

38TH ANNUAL REPORT 2011

STOVEC
INDUSTRIES LIMITED

COMPANY PROFILE

Core Activities

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

Core Competencies

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

Technologies

- Metal Coating / Plating
- Electroforming

Products

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

Market/Customers

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

Market Position

- Technology and Market Leadership in Rotary Screen and Printing Machinery



▲ Rotary Printing Machine for Textiles



▲ Rotary Screens and Consumables for Textile Printing



▲ Anilox and Screens for Graphic Printing



▲ Sugar Screens



▲ Digital Textile Printing Ink

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Varsha Adhikari

AUDITORS

Price Waterhouse
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura,
Ahmedabad - 380 009.

BANKERS

The Axis Bank Limited
The Karur Vysya Bank Limited

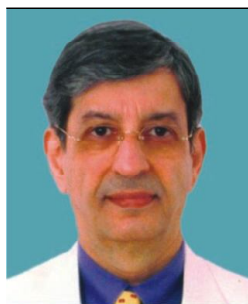
REGISTERED OFFICE AND FACTORY

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

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LETTER FROM THE CHAIRMAN



Dear Shareholders,

It gives me pleasure to present the 38th Annual Report of your Company for the year ended December 31, 2011.

The Indian economy registered a growth of 6.9 % for the fiscal year 2011-12, which is much lower compared to the last few years. While the slowdown of Indian economy is largely attributed to global factors, domestic factors also played an important role. The economic forecast expectation is that with inflation moderating, monetary policy easing off and reforms picking up, the Indian economy would grow about 7.6 % in the financial year 2012-13.

During the year under review, revenues have been flat and the Company registered a turnover of Rs. 598.34 million. The profits for the year have been negatively impacted largely on account of high volatility in the prices of Nickel- a key raw material for the company.

In general, the Company's business physicals and market penetration during the year remained strong and robust, basis which going forward we expect improvements in the profitability.

I thank all our stakeholders for partnering in our growth trajectory. We look forward to your continued support and patronage.

With warm regards,

K.M. Thanawalla

Chairman

Date : March 30, 2012

Place : Mumbai

NOTICE

NOTICE is hereby given that the THIRTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED will be held on Wednesday, the 2nd day of May, 2012 at 2 p.m. at the Registered Office of the company at N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat, India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended December 31, 2011 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. K.M. Thanawalla, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. Aschwin Hollander, who retires by rotation and being eligible offer himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
The Instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority letter, as applicable, issued by the member organization.
2. Pursuant to sections 205A (5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund established by the Central Government. The company during the year has transferred a sum of Rs. 186,028/- being unclaimed dividend amount for the financial year 2003-04 to the Investor Education and Protection Fund of the Central Government. Share holders who have not claimed their dividend for the financial year 2004-05 are requested to claim their unclaimed dividend before August 10, 2012. The Company shall thereafter as mentioned above transfer the unclaimed amount to the Investor Education and Protection Fund and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred.
3. Register of Members and Share Transfer Book shall remain closed from April 26, 2012 to May 2, 2012 (both days inclusive). If the dividend on equity shares, as recommended by the Board of Directors is declared at the Annual General Meeting, payment of such dividend will be paid on or after May 5, 2012 as under:
 - i. To all Members in respect of shares held in physical form, after giving effect to valid transfer in respect of transfer request lodged with the Registrar and Transfer Agent on or before the close of business hours on April 25, 2012.
 - ii. To all Beneficial Owners in respect of shares held in electronic form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of business hours on April 25, 2012.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
5. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the National Electronic Clearing System (NECS). NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.

6. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their Depository Participant. However, members holding shares in physical mode are required to notify any change pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to Registrar and Share Transfer Agent i.e. **M/s. Link Intime India Private Limited** (Formerly known as Intime Spectrum Registry Limited), 211, Sudarshan Complex, Nr.Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009.
7. Pursuant to clause 49 of the listing agreement, the particulars of Directors seeking re-appointment at the meeting are annexed.
8. As per Securities and Exchange Board of India (SEBI) Circular, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents.
9. **In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform the Registrar & Share Transfer Agents about their PINCODE immediately.**
10. Non-resident Indian Shareholders are requested to inform the Share Transfer Agents immediately about :
 - (a) any change in their residential status upon return to India for permanent settlement.
 - (b) particulars of NRI Account with a Bank in India, if not furnished earlier.
11. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 1.00 p.m.
12. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
13. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the meeting so that the information required may be made available at the meeting.
14. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE755D01015. In case of any query/difficulty in any matter relating thereto the same may be addressed to the Share Transfer Agents.
15. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B as prescribed is attached herewith.
16. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

Regd. Office:

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

By Order of the Board of Directors

Date : February 28, 2012
Place : Mumbai

Varsha Adhikari
Company Secretary

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

Name of Director	Mr. K.M. Thanawalla	Mr. Aschwin Hollander
Date of Birth	24.12.1942	19.06.1968
Date of Appointment	28.01.2005	26.04.2005
Expertise in specific functional areas	Marketing and General Management	Finance and General Management
Qualifications	He is a commerce graduate from the Bombay University. He is a Fellow of The Institute of Chartered Secretaries & Administrators, London. He is also an Associate of The Textile Institute, U.K. and of The British Institute of Management.	He holds a degree in Business Economics from Erasmus University, Rotterdam, after which he followed Post Graduate education as Controller.
Details of shares held in the company	Nil	Nil
List of companies in which outside directorship held as on 31.12.2011 (excluding Private Companies & Foreign Companies)	Mandhana Industries Ltd Varun Shipping Company Ltd Varun Gas Infrastructure Ltd	Nil
Chairman / Member of the * Committees of other companies as on 31.12.2011	Mandhana Industries Ltd	Nil

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

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the Thirty Eighth Annual Report and the Audited Statement of Accounts of the company for the year ended December 31, 2011.

1. FINANCIAL RESULTS:

Particulars	Current Year 31.12.2011 Amt. in Rs.	Previous Year 31.12.2010 Amt. in Rs.
Sales & Services (Net)	598,339,072	591,527,796
Other Income	<u>29,598,379</u>	<u>20,307,916</u>
(a) Total Income:	627,937,451	611,835,712
(b) Total Expenditure:	<u>544,068,281</u>	<u>492,358,535</u>
(c) Gross Profit:		
Before Interest, Depreciation & Amortisation Charges: (c) = (a) – (b)	83,869,170	119,477,177
Less: Interest	<u>294,367</u>	<u>716,343</u>
Gross Profit after Interest but before Depreciation and Amortisation Charges	83,574,803	118,760,834
Less: Depreciation & Amortisation Charges.	<u>14,879,259</u>	<u>10,846,854</u>
Operational Profit/Profit Before Tax	68,695,544	107,913,980
Less: Current Tax	20,014,987	22,774,447
Deferred tax	1,684,195	13,186,815
(Excess)/Short provision for taxes for earlier years (Net of Deferred Tax).	<u>(438,676)</u>	<u>(197,433)</u>
Profit After Tax	47,435,038	72,150,151
Add: Profit brought forward from previous year	128,939,576	89,251,031
Profit available for appropriation	176,374,614	161,401,182
Dividend on equity shares	14,302,910	21,506,565
Tax on Dividend	2,320,290	3,655,041
Amount transferred to General Reserves.	<u>4,800,000</u>	<u>7,300,000</u>
Profit carried forward to Balance Sheet	<u>154,951,414</u>	<u>128,939,576</u>

2. DIVIDEND:

Considering the company's financial performance, the Directors have recommended payment of dividend of Rs. 6.85/- per share for the year ended on December 31, 2011.

3. PERFORMANCE OVERVIEW:

During the year under review, your company has registered the turnover of Rs. 598.34 Million against the turnover of Rs. 591.53 Million of previous year. The overall increase in cost and high volatility in prices of Nickel has impacted the profitability. The Profit before Tax for the current year is Rs. 68.7 Million as against Rs. 107.91 Million of previous year.

4. SOLE SELLING AGENT:

During the year under review, the Company and its Sole Selling Agent-ATE Enterprises Pvt. Ltd., have mutually decided to terminate the Sole Selling Agency Agreement w.e.f 1st January 2012.

M/s A.T.E. Enterprises Pvt. Ltd. has had a long association with the Company. The Board would like to record appreciation for their contribution in the growth and success of the company.

5. IN HOUSE RESEARCH & DEVELOPMENT CENTRE:

The company has made application to the Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi for getting recognition of in house Research & Development Centre.

6. GO GREEN INITIATIVE:

The Ministry of Corporate Affairs ("MCA") has taken a green initiative in the Corporate Governance by allowing paperless compliance by companies vide its Circular No. 17/2011 dated: April 21, 2011 and Circular No. 18/2011 dated: April 29, 2011; wherein, companies are now permitted to send notices/documents including Annual Reports to the shareholders through electronic mode. Your company would like to participate in this green initiative of Ministry of Corporate Affairs and urge all the shareholders to Join in. The separate letter addressed to all the shareholders is enclosed with a request to participate in this green initiative of the company.

7. AUDITORS REPORT:

The observation made in the Auditors report are self explanatory and therefore need not require any comments under section 217(3) of the Companies Act, 1956.

8. FIXED DEPOSITS:

For the year ending December 31, 2011, the Company has not accepted any deposits from the public falling within the purview of section 58A & 58AA of the Companies Act, 1956 and rules made there under.

