and Advances	EURO	6,897	5,50,906	19,046	15,19,439
	USD	3,060	2,18,086	-	-
	GBP	419	39,131	495	43,788
Trade Payables	EURO	2,62,766	2,09,89,719	4,82,262	3,84,74,824
	USD	12,638	9,00,734	26,563	18,53,824
	CNY	4,000	40,480	-	-
Other Current Liabilities	EURO	96,181	76,82,969	-	-
	USD	91,397	65,13,898	150	10,469

1.3 Commodity Risk : The Company is affected by price volatility of certain commodities, mainly Nickel. 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 counterpart 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 counterpart. Concentration of credit risk to any counterpart 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, 2019				
Trade Payables	26,09,60,813	-	-	26,09,60,813
Other Financial Liabilities	99,59,943	-	-	99,59,943
As at December 31, 2018				
Trade Payables	23,61,79,732	-	-	23,61,79,732
Other Financial Liabilities	21,00,81,603	-	-	21,00,81,603

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

Notes to Standalone Financial Statements (Contd.)

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.

Segment reporting for the year ended December 31, 2019

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2019					For the year ended December 31, 2018				
	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 Indirect Taxes)	1,54,94,57,535	9,52,38,254	29,23,53,361	-	1,93,70,49,150	1,54,00,37,646	9,28,70,552	29,72,50,861	-	1,93,01,59,059
Total Revenue	1,54,94,57,535	9,52,38,254	29,23,53,361	-	1,93,70,49,150	1,54,00,37,646	9,28,70,552	29,72,50,861	-	1,93,01,59,059
Results										
Segment result	34,26,78,927	4,52,12,719	4,65,47,772	-	43,44,39,418	37,78,56,191	3,78,35,977	4,14,01,646	-	45,70,93,814
Interest Income net of expense	(6,38,045)	-	-	4,08,05,904	4,01,67,859	(13,60,287)	-	(17,855)	3,31,07,455	3,17,29,313
Unallocated Expenditure net of unallocated income	-	-	-	(10,24,52,205)	(10,24,52,205)	-	-	-	(8,67,50,321)	(8,67,50,321)
Profit Before Exceptional Items and Tax	34,20,40,882	4,52,12,719	4,65,47,772	(6,16,46,301)	37,21,55,072	37,64,95,904	3,78,35,977	4,13,83,791	(5,36,42,866)	40,20,72,806
Exceptional Items (Refer note 42)	-	-	-	-	-	-	-	-	14,10,80,975	14,10,80,975
Profit Before Tax	34,20,40,882	4,52,12,719	4,65,47,772	(6,16,46,301)	37,21,55,072	37,64,95,904	3,78,35,977	4,13,83,791	8,74,38,109	54,31,53,781
Provision for Current Tax	-	-	-	9,62,39,966	9,62,39,966	-	-	-	15,89,59,679	15,89,59,679
Provision for Deferred Tax	-	-	-	(34,53,230)	(34,53,230)	-	-	-	(30,54,515)	(30,54,515)
Net Profit for the year	34,20,40,882	4,52,12,719	4,65,47,772	(15,44,33,037)	27,93,68,336	37,64,95,904	3,78,35,977	4,13,83,791	(6,84,67,055)	38,72,48,617
Other Information										
Segment Assets	81,86,84,770	2,66,78,159	7,66,98,683	85,15,08,314	1,77,35,69,926	69,36,23,065	2,80,13,442	5,74,18,442	98,72,39,895	1,76,62,94,844
Segment Liabilities	33,51,53,435	76,81,927	51,92,125	7,81,29,086	42,61,56,573	46,30,46,769	54,47,759	77,28,363	7,66,86,738	55,29,09,629
Capital Expenditure	4,73,74,071	18,40,948	-	49,65,935	5,41,80,954	1,97,79,560	6,90,819	-	99,47,226	3,04,17,605
Depreciation	3,15,63,072	17,05,646	1,17,935	1,07,08,377	4,40,95,030	3,09,30,016	18,72,910	87,22,868	1,09,97,829	5,25,23,623

Notes to Standalone Financial Statements (Contd.)