9. CORPORATE GOVERNANCE:

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

10. DIRECTORS:

During the year there has been no change in the Board of Directors of the Company. However pursuant to Section 255 and 256 of the Companies Act, 1956, Mr. K.M. Thanawalla and Mr. Aschwin Nicolai Hollander, retires by rotation in the forthcoming Annual General Meeting of the company and being eligible offer themselves for re-appointment.

11. DIRECTORS RESPONSIBILITY STATEMENT:

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

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

12. AUDITORS:

The Company's Statutory Auditors M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E) retires at the forthcoming Annual General Meeting and has shown their willingness to continue as statutory auditors of the company. The Board recommends appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company from the conclusion of the 38th Annual General Meeting until the conclusion of the next Annual General Meeting of the company.

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

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

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

14. PARTICULARS OF EMPLOYEES:

The particulars prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Annual Report as Annexure II.

15. ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : February 28, 2012

K.M.Thanawalla
Chairman

Annexure - I

Annexure to the Director's Report

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st December, 2011.

(I) Conservation of energy:

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

1. Some Low efficiency rectifiers have been replaced by new high efficient electronic rectifiers.
2. Continuously maintaining power factor of 0.99.
3. Efficient maintenance of Hot water generator. Fuel switched over to PNG from LDO.
4. Metal halide lamps replaced by Mercury lamps and conventional tube lights replaced by CFL/T5 series for power saving.
5. Energy audit and implementation of recommendations.
6. Installation of PLC & VFD for better control at various process equipments.
7. Better utilization of production equipments.
8. Increased production bath efficiency by reducing its operating voltage.

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

The company has made the following investments:

- i. High Efficiency rectifiers.(Electronic rectifiers)
- ii. VFD
- iii. PNG

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

1. Power consumption along with overall cost of production has been reduced
2. L.D.O. replaced by PNG (lower rate and lower Carbon emission)
3. Planned usage of utilities during non-peak hours (Lower tariff rates).

(II) Environment Health & Safety:

- 1) Revamping of roller making department cranes with better controlling equipments and use of DSL shrouded bus bars instead of overhead live conductors to improve safety level.
- 2) Waste chemicals storage area improved.
- 3) Continuous training program.

(III) Technology Absorption:

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

Form – B

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

- a) R & D carried out in the various product lines of the company.
- b) Continuous improvement of existing products for enhanced durability and performance.
- c) Design optimization using advanced software packages for CAE (Computer Aided Engineering) and innovating new concepts in textile machinery.
- d) Testing and adaptation of New Materials
- e) New processes and up gradation of existing processes to reduce manufacturing cost.
- f) Product Engineering for enhanced product quality and reliability
- g) Reduction of rejections and warranty returns
- h) Improving New Product Development (NPD) lead time
- i) Environment compliance by products and processes
- j) Testing and validation of new products

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

- ◆ Customers' satisfaction and new business opportunities because of cost, quality and latest technology

3. Future plan of action.

- i) Development of Special Purpose Machines and Special Inks for quality printing needs.
- ii) Development of precision metal parts.
- iii) To develop economical and eco-friendly processes and alternate raw material.

4. Details of R & D Expenditure.

1. Capital Expenditure	9,262,469
2. Recurring Expenditure	5,380,898
3. Total Expenditure	14,643,367
4. Total Turnover	598,339,072
5. Total R&D Expenditure as a percentage of the total Turnover.	2.45 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation - **Nil**

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

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

- i. Technology imported :
 - ◆ The company imported technology for manufacturing new model of printing machines.
- ii. Has technology been fully absorbed ? :
 - ◆ The above technology has been fully absorbed.
- iii. If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action: **N.A.**

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

The company is concentrating on continuous quality and product improvement. The company participated in ITMA Exhibition at Barcelona, Spain, to increase its presence in the global market and also to explore new market for its products.

2. Total foreign exchange used and earned.

- i. Earnings in foreign exchange on account of Goods and Services Exported (Jan'11 – Dec'11). **Rs. 30,150,221/-**
- ii. Value of imports of raw materials, components, stores, spares, commission, technical know-how fees, royalty etc. (Jan'11 – Dec'11) **Rs. 270,317,367/-**

Annexure - II

Statement of particulars under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on December 31, 2011.

A. Employed throughout the accounting year under review and were in receipt of remuneration for the accounting year in aggregate of not less than Rs. 60,00,000/-

Sr. No.	Name & Age	Designation & Nature of Duties	Remuneration & Perquisites	Nature of employment	Other terms and conditions	Qualification & Experience (in years)	Date of commencement of employment	Last employment held	% of equity shares held in the company
1.	Mr.Ashish Kaul (43 yrs.)	Managing Director w.e.f. 01.03.2007, management of the whole of the Company.	Rs.9,266,192/-	Re-appointed as a Managing Director of the company w.e.f. 01.03.2010 vide agreement dated: February 5, 2010.	As set out in the agreement appointing the Managing Director.	B.E. (Electronics) & M.B.A. (Finance) Experience of around 21 years in general management, supply chain and operations management.	31.07.2006	Carrier India	Nil

Notes:

1. Remuneration as shown above includes salary, house rent allowance, Company's contribution to Provident fund and Group Gratuity Fund. It also includes reimbursement of expenses incurred by the employees on leave travel and medical treatment, where ever applicable and to the extent admissible under the Rules of the Company. Above remuneration also includes variable pay on provisional basis.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a system of structuring, operating and controlling a corporate with a view to achieve long term strategic goals to satisfy its stakeholders – including shareholders, creditors, employees, customers and suppliers, while complying with the legal and regulatory requirements. It involves defining and implementing a system of rules, processes, procedures and relationships to manage the organization and fulfill its legal, financial obligations and setting up & implementing processes that guarantee transparent information to all stakeholders.

The Company believes that sound Corporate Governance is critical to enhancing and retaining investor trust and accordingly 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 integral to creating value on a sustainable basis. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

2. BOARD OF DIRECTORS

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

The strength of the Board of Director is Seven Directors. The Board Comprises of Non-Executive & Independent Chairman, Executive Director (M.D.), Three Non-Executive Directors & Two other Non-Executive & Independent Directors.

Name of Director	Executive/Non-Executive/ Independent	No. of Outside Directorship	No. of outside Committee position held	
			Member	Chairman
Mr. K.M. Thanawalla	Non-Executive & Independent (Chairman)	3	1	1
CA. Girish C. Sharedalal	Non-Executive & Independent	2	-	2
Mr. Marco Wadia	Non-Executive & Independent	9	4	3
Mr. Dirk Wim Joustra	Non-Executive	-	-	-
Mr. Aschwin Hollander	Non-Executive	-	-	-
Mr. Joost Smits	Non-Executive	-	-	-
Mr. Ashish Kaul	Executive (Managing Director)	-	-	-

The Board met 4 times during the year i.e. February 24, 2011; May 11, 2011; August 12, 2011 and November 11, 2011.

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

DETAILS ABOUT THE BOARD MEETING

Directors	No of Board Meetings held	No of Meeting attended	Attendance at the AGM
Mr. K.M. Thanawalla	04	03	Yes
CA. Girish C. Sharedalal	04	04	Yes
Mr. Marco Wadia	04	04	Yes
Mr. Dirk Wim Joustra	04	01	No
Mr. Aschwin Hollander	04	02	Yes
Mr. Joost Smits	04	01	No
Mr. Ashish Kaul	04	04	Yes

Notes

- None of the Directors are related to any other director.

2. None of the Directors holds Directorship in more than 15 Public Limited Companies nor is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a Director.
3. Outside directorship do not include alternate directorship, directorship of Private Ltd. Companies, Section 25 Company and of Companies incorporated outside India. The Number of outside Committee position held includes Audit Committee and Investor Grievance Committee only.

Share – Holding of Non-Executive Director

The share holding of Non-Executive Directors in the company as on December 31, 2011 are as follows:

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

Appointment / Re-appointment of Directors

In pursuance to Section 255 and 256 of the companies act, 1956, Mr. K.M. Thanawalla and Mr. Aschwin Nicolai Hollander retire by rotation in the forthcoming annual general meeting of the company and being eligible offer themselves for re-appointment.

3. COMMITTEES OF THE BOARD

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

3.1 AUDIT COMMITTEE:

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

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

Directors	Position held in Committee	Independent/ Executive /Non-Executive Director	No. of Committee Meetings held	No. of Meeting attended
Mr. K.M. Thanawalla	Chairman	Independent Non-Executive Director	04	03
Mr. Marco Wadia	Member	Independent Non-Executive Director	04	04
CA. Girish C. Sharedalal	Member	Independent Non-Executive Director	04	04
Mr. Ashish Kaul	Member	Executive Director	04	04

The Committee met 4 times during the year i.e. February 24, 2011; May 11, 2011; August 12, 2011 and November 11, 2011.

The chairman of the audit committee was present in the last Annual General Meeting to answer the shareholders queries.

3.2 REMUNERATION COMMITTEE:

The Remuneration Committee comprises of the following members:

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

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

During the year under report, the meeting of the Remuneration Committee was held on May 11, 2011 and August 12, 2011 and all the members were present.

The Directors' remuneration and sitting fees paid/payable in respect of the financial year 2011 are given below:-

(A) Non-Executive Directors:

The Company pays Rs.18,000/- as sitting fees to all the directors except Mr. Ashish Kaul, the Managing Director, for each board meeting attended.

- i. The details of the sitting fees paid for the year 2011 to the Non-Executive Directors and Foreign Directors are as follows:

Directors	Amount of Sitting Fees Paid for attending Board Meeting (in Rs.)
Mr. K.M. Thanawalla	54,000
CA. Girish C. Sharedalal	72,000
Mr. Marco Wadia	72,000
Mr. Dirk Wim Joustra	18,000
Mr. Aschwin Hollander	36,000
Mr. Joost Smits	18,000

The Company pays Rs.9,000/- as sitting fees to all the members of audit committee except Mr. Ashish Kaul, Managing Director, for each audit committee meeting attended.

- ii. The details of the sitting fees paid for the year 2011 to the members for each audit committee meeting attended are as follows:

Directors	Amount of Sitting Fees Paid for attending Audit Committee Meeting (in Rs.)
Mr. K.M. Thanawalla	27,000
CA. Girish C. Sharedalal	36,000
Mr. Marco Wadia	36,000

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

(B) Managing Director Remuneration:

The details of remuneration paid to Managing Director are as follows:

(in Rs.)

Managing Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and Other Funds	Total
Mr. Ashish Kaul	8,295,340	567,412	403,440	*9,266,192

* Includes variable pay on provisional basis.

(C) Remuneration Policy:

The Remuneration of the Managing Director is recommended by the Remuneration Committee based on factors such as industry benchmarks, the company's performance vis-à-vis the industry, performance/track record of the Managing Director and also based on certain factors like inflation rate in the country and performance of the executive. Remuneration comprises of fixed Component viz. salary, perquisites and allowances and a variable component comprising of Gross Bonus upto a maximum of 52.5% of annual fixed salary.

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

Mr. Ashish Kaul's contract as a Managing Director of the company is for a period of 3 years commencing from March 1, 2010 to February 28, 2013 terminable by six months notice on either side or the company paying six months remuneration in lieu thereof.

3.3 INVESTOR GRIEVANCE COMMITTEE:

The composition of the committee is as under:

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

During the year under report the committee met one time on February 24, 2011 and all the members were present at the meeting except Mr. K.M. Thanawalla.

Compliance Officer:

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

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

Tel : +91 79 3041 2300

Fax : +91 79 2571 0406

Email : investorawareness@stovec.com

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

The status on the total number of complaints received during the financial year 2011 is as follows: -

Complaints received	Pending as on 31.12.2011
4	NIL

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

4. CODE OF CONDUCT:**4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:**

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

4.2 CODE OF BUSINESS CONDUCT AND ETHICS:

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

5. GENERAL BODY MEETINGS' DISCLOSURES:

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

Year	Type	Location	Date	Time
2010	Annual	Stovec Industries Limited	May 11, 2011	3.15 pm
2009	General	N.I.D.C., Nr. Lambha Village,	March 30, 2010	2.00 pm
2008	Meeting	Post: Narol, Ahmedabad – 382405.	April 22, 2009	11.00 am

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

Date of Meeting	Summary
May 11, 2011	Nil
March 30, 2010	Adoption of new set of Articles of Association
April 22, 2009	Nil

6. DISCLOSURE:

- 6.1 Besides the transactions mentioned elsewhere in the Annual Report, there were no other materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- 6.2 The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the company.
- 6.3 Pursuant to the provisions of sub – clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and the Vice President - Finance have issued a certificate to the Board for the financial year ended December 31, 2011.

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

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

8. RISK MANAGEMENT:

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

9. MEANS OF COMMUNICATION

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

Type of Result	Date on which Published	Daily News Paper (English)	Daily News Paper (Gujarati)
Quarterly of March 31, 2011	May 13, 2011	Business Standard	Loksatta Jansatta
Quarterly of June 30, 2011	August 13, 2011	Business Standard	Loksatta Jansatta
Quarterly of September 30, 2011	November 12, 2011	Business Standard	Loksatta Jansatta
Annual as on December 31, 2011	March 1, 2012	Business Standard	Loksatta Jansatta

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

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

10. GENERAL INFORMATION FOR MEMBERS:**10.1 Annual General Meeting:**

Date and Time	2 nd day of May, 2012 at 2.00 p.m.
Venue	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405.

10.2 Financial Calendar:

Financial Year	Ending December 31, 2011
Date of Book Closure	April 26, 2012 to May 02, 2012 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval by the Shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

10.3 Listing:

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The company has paid annual listing fees to both the stock exchanges in respect of the financial year 2011-2012.

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

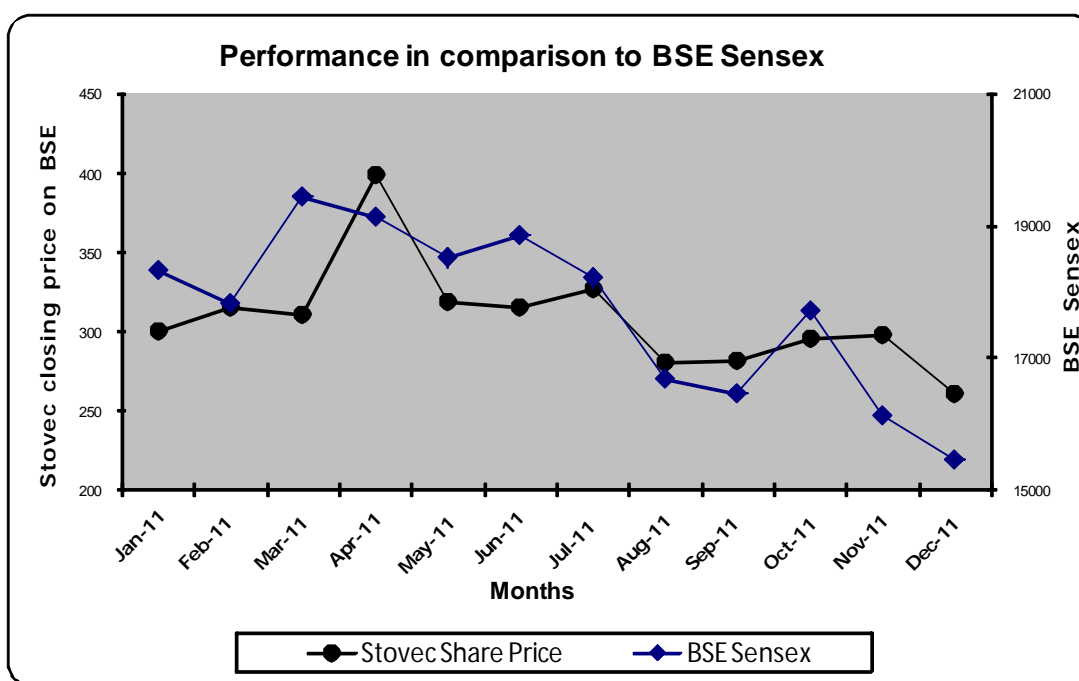
Type of Shares	ISIN No.	Stock Code	
Ordinary Share	INE755D01015	BSE	ASE
		504959	57410

10.5 Market Information:

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

Month	Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	No. of Shares
January '11	399.00	270.00	6,240
February '11	349.00	275.20	4,772
March '11	333.50	277.00	4,042
April '11	438.00	310.90	20,314
May '11	401.00	308.00	5,552
June '11	375.00	310.25	6,526
July '11	358.90	302.10	6,645
August '11	325.00	259.00	5,304
September '11	304.50	280.00	5,107
October '11	316.45	270.00	5,308
November '11	316.95	260.00	7,083
December '11	307.00	250.00	4,082

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

Stovec closing price on BSE

*source: www.bseindia.com

10.6 Registrar and Transfer Agents:-

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

M/s Link Intime India Private Limited, 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.

Tel: +91-79 – 2646 5179 Fax: +91-79 – 2646 5179

10.7 Share Transfer System:

Shares lodged for transfer at the Registrar's address are normally processed within 26 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 21 days. Shareholders Committee has empowered Senior Executives of the Company to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days of the receipt of the same if all the documents are received in order.

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

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

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

10.9 Report on Corporate Governance:

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

10.10 Shareholding Pattern of Shares of the Company:

Category	As on 31.12.2011		As on 31.12.2010		% Variance 11 v/s 10
	No. of Shares	%	No. of Shares	%	
Promoters & Promoter Group	1,482,493	71.00	1,482,493	71.00	-
Mutual Funds/UTI	200	0.01	200	0.01	-
Financial Institutions/Banks	2,101	0.10	2,051	0.10	-
Trusts	318	0.02	318	0.02	-
Bodies Corporate	49,035	2.35	48,943	2.34	0.01
NRIs	5,245	0.25	5,033	0.24	0.01
NRIs (Non-Repatriable)	8,187	0.39	9,746	0.47	(0.08)
Clearing Members	2,959	0.14	4,557	0.22	(0.08)
Directors & their Relatives	6,428	0.30	6,428	0.30	-
Individuals/HUF	531,050	25.44	528,247	25.30	0.14
Total	2,088,016	100.00	2,088,016	100.00	-

10.11 Distribution of shareholding as on December 31, 2011:

Range of Shares	Number of Shareholders	% Age of Total	Number of Shares	% Age of Total
1 - 500	6,345	97.69	347,872	16.70
501 - 1000	78	1.20	57,045	2.70
1001 - 2000	44	0.68	63,017	3.02
2001 - 3000	9	0.14	22,853	1.09
3001 - 4000	8	0.12	29,294	1.40
4001 - 5000	0	0.00	0	0.00
5001 - 10000	9	0.14	64,117	3.07
10001 - 9999999999	2	0.03	1,503,818	72.02
Total	6,495	100.00	2,088,016	100.00

10.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2011:

Name of Shareholder	No. of Shares held	% age of Capital
Stork Prints B.V.	14,82,493	71.00
Amit Shantilal Motla	21,325	1.02

10.13 Dematerialisation of shares & Liquidity:

As at December 31, 2011, shares comprising 92.16 % of the Company's Equity Share Capital have been dematerialized.