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, 2019			For the year ended December 31, 2018		
	India	Outside India	Total	India	Outside India	Total
Revenue for the year ended (Net of Indirect Taxes)	1,61,12,94,832	32,57,54,318	1,93,70,49,150	1,81,04,89,890	11,96,69,169	1,93,01,59,059
Carrying amount of segment assets as at	1,71,18,66,869	6,17,03,057	1,77,35,69,926	1,74,82,35,688	1,80,59,156	1,76,62,94,844
Capital Expenditure incurred during the year ended	5,41,80,954	-	5,41,80,954	3,04,17,605	-	3,04,17,605

The Company derives revenue in excess of 10% from one major customer, viz; Atul Sugar Screens Private Limited- ₹ 228,400,331 (December 31, 2018 ₹ 194,623,966). The same contributes to the Galvanic business segment.

Revenue from no other individual customers is in excess of 10% of total revenue.

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.

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Opening Balance	1,10,56,495	2,40,03,773
Additions during the Year	96,18,416	1,13,82,623
Reversals during the year	78,80,663	1,86,72,278
Utilisations during the year	16,47,919	56,57,623
Closing Balance	1,11,46,329	1,10,56,495

39) RESEARCH AND DEVELOPMENT EXPENSES

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
Revenue Expenditure	32,34,382	37,90,174
Total	32,34,382	37,90,174

40) LEASES

Operating Lease : As a Lessor

The Company has entered into cancellable lease agreements for use of certain area of its building premises for a period of one year. The lease rentals aggregating ₹ 4,447,450 (Previous Year ₹ 8,631,330) 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 which was completed on January 31, 2019 and after that the agreement is not renewed. The lease rentals aggregating ₹ 155,316 (Previous Year ₹ 1,797,228) have been included under the head "Other Expenses" Note 31 "Rent" of Statements of Profit and Loss .

Notes to Standalone Financial Statements (Contd.)

41) EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(₹)

Particulars	Year ended December 31, 2019	Year ended December 31, 2018
(a) Gross amount required to be spent by the company :	85,89,041	69,53,630
(b) Amount spent during the year :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	86,00,000	70,00,000

- 42) The Company had 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 ₹ 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.

During the year 2018, the Company had sold certain identified assets of galvanic business. Resultant gain on such sale of assets of ₹ 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) Pursuant to the Members' approval in 45th Annual General Meeting held on May 9, 2019, the Company has entered into Business Transfer Agreement with SPGPrints B.V. on June 5, 2019 to acquire the Service and Spare Parts Business relating to Rotary Printing Equipment ("said business"). The price for acquisition of the said business is EURO 2.49 Million (Equivalent to ₹ 190,260,900 on January 1, 2018), determined based on the independent valuation report.

In accordance with the requirements of Appendix C of Ind AS 103 – Business Combination, the above transaction has been accounted for using pooling of interest method under Ind AS 103 – Business Combination.

Ind AS 103 – Business Combination requires the financial information of prior periods to be restated as if Business Combination occurred from the beginning of the preceding period presented in the financial statements, irrespective of the actual date of combination, and accordingly previous year's financial statements have been restated to the extent, applicable. The restatement of the financial statements for the year ended on December 31, 2018 resulted in decrease in Net Profit for the year and Total Comprehensive Income for the year amounting to ₹ 8,391,300, decrease in other equity amounting to ₹ 198,652,200 (including ₹ 8,391,300 decrease in Net Profit for the year on account of exchange loss related to this transaction) and increase in Other Current financial Liability amounting to ₹ 198,652,200.

The operational revenues and cost of operations of the current period for the said business is included in the "Textile Machinery and Consumables" segment of the Company.

- 44) Board of Directors have recommended the final dividend of ₹ 60 per equity share having face value of ₹ 10 each (600%) for the financial year ended December 31, 2019, subject to approval of the Members.
- 45) The financial statements were reviewed and recommended by the Audit Committee and authorised for issuance by the Board of Directors of the Company at their meeting held on February 25, 2020.

See accompanying notes forming part of the financial statements.
In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No.: 117366W/W-100018

Kartikeya Raval
Partner

Place: Ahmedabad
Date: February 25, 2020

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

K. M. Thanawalla
Chairman
(DIN: 00201749)

Paras Mehta
Chief Financial Officer

Place: Ahmedabad
Date: February 25, 2020

Shailesh Wani
Managing Director
(DIN: 06474766)

Sanjeev Singh Sengar
Company Secretary

Form No. SH-13

Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,
 The Members,
Stovec Industries Ltd.
 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.



STOVEC[®]

INDUSTRIES LIMITED

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CIN:L45200GJ1973PLC050790