ISIN No:- INE755D01015

10.14 Plant Location & Address for Correspondence:

Stovec Industries Limited
N.I.D.C., Nr. Lambha Village,
Post: Narol, Ahmedabad – 382 405.

Tel : +91-79 - 2571 0407
Facsimile No : +91-79 - 2571 0406
Website : www.stovec.com
E-mail : investorawareness@stovec.com

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

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended December 31, 2011.

For, Stovec Industries Limited

Ashish Kaul
Managing Director

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT:

The Company essentially operates in three customer verticals viz. Textile, Graphics and Galvano:

The large part of our product portfolio goes into textile industry which is a key contributor to the country's GDP. During the year, performance of the textile industry has been choppy mainly because of the volatility in the cotton prices and heavy inventories at higher rate which dampened demand. The environment related issues faced by many of the process houses are a concern for the industry.

The Indian Graphic Industry is complex, dynamic and fast growing. Rotary Screen Printing Technology is picking up and it is expected to grow in coming years driven by need for high quality label printing.

The Company has recently entered in Galvano business. The Sugar industry is competitive and is dependent on cane supply cycle and related regulatory policies of the government.

COMPANY PERFORMANCE:

The Company has achieved a net turnover of Rs. 598.34 Million as against Rs. 591.53 Million of prior year. The Profit before Tax for the current year is Rs. 68.7 Million as against 107.91 Million of previous year. The overall increase in cost and high volatility in Nickel prices has impacted the profitability. The Company has demonstrated good performance in terms of sales in graphic and galvanic segment witnessing growth of about 50 % and 110 % respectively in comparison to prior year.

SEGMENT-WISE PERFORMANCE:

The segment wise sales performance of the company is as under: (Amount in Millions.)

Particulars	Current Year	Previous Year
Textile Consumables & Textile Machinery	498.91	535.93
Graphic Products	43.71	29.15
Galvanic	55.72	26.44

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

During the year under review, the company participated in various trade shows and exhibitions including impressive presence in ITMA exhibition, the world's largest international textile and garment machinery exhibition held in Barcelona, Spain.

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

OUTLOOK & OPPORTUNITIES:

The economy in 2012 is expected to remain volatile due to ongoing Euro Crisis. The volatility in nickel prices and process houses being confronted by environmental issues are important external factors impacting our business.

Currently the printing and processing houses are fragmented and facing cost pressures. Industry is witnessing technology advancement for increased production capabilities and efficiencies. Quality printing needs, lifestyle enhancements and earning youth will play a key role in driving the demand. This demand for improved quality products is expected to strengthen the Company's position.

RISKS AND CONCERNS:

The global economy seems to be recovering slowly, although the debt crisis on the European continent could trigger short term vulnerability in the global economy which might create an adverse impact on exports. Though economic forecast suggest that the Indian economy could grow about 7.6% in 2012-13; any downturn of the economy may have an adverse effect on overall Company's business. The volatility in cotton and nickel is a concern for the company and may impact the Company's performance. The overall economic climate and in particular the health of textile processing industry which is confronted by environment related issues, will have direct impact on the Company's business plans. The Company continues to take suitable steps to minimize these risks and their impact on Company's overall performance.

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures and systems are in place.

HUMAN RESOURCE MANAGEMENT:

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

CAUTIONARY STATEMENT:

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

CIN NO. :- L45200GJ1973PLC050790

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

I have examined all relevant records of **Stovec Industries Limited** for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the accounting year ended on 31st December 2011. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

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

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

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

Sandip Sheth
Practising Company Secretaries

Date : 23rd February 2012
Place : Ahmedabad

FCS No.: 5467
COP No. : 4354

AUDITORS' REPORT**TO THE MEMBERS OF
STOVEC INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of Stovec Industries Limited (the "Company") as at December 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership Number: F - 046061

Place : Mumbai
Date : February 28, 2012

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Stovec Industries Limited on the financial statements for the year ended December 31, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of the paragraph 4 of the Order are not applicable to the Company during the current year.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company during the current year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Stovec Industries Limited on the financial statements for the year ended December 31, 2011

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, customs duty and cess as at December 31, 2011, which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales-tax, service-tax and excise duty as at December 31, 2011 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (in Rs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax The Income Tax Act, 1961	Tax Liability Including Interest	7,167,733 5,233,207	Assessment year 2007-2008 Assessment Year 2009-2010	Commissioner of Income Tax (Appeals)
Excise Duty The Central Excise Act, 1944	Tax Including Interest and Penalty	4,138,118	2002-2007	Custom, Excise and service Tax appellate Tribunal
Service Tax The Finance Act, 1994	Tax Including Interest and Penalty	444,777	2003 – 2004	Superintendent of Central Excise (Appeal - I)
Sales Tax As per the Statute applicable in the Gujarat state	Tax Including Interest and Penalty	23,649,472	2005 – 2006	Sales Tax Tribunal

10. The Company has no accumulated losses as at December 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans during the year.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership Number: F - 046061

Place : Mumbai
Date : February 28, 2012

BALANCE SHEET AS AT DECEMBER 31, 2011

	Schedule	As At December 31, 2011 Rupees	As At December 31, 2010 Rupees
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Capital	1	20,880,160	20,880,160
Reserves and Surplus	2	366,220,447	335,408,609
		<u>387,100,607</u>	<u>356,288,769</u>
Deferred Tax Liability (Net) (Refer Notes 1 (j) and 20 on Schedule 18)		6,154,758	4,470,563
		<u>393,255,365</u>	<u>360,759,332</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	3	243,026,043	222,584,407
Less: Depreciation / Amortisation		<u>121,267,012</u>	<u>109,149,765</u>
Net Block		121,759,031	113,434,642
Capital work-in-progress		293,301	87,603
		<u>122,052,332</u>	<u>113,522,245</u>
Investments	4	5,008,075	5,008,075
Current Assets, Loans and Advances			
Inventories	5	132,929,287	77,927,494
Sundry Debtors	6	116,459,619	109,182,367
Cash and Bank Balances	7	156,520,752	211,654,108
Other Current Assets	8	5,376,261	3,369,848
Loans and Advances	9	37,319,121	36,737,399
		<u>448,605,040</u>	<u>438,871,216</u>
Less: Current Liabilities and Provisions			
Liabilities	10	135,098,589	138,834,835
Provisions	11	47,311,493	57,807,369
		<u>182,410,082</u>	<u>196,642,204</u>
Net Current Assets		266,194,958	242,229,012
		<u>393,255,365</u>	<u>360,759,332</u>
Notes to the Financial Statements	18		

The Schedules referred to herein above form an integral part of the Balance Sheet.

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Uday Shah

Partner
Membership No. F - 046061

Place : Mumbai
Date : February 28, 2012

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

Chairman

Ashish Kaul

Managing Director

Varsha Adhikari

Company Secretary

Place : Mumbai
Date : February 28, 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

	Schedule	Year ended December 31, 2011 Rupees	Year ended December 31, 2010 Rupees
<u>INCOME</u>			
Sales and Services - Gross (Refer Note 1 (c) on Schedule 18)		647,772,417	631,975,505
Less: Excise Duty		49,433,345	40,447,709
Sales and Services (Net)		598,339,072	591,527,796
Other Income	12	29,598,379	20,307,916
		627,937,451	611,835,712
<u>EXPENDITURE</u>			
Cost of Materials	13	364,966,460	330,300,035
Personnel Costs	14	71,505,458	66,743,167
Manufacturing and Other Expenses	15	80,987,283	65,271,125
Selling and Distribution Expenses	16	26,609,080	30,044,208
Interest	17	294,367	716,343
Depreciation and Amortisation		14,879,259	10,846,854
		559,241,907	503,921,732
Profit Before Taxation		68,695,544	107,913,980
<u>Provision for Taxation</u>			
-Current Tax (Refer Note 1(j) on Schedule 18)		20,014,987	22,774,447
-Deferred Tax		1,684,195	13,186,815
-Excess provision for taxes for earlier years		(438,676)	(197,433)
Profit After Taxation		47,435,038	72,150,151
Profit Brought Forward From Previous Year		128,939,576	89,251,031
		176,374,614	161,401,182
<u>Appropriations</u>			
Proposed Dividend		14,302,910	21,506,565
Tax on Proposed Dividend		2,320,290	3,655,041
Transfer to General Reserve		4,800,000	7,300,000
Profit Carried Forward to Balance Sheet		154,951,414	128,939,576
		176,374,614	161,401,182
Earnings Per Share (Refer Note 19 on Schedule 18)			
Basic and Diluted Earning Per Share (in Rupees)		22.72	34.55
Nominal Value Per Equity Share (in Rupees)		10	10
Notes to the Financial Statements	18		

The Schedules referred to herein above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Uday Shah

Partner
Membership No. F - 046061

Place : Mumbai
Date : February 28, 2012

For and on behalf of the Board of Directors

K. M. Thanawalla Chairman
Ashish Kaul Managing Director
Varsha Adhikari Company Secretary

Place : Mumbai
Date : February 28, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Year ended December 31, 2011 Rupees	Year ended December 31, 2010 Rupees
A. CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES:		
Profit Before Taxation	68,695,544	107,913,980
<u>Adjustment for:</u>		
Depreciation	14,879,259	10,846,854
Profit on Sale of Fixed Assets	(177,471)	(250,710)
Unrealised Foreign Exchange (Gain) / Loss	(513,742)	(678,114)
Interest Income	(8,347,712)	(8,600,075)
Interest Expense	294,367	716,343
Provision for Doubtful Debts (Net)	(999,619)	427,267
Provision for Obsolescence of Inventory (Net)	899,007	958,175
Provision for Contingencies	1,620,383	(450,061)
Provision for Warranty	(3,380,938)	743,610
Liabilities no longer required written back	(517,439)	(1,610,935)
Operating Profit Before Working Capital Changes	72,451,639	110,016,334
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) / Decrease In Trade and Other Receivable	(6,714,712)	29,310,536
(Increase) / Decrease In Inventories	(55,900,800)	(19,815,080)
Increase / (Decrease) In Trade and Other Payables	(3,745,795)	27,416,230
Cash Generated from Operations	6,090,332	146,928,020
Taxes Paid (Net)	(19,207,212)	(33,606,064)
A. Net Cash (Used In) / From Operating Activities	(13,116,880)	113,321,956
B. CASH FLOW USED IN INVESTING ACTIVITIES:		
Purchase Of Fixed Assets (including CWIP)	(23,689,547)	(47,387,687)
Sale of Fixed Assets	457,672	311,570
Interest Received	6,341,299	10,366,359
B. Net Cash Used In Investing Activities	(16,890,576)	(36,709,758)
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Interest Paid	(294,367)	(716,343)
Dividend Paid	(21,176,492)	(21,611,806)
Dividend Tax Paid	(3,655,041)	(3,726,012)
C. Net Cash Used In Financing Activities	(25,125,900)	(26,054,161)
Net (Decrease) / Increase in cash and cash equivalents (A+B+C)	(55,133,356)	50,558,037
Cash and Cash Equivalents as at the beginning of the year	211,654,108	161,096,071
Cash and Cash Equivalents as at the end of the year	156,520,752	211,654,108
	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Cash and Cheques on Hand	631,555	1,785,978
Balances with Scheduled Banks on:		
- Current Account	34,000,492	56,073,130
- Fixed Deposit Account	121,888,705	153,795,000
	156,520,752	211,654,108

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements" referred to in The Companies Accounting Standard Rules, 2006.
- Cash and cash equivalents represent cash and bank balance only.
- Cash and cash equivalents includes Rs. 4,451,295 (Previous Year Rs. 2,237,517) which are not available for use by the Company (Refer Schedule 7 to Financial Statements).

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Uday Shah

Partner
Membership No. F - 046061

Place : Mumbai

Date : February 28, 2012

For and on behalf of the Board of Directors

K. M. Thanawalla

Chairman

Ashish Kaul

Managing Director

Varsha Adhikari

Company Secretary

Place : Mumbai

Date : February 28, 2012

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT DECEMBER 31, 2011**

	As At December 31, 2011 Rupees	As At December 31, 2010 Rupees
SCHEDULE 1 - SHARE CAPITAL		
Authorised:		
2,900,000 Equity Shares of Rs. 10/-each	29,000,000	29,000,000
10,000 Preference Shares of Rs. 100/-each	1,000,000	1,000,000
TOTAL	30,000,000	30,000,000
 Issued, Subscribed and Paid-up:		
2,088,016 Equity Shares of Rs. 10/- each fully paid-up	20,880,160	20,880,160
TOTAL	20,880,160	20,880,160

Notes:

Of the above

1,482,493 shares held by Stork Prints B.V. (The Holding Company)

108,089 shares are allotted as fully paid-up for consideration other than cash

450,000 shares allotted as fully paid-up as Bonus Shares by capitalisation of General Reserve.

SCHEDULE 2 - RESERVES AND SURPLUS

Capital Reserve	346,115	346,115
Capital Redemption Reserve	350,000	350,000
Securities Premium Account	79,618,502	79,618,502
General Reserve		
Balance as per last Balance Sheet	126,154,416	118,854,416
Add: Transferred from Profit and Loss Account	4,800,000	7,300,000
	130,954,416	126,154,416
 Profit and Loss Account	154,951,414	128,939,576
	366,220,447	335,408,609

SCHEDULE 3 : FIXED ASSETS
(Refer Notes 1 (d), 1 (l) and 18 on Schedule 18)

(Rupees)

Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block			
	As at December 31, 2010	Additions during the year	Deletions during the year	As at December 31, 2011	Upto December 31, 2010	For the year	On Deletions	Upto December 31, 2011	As at December 31, 2011	As at December 31, 2010
Tangible										
Land- Freehold	469,060	-	-	469,060	-	-	-	-	469,060	469,060
Buildings	50,136,090	1,941,497	-	52,077,587	16,755,730	1,436,458	-	18,192,188	33,885,399	33,380,360
Plant and Machinery	111,598,863	19,276,817	2,134,884	128,740,796	48,876,793	9,225,975	2,026,736	56,076,032	72,664,764	62,722,070
Computers	7,978,745	838,670	375,809	8,441,606	6,640,429	717,082	357,019	7,000,492	1,441,114	1,338,316
Furniture, Fixtures and Fittings	12,048,589	584,819	-	12,633,408	4,269,735	865,680	-	5,135,415	7,497,993	7,778,854
Office Equipments, Air conditioners and cooler etc.	4,195,941	397,300	531,520	4,061,721	2,731,712	695,045	378,257	3,048,500	1,013,221	1,464,229
Vehicles	5,062,568	-	-	5,062,568	1,531,258	384,531	-	1,915,789	3,146,779	3,531,310
Intangible										
Technical/Commercial know-how	25,105,036	-	-	25,105,036	25,105,036	-	-	25,105,036	-	-
Computer Software	5,989,515	444,746	-	6,434,261	3,239,072	1,554,488	-	4,793,560	1,640,701	2,750,443
Total	222,584,407	23,483,849	3,042,213	243,026,043	109,149,765	14,879,259	2,762,012	121,267,012	121,759,031	113,434,642
Previous Year	174,122,348	48,944,208	482,149	222,584,407	98,724,200	10,846,854	421,289	109,149,765		
Add: Capital Work-in-Progress									293,301	87,603
									122,052,332	113,522,245

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

STOVEC INDUSTRIES LIMITED

	As At December 31, 2011 Rupees	As At December 31, 2010 Rupees
SCHEDULE 4 - INVESTMENTS		
(Refer Note 1 (f) on Schedule 18)		
<u>Long Term, Non Trade and Unquoted</u>		
(1) In Government and Trust Securities		
500 Rural Electrification Corporation Limited		
Capital Gains Tax Exemption Bonds of Rs. 10,000 Each.	5,000,000	5,000,000
(Maturing on May 31, 2012)		
(2) Other Investments		
203 Equity Shares of Rs. 25/- each fully		
paid-up of Textile Traders Co-Op. Bank Ltd.	5,075	5,075
30 Shares of Rs. 100/- each fully paid-up of Gujarat		
Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
	5,008,075	5,008,075
SCHEDULE 5 - INVENTORIES		
(Refer Note 1 (b) on Schedule 18)		
Raw Materials [Includes Goods-in-transit	64,326,891	45,726,048
Rs. 1,490,777 (Previous Year Rs.1,463,385)]		
Packing Material, Stores, Spares and Tools	3,825,385	2,705,616
Work -in-Process	18,123,343	5,888,562
Finished Goods	46,653,668	23,607,268
	132,929,287	77,927,494
SCHEDULE 6 - SUNDRY DEBTORS		
(Unsecured)		
Debts Outstanding for a Period exceeding Six Months		
- Considered Good	798,554	4,397,322
- Considered Doubtful	1,597,346	4,140,491
	2,395,900	8,537,813
Other Debts		
- Considered Good	115,661,065	104,785,045
- Considered Doubtful	-	-
	115,661,065	104,785,045
Less: Provision for Doubtful Debts	1,597,346	4,140,491
	116,459,619	109,182,367
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash and Cheques on hand	631,555	1,785,978
Balance With Scheduled Banks:		
- Current Accounts	31,432,902	53,835,613
- Fixed Deposits #	121,888,705	153,795,000
- Unclaimed Dividend Accounts	2,567,590	2,237,517
# Includes Rs. 1,883,705 (Previous year Rs. Nil)		
pledged with Axis Bank for Bank Guarantees Given.		
	156,520,752	211,654,108
SCHEDULE 8 - OTHER CURRENT ASSETS		
Interest Accrued but not Due	5,376,261	3,369,848
	5,376,261	3,369,848

	As At December 31, 2011 Rupees	As At December 31, 2010 Rupees
SCHEDULE 9 - LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	19,987,730	22,877,890
Sundry Deposits	3,932,528	5,756,010
Balance with Central Excise and Customs Authorities	7,522,893	1,626,501
Advance Tax and Tax Deducted at Source [Net of Provision Rs. 166,896,047 (Previous Year Rs. 151,797,577)]	5,875,970	6,245,069
Fringe Benefit Tax (Net of Provision)	-	231,929
	37,319,121	36,737,399

SCHEDULE 10 - LIABILITIES

Sundry Creditors

a) Micro, Small and Medium Enterprises (Refer Note 14 on Schedule 18)*	3,530,130	4,159,703
b) Others	107,118,745	116,801,569
* (Determined to the extent such particulars have been identified on the basis of Information available with the Company.	110,648,875	120,961,272
Advances from Customers	10,077,533	8,008,828
Security Deposits	2,060,557	1,110,557
Other Liabilities	9,744,034	6,516,661
Unpaid Dividend (See not below)	2,567,590	2,237,517

Note:

There is no amount due and outstanding to be credited to
Investor Education and Protection Fund as at December
31, 2011

135,098,589	138,834,835
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SCHEDULE 11 - PROVISIONS

Employee Benefits (Refer Notes 1(g) and 15 on Schedule 18)

- Provision for Gratuity	3,154,310	4,140,348
- Provision for Leave Encashment	6,055,298	5,266,175
Provision for Warranty (Refer Notes 1(k) and 21 on Schedule 18)	3,198,328	6,579,266
Provision for Contingencies (Refer Note 21 on Schedule 18)	18,280,357	16,659,974
Proposed Dividend	14,302,910	21,506,565
Tax on Proposed Dividend	2,320,290	3,655,041
	47,311,493	57,807,369

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

	Year ended December 31, 2011 Rupees	Year ended December 31, 2010 Rupees
SCHEDULE 12 - OTHER INCOME		
Interest on :		
- Long-term Investments	312,500	313,965
- Deposits (Gross) [Tax Deducted at Source Rs. 591,873 (Previous Year Rs. 1,034,711)]	7,939,977	8,120,660
Others	95,235	165,450
Commission Income	3,345,470	2,362,432
Provision for Contingencies written back	-	450,061
Liabilities no longer required written back	517,439	1,610,935
Provision for Doubtful Debts written back (Net)	2,543,145	-
Bad Debts	(1,543,526)	-
	999,619	-
Provision for Warranty Expenses written back (Net)	3,380,938	-
Rent [Tax Deducted At Source Rs. 880,715 (Previous Year Rs. 375,024)]	7,984,668	3,399,996
Profit on Sale of Fixed Assets (Net)	177,471	250,710
Foreign Exchange Rate Difference (Net)	271,927	-
Miscellaneous Income	4,573,135	3,633,707
	29,598,379	20,307,916

SCHEDULE 13 - COST OF MATERIALS

Raw Materials and Components Consumed	338,805,158	301,622,981
Purchase of Traded Goods	46,232,565	19,118,970
Packing Materials Consumed	10,336,259	8,406,017
Stores and Maintenance Spares Consumed	4,595,434	8,374,792

Increase in Stock of Finished Goods and Work-in-Progress

<u>Opening Stock</u>		
- Finished Goods	23,607,268	16,162,121
- Work-in-process	5,888,562	4,233,876
	29,495,830	20,395,997

Less: Closing Stock:

- Finished Goods	46,653,668	23,607,268
- Work-in-process	18,123,343	5,888,562
	64,777,011	29,495,830

Increase in Stock	(35,281,181)	(9,099,833)
Increase in Excise Duty on Finished Goods/ Components	278,225	1,877,108
	364,966,460	330,300,035

SCHEDULE 14 - PERSONNEL COSTS

Salaries, Wages and Bonus	62,589,382	57,599,874
Contribution to Provident and Other Funds	1,716,172	2,623,271
Welfare Expenses	7,199,904	6,520,022
	71,505,458	66,743,167

	Year ended December 31, 2011 Rupees	Year ended December 31, 2010 Rupees
SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES		
Rent	-	210,000
Rates and Taxes	164,289	437,260
Power and Fuel	37,092,976	30,486,777
Repairs To :		
- Buildings	5,767,315	1,362,150
- Plant and Machinery	2,475,876	4,411,919
- Other Assets	2,156,765	2,807,459
Erection and Commissioning charges	395,900	749,359
Insurance	1,220,717	976,343
Legal and Professional Fees	5,586,152	3,778,622
Auditors' Remuneration for :		
- Audit Fees	1,000,000	1,000,000
- Out - of - Pocket Expenses	75,000	-
Directors' Meeting Fees	369,000	315,000
Travelling and Conveyance	8,913,584	7,010,523
Bank charges	453,368	373,459
Vehicle Expenses	1,083,616	1,093,742
Printing and Stationery	709,720	726,283
Communication Expenses	4,039,432	2,275,978
Royalty	1,470,843	116,094
Miscellaneous Expenses	5,493,340	4,395,140
Foreign Exchange Rate Difference (Net)	-	615,965
Bad Debts	-	7,684,175
Provision for Doubtful Debts written back (Net)	-	(7,256,908)
	-	427,267
Provision for Obsolescence of Inventory (Net)	899,007	958,175
Provision for Warranty Expenses (Refer Note 21 on Schedule 18)	-	743,610
Provision for Contingencies (Refer Note 21 on Schedule 18)	1,620,383	-
	80,987,283	65,271,125

SCHEDULE 16 - SELLING AND DISTRIBUTION EXPENSES

Commission / Service Charges to Sole Selling Agent	2,767,831	4,342,890
Commission / Service Charges for Other products	11,719,824	11,735,952
Freight and Forwarding	2,084,010	2,731,955
Sales Promotion Expenses	10,037,415	11,233,411
	26,609,080	30,044,208

SCHEDULE 17 - INTEREST

Others	294,367	716,343
	294,367	716,343

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE '18'**NOTES TO THE FINANCIAL STATEMENT****1. Statement of significant accounting policies****a) Basis of preparation of financial statements**

These Financial Statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standard as notified under section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

b) Inventories

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

Cost of raw materials, packing materials, stores, spares and tools are computed on a weighted average basis.

Cost of work-in-progress/ finished goods are determined on weighted average basis comprising material, labour and related factory overheads.

c) Revenue RecognitionSale of Goods

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

In respect of sale transaction involving installation/ commissioning services, the composite revenue is recognised based on transfer of significant risks and rewards.

Sale of Services

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

Others

Other income is recognised on accrual basis except where receipt of income is uncertain. Commission income is recognised on the basis of confirmation received.

d) Fixed Assets and Depreciation/ Amortisation

- i) Fixed assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.
- ii) Self constructed assets are stated at cost of construction relating directly to the specific asset and other costs attributable to the construction activity.
- iii) Depreciation on all assets is provided on a straight line method at the rates and in the manner specified in Schedule XIV to the Act except in respect of the following:
Computer software is capitalised and amortised on a straight – line basis over its useful life, which is estimated as three years.
- iv) Depreciation of Assets acquired during the year is being provided on pro-rata basis from the date of acquisition.

e) Foreign Currency Transactions

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

f) Investments

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

g) Employee Benefits

i) Short Term Employee Benefits:

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

ii) Long Term Employee Benefits:

Defined Contribution Plans

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

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

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

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

Defined Benefit Plans

- i) The Company has Defined Benefit Plan comprising of Gratuity and Leave Encashment. The Company contributes to the Gratuity Fund which is recognised by the Income Tax Authorities and administered through its trustees.
- ii) Liability for Defined Benefit Plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary using the Projected Unit Credit Method.
- iii) Termination benefits are recognised as an expense as and when incurred.
- iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

h) Research and Development Expenses

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

i) Operating Leases

Lease Income

Lease rentals in respect of operating lease arrangements are recognised in Profit and Loss Account in accordance with Accounting Standard – 19 "Leases". Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

Lease Expense

Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. Lease rentals are charged to Profit and Loss Account on an accrual basis.

j) Taxes on Income

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
k) Warranty

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

l) Impairment of Assets

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

m) Provision for Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) Accounting Estimates

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

2. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 684,576 (Previous Year Rs. 1,959,273).

3. Contingent Liabilities not provided for in respect of:

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Bills Discounted (Since Realised)	7,125,920	3,551,475
Claims against the Company not acknowledged as debts	975,000	975,000
Disputed claims made by workers for re-instatement	6,292,419	6,479,337
Disputed Sales Tax liability including of interest and penalty	16,349,472	16,349,472
Disputed income tax liability including interest	13,300,257	6,988,292
Disputed excise and service tax liability including interest and penalty	5,056,022	4,999,264
Guarantees given by the Company	1,707,750	Nil
Total	50,806,840	39,342,840

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
4. Managing Directors' Remuneration

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Salary and Allowances	8,295,340	7,428,045
Perquisites and benefits	567,412	519,076
Contribution to Provident and Other Funds	403,440	302,100
Total	9,266,192	8,249,221

Notes:

1. Provision for leave encashment, which are based on actuarial valuation done on an overall Company basis, are excluded above.
2. The Company has obtained Central Government approval for Managing Director Remuneration under Section 309 (3)/ 310 of the Companies Act, 1956 and received the same vide its letter dated July 22, 2009.

5. Capacities

Class of Goods	Unit of Measurement	As at December 31, 2011	As at December 31, 2010
		Installed Capacity per annum	Installed Capacity per annum
a) Perforated Rotary Screens	Meters	365,000	365,000
b) Galvanic Screen	Nos.	20,000	20,000
c) Anilox Rollers for Printing (including engraving of Party's rollers)	Nos.	3,000	3,000
d) Automatic Rotary Screen Printing Machines	Nos.	24	24
e) Engraving chemicals	Kgs.	504,000	504,000
f) Rotamash screens for label printing	Nos.	2,000	2,000

Note : Installed capacity is on three shift basis, as certified by the Management.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

6. Information in respect of Opening Stock, Production, Purchase, Turnover and Closing Stock						
ITEMS	Unit of Measurement	Production/Purchase Qty.	Value(Rs.)	Opening Stock Qty.	Value(Rs.)	Turnover Qty. Value(Rs.)
(a) GOODS MANUFACTURED:						
1. Perforated Rotary/Engraved Cylindrical Screens	Meters	240,406 (253,411)	-	13,362 (7,358)	11,176,991 (4,607,253)	246,231 (247,407) 303,770,087 (286,624,756)
2. Anilox Rollers for printing (Including engraving of party's rollers)	Nos.	1,119 (955)	-	19 (11)	106,013 (113,635)	1,099 (947) 27,422,235 (21,061,488)
3. Automatic Rotary Screen Printing Machines	Nos.	14 (17)	-	- (1)	75,778 (4,016,202)	12 (18) 90,149,702 (167,815,165)
4. Component for Machine	Nos.	-	-	-	1,105,292 (27,889)	- - 26,147,828 (24,033,769)
5. Engraving & Press Room Chemicals	Kgs.	118,147 (107,350)	-	1,138 (3,650)	130,888 (313,420)	117,475 (109,862) 14,713,963 (13,401,890)
6. Sugar Sieve	Nos.	4,854 (3,893)	-	1,215	7,280,903	5,096 (2,678) 38,666,505 (23,996,662)
7. Rotamesh screens for label printing (Including engraving of party's Rota Screens and Rotaplate)	Nos.	1,127 (234)	-	19 (2)	104,824 (90,261)	1,088 (217) 14,723,049 (7,337,344)
8. Other Manufacturing Scrap		-	-	-	6,340 (426,764)	- - 33,105,372 (17,427,627)
(b) GOODS TRADED:						
1. Special Chemicals	Kgs.	779	596,573	80 (95)	229,669 (255,211)	600 (15) 537,600 (17,000)
2. Digital Ink	Kgs./ Litrs	9,496 (3,026)	25,095,869 (8,111,284)	484 (896)	1,267,091 (3,406,317)	8,060 (3,438) 22,574,876 (11,978,683)
3. Perforated Rotary Screens	Nos.	5,400 (3,128)	18,815,216 (10,315,501)	608 (851)	1,894,994 (2,522,455)	5,672 (3,371) 24,548,975 (16,976,920)
4. Others		1,724,907 (692,185)	-	228,485 (382,714)	843,715 (228,485)	173,183 (150,087) 1,805,697 (706,405)
(c) SERVICE CHARGES						
TOTAL			46,232,565 (19,118,970)		23,607,268 (16,162,121)	598,339,072 (591,527,796)

Notes: 1. Sales quantity includes adjustments on account of shortages and captive consumption.

2. Figures in brackets are of previous year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

7. Components and spare parts referred to in paragraphs 4D(a) and (c) of part II of Schedule VI to the Companies Act, 1956, are those incorporated in the goods purchased and not those used for maintenance of plant and machinery.

8. Quantitative and value analysis of raw materials consumed

Particulars	Unit of Measurement	For the year ended December 31, 2011		For the year ended December 31, 2010	
		Qty. Nos	Value Rupees	Qty. Nos	Value Rupees
Nickel	Kgs.	148,846	177,684,587	129,015	126,649,174
Components & Hardware items			130,127,353		136,992,608
Others			30,993,218		37,981,199
Total			338,805,158		301,622,981

9. Value of imported and indigenous raw materials consumed

Particulars	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	134,787,083	40	107,375,503	36
Imported	204,018,075	60	194,247,478	64
Total	338,805,158	100	301,622,981	100

10. Value of Imported and Indigenous Stores, Tools and Spares Consumed

Particulars	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	3,993,579	87	6,792,656	81
Imported	601,855	13	1,582,136	19
Total	4,595,434	100	8,374,792	100

11. CIF Value of Imports

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Raw Materials	227,676,466	165,065,402
Components Stores and Spares	468,337	1,485,848
Capital Goods	1,641,100	8,225,874
Others Resale	32,989,973	14,870,812

12. Expenditure and earnings in foreign currency

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
(a) Expenditure in foreign currency		
Freight Expenses	45,795	-
Membership Subscription	64,140	132,274
Commission	-	537,257
Erection and Commissioning charges	-	514,259
Exhibition Expenses	3,270,522	1,854,300
Communication Expenses	1,657,690	-
Seminar Expenses	172,250	-
Travelling Expenses	372,625	-
Warranty Spares	481,762	227,887
Royalty	1,470,843	116,094
Others	5,864	1,133

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
(b) Earnings in foreign exchange

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Export of goods and services calculated on F.O.B. basis	26,674,133	67,970,390
Commission	3,345,470	2,362,432
Discount	130,618	-

13. Dividend remitted in foreign currency

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Amount remitted	15,269,678	15,566,177
Dividend related to financial year	2010	2009
Number of non-resident shareholders	1	1
Number of shares	1,482,493	1,482,493

14. Sundry Creditors and Provision

The Company received information from some of the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to the amounts as at year end together with interest payable as required under the Act have been given below:

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
a) amounts remaining unpaid towards - Principal - Interest	3,530,130 847,667	4,159,703 667,596
b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; - Principal - Interest	Nil Nil	Nil Nil
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; - Total Interest Accrued - Interest remaining unpaid	847,667 847,667	667,596 667,596
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	847,667	667,596

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

The information above and as given in Schedule 10 "Current Liabilities" 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.

15. The Company has classified the various benefits provided to employees' as under: -**I. Defined Contribution Plans**

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
 1. Employers' Contribution to Employee's State Insurance.
 2. Employers' Contribution to Employee's Pension Scheme 1995.

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

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Employers' Contribution to Provident Fund and Employee's Pension Scheme *	1,850,257	1,716,944
Employers' Contribution to Superannuation Fund*	-	34,500
Employers' Contribution to Employee's State Insurance*	150,349	223,869

* Included in Contribution to Provident and Other Funds (Refer Schedule 14)

II. Defined Benefit Plans

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

Particulars	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Discount Rate (per annum)	8.50%	8.00%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	9.50%	9.00%

a. Changes in the Present Value of Obligation

Particulars	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Present value of obligation at the beginning of the year	8,782,070	8,952,641
Interest Cost	702,566	671,448
Current Service Cost	550,120	547,306
Benefits Paid	(352,160)	(934,595)
Actuarial (gain) / loss on obligations	(462,660)	(454,730)
Present value of obligation at the end of the year	9,219,936	8,782,070

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Fair value of Plan Assets at the beginning of the year	4,641,722	4,433,912
Expected Return on Plan Assets	453,234	389,080
Actuarial Gains/(Loss) on Plan Assets	712,351	(92,210)
Contributions	610,479	475,208
Benefits Paid	(352,160)	(564,268)
Fair value of Plan Assets at the end of the year	6,065,626	4,641,722

c. Amount Recognised in the Balance Sheet

Particulars	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Present Value of Obligation at the end of the year	9,219,936	8,782,070
Fair Value of Plan Assets at the end of the year	6,065,626	4,641,722
Liability recognised in the Balance Sheet***	3,154,310	4,140,348

*** Included in Provisions (Refer Schedule 11)

d. Expenses recognised in the Profit and Loss Account

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Current Service Cost	550,120	547,306
Past Service Cost	-	-
Interest Cost	791,129	850,769
Expected Return on Plan Assets	(453,234)	(389,080)
Net actuarial (gain) / loss recognised in the Year	(1,175,011)	(362,520)
Total Expenses / (Income) recognised in the Profit and Loss Account****	(286,996)	646,475

**** Included in Contribution to Provident and other funds (Refer Schedule 14).

e. Experience Adjustment

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees	For the year ended December 31, 2008 Rupees
Defined Benefit Obligation	9,219,936	8,782,070	8,952,641	9,182,951
Plan Assets	6,065,626	4,641,722	4,433,912	4,111,631
(Surplus) / Deficit	3,154,310	4,140,348	4,518,729	5,071,320
Experience Adjustment on plan liabilities (gain)/ loss	(196,981)	(620,726)	(726,017)	Nil
Experience Adjustment on plan assets (gain)/loss	(712,351)	92,210	268,825	Nil

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

f. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Group Gratuity Pure Endowment Scheme with Life Insurance Corporation of India	68%	65%
Sampoorn Suraksha by SBI Life Insurance	22%	11%
Other approved Securities	10%	24%

III. Expected gratuity contribution for the next year is aggregating Rs. 986,038 (Previous Year Rs. 902,870)

IV. The liability for leave encashment and compensated absences as at the year end is Rs. 6,055,298 (Previous Year Rs. 5,266,175).

16. Segment Reporting
a) Information about primary business segments

(Amount in Rs.)

Particulars	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue					
External	498,911,051 (535,935,366)	43,711,103 (29,148,878)	55,716,918 (26,443,552)	- (-)	598,339,072 (591,527,796)
Total Revenue	498,911,051 (535,935,366)	43,711,103 (29,148,878)	55,716,918 (26,443,552)	- (-)	598,339,072 (591,527,796)
Results					
Segment result	107,582,843 (135,438,287)	15,760,010 (13,660,756)	(-)14,655,377 (524,544)	- (-)	108,687,476 (149,623,587)
Interest Income net of expense	95,235 (-)	- (-)	- (-)	7,958,110 (7,883,732)	8,053,345 (7,883,732)
Unallocated Expenditure net of unallocated income	- (-)	- (-)	- (-)	48,045,277 (49,593,339)	48,045,277 (49,593,339)
Profit before tax	107,678,078 (135,438,287)	15,760,010 (13,660,756)	(-)14,655,377 (524,544)	(-)40,087,167 (-41,709,607)	68,695,544 (107,913,980)
Other Information					
Segment Assets	271,784,175 (228,412,433)	21,633,194 (13,764,122)	65,393,464 (48,372,695)	216,854,614 (266,852,286)	575,665,447 (557,401,536)
Segment Liabilities	107,032,438 (101,519,162)	3,473,030 (4,185,676)	8,437,795 (21,575,237)	69,621,577 (73,832,692)	188,564,840 (201,112,767)
Capital Expenditure	8,243,873 (16,839,606)	2,762,947 (123,793)	9,764,766 (27,632,462)	2,917,961 (2,791,826)	23,689,547 (47,387,687)
Depreciation	6,628,054 (4,981,311)	713,386 (571,916)	3,206,632 (521,433)	4,331,187 (4,772,194)	14,879,259 (10,846,854)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
b) Information of Geographical Segments:

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
<u>Revenue from external customers</u>		
Outside India	26,674,133	67,970,390
In India	571,664,939	523,557,406
Total	598,339,072	591,527,796
<u>Carrying amount of Segment Assets</u>		
Outside India	15,582,467	5,453,807
In India	560,082,980	551,947,729
Total	575,665,447	557,401,536
<u>Addition to Fixed Assets during the Year</u>		
Outside India	Nil	Nil
In India	23,689,547	47,387,687
Total	23,689,547	47,387,687

c) Other Disclosure

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

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

17. Related Party Disclosure

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

1 RELATIONSHIP:
I. Parties where control exists:
Related Party

Stork Prints B.V.
(Formerly known as Stork Screens B.V.)
Stork Prints Group B.V.

Relationship

Holding Company

Ultimate Holding Company

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

Stork Textile Systems Wuxi Co Ltd.
Stork Print Brasil Ltda.
Stork Print Austria GMBH
Stork Digital Imaging B.V.
Stork Veco B.V.

III. Key Management Personnel/Directors of the Company

Mr. Ashish Kaul (Managing Director)

Managing Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

- 2 The following transactions were carried out with the related parties in the ordinary course of business:

- I. Details relating to the parties referred to in the items 1(I) and (II)

(Rupees)

	Holding Companies	Fellow subsidiaries
PURCHASES:		
Purchase of materials / finished goods	59,039,708 (39,500,182)	19,381,492 (21,462,961)
Purchase of Services	172,250 (514,259)	- (-)
Purchase of Fixed Assets	509,564 (2,246,844)	981,134 (5,979,030)
SALES:		
Sale of finished goods (net of returns)	26,341,455 (63,174,161)	- (-)
Sale of Services	282,836 (-)	- (-)
EXPENSES:		
Expenses Recovered from other companies	626,966 (87,869)	- (121,104)
Exhibition Expenses	3,270,522 (1,854,300)	- (-)
Communication Expenses	1,657,690 (-)	- (-)
Travelling Expenses	372,625 (-)	- (-)
Royalty	- (-)	1,470,843 (116,094)
Commission paid (including compensation for loss of office)	- (88,903)	- (22,429)
INCOME:		
Commission Received	821,548 (1,360,589)	2,523,922 (635,265)
OUTSTANDINGS:		
Payable	14,951,717 (4,926,099)	4,180,304 (9,165,987)
Receivable	13,257,262 (5,025,142)	2,317,244 (480,110)
DIVIDEND PAID :	15,269,678 (15,566,177)	- (-)

Note: Previous year figures are given in brackets

- II. Details relating to persons referred to in item 1(III)

	(Amount in Rs.)
Remuneration to Managing Director	9,266,192 (8,249,221)

Note: Previous year figures are given in brackets

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

III Disclosure of related party transaction, the amount of which is in excess of 10% of total related parties transactions of the same type:

Nature of transaction	Name of the related party	Rupees
PURCHASES:		
Purchase of materials / finished goods	Stork Prints B.V.	59,039,708 (39,500,182)
	Stork Digital Imaging B.V.	- (73,844)
	Stork Veco B.V.	18,768,673 (21,328,298)
Purchase of Fixed Assets	Stork Prints B.V.	509,564 (2,246,844)
	Stork Veco B.V.	364,467 (5,979,030)
	Stork Prints Austria GmbH	616,667 (-)
Purchase of Services	Stork Prints B.V.	172,250 (514,259)
SALES:		
Sale of finished goods (net of returns) Sale of Services	Stork Prints B.V.	26,341,455 (63,174,161)
	Stork Print Austria GMBH	282,836 (-)
EXPENSES:		
Expenses charged to other companies	Stork Prints B.V.	626,966 (87,869)
	Stork Print Austria GMBH	- (46,507)
	Stork Digital Imaging B.V.	- (74,597)
Exhibition Expenses	Stork Prints B.V.	3,270,522 (1,854,300)
Communication Expenses	Stork Prints B.V.	1,657,690 (-)
Travelling Expenses	Stork Prints B.V.	372,625 (-)
Commission	Stork Prints B.V.	- (88,903)
	Stork Print Brasil Ltda.	- (22,429)
Royalty	Stork Veco B.V.	1,470,843 (116,094)
INCOME:		
Commission Received	Stork Prints B.V.	821,548 (1,360,589)
	Stork Print Austria GMBH	2,523,922 (635,265)
Dividend Paid :		
Dividend paid	Stork Prints B.V.	15,269,678 (15,566,177)

Note: Previous year figures are given in brackets

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011
18. Lease

- a) The Company has entered into cancellable lease agreements for premises for a period of three years. The lease rentals aggregating Rs. Nil (Previous Year Rs. 210,000) have been included under the head "Operating and Other Expenses" Schedule 15 "Rent" of the Profit and Loss Account.
- b) The Company has given Land and Factory Premises on operating lease, the details of which are as under:

Particulars	Cost as at January 1, 2011 Rupees	Accumulated Depreciation as at January 1, 2011 Rupees	Depreciation for the year Rupees	Net WDV as on December 31, 2011 Rupees
Land	165,737	-	-	165,737
Building	19,520,044	9,640,944	571,714	9,307,386
Total Current Year	19,685,781	9,640,944	571,714	9,473,123
Total Previous Year	19,685,781	9,061,591	579,353	10,044,837

The future minimum lease payments to be received under the non-cancellable leases are as follows:

Particulars	As at December 31, 2011 Rupees	As at December 31, 2010 Rupees
Not later than one year	12,103,836	1,699,998
Later than one year and not later than five years	48,415,344	-
Later than five years	18,155,754	-

19. Earnings Per Share

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Profits after taxation	47,435,038	72,150,151
Weighted average number of shares outstanding during the year (Nos.)	2,088,016	2,088,016
Earnings Per Share (Basic and Diluted)	22.72	34.55
Nominal value of an equity share	10	10

20. Deferred Tax Assets/Liabilities

The Company accounts for deferred tax in accordance with the Accounting Standard 22 – "Accounting for Taxes on Income" as notified under Section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provision of the Act.

The deferred tax balances are set out below.

Particulars	As at December 31, 2010 Rupees	(Charge)/Credit During the year Rupees	As at December 31, 2011 Rupees
Deferred Tax Liability: On account of timing difference in (a) Depreciation	16,512,730	(1,010,124)	17,522,854
	16,512,730	(1,010,124)	17,522,854
Deferred Tax Assets: On account of timing difference in (a) Payment under Voluntary Retirement Scheme (b) Expenditure allowable on Payment basis	257,092 9,343,661	(231,442) (522,165)	25,650 8,821,496

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2011

Particulars	As at December 31, 2010 Rupees	(Charge)/Credit During the year Rupees	As at December 31, 2011 Rupees
(c) Provision for Obsolete Inventory	1,066,046	936,644	2,002,690
(d) Provision for Doubtful Debts	1,375,368	(857,109)	518,259
	12,042,167	(674,072)	11,368,095
Deferred Tax Liability /(Assets)	4,470,563	(1,684,195)	6,154,758

21. Provision for Warranty and Others

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

Particulars	Opening Balance	Additions during the Year	Amounts utilised /Provision written back during the Year	Closing Balance
Warranty	6,579,266 (5,835,656)	1,192,820 (3,560,589)	4,573,758 (2,816,979)	3,198,328 (6,579,266)
Others	16,659,974 (17,110,035)	1,842,739 (1,023,567)	222,356 (1,473,628)	18,280,357 (16,659,974)
Total	23,239,240 (22,945,691)	3,346,953 (4,584,156)	5,107,508 (4,290,607)	21,478,685 (23,239,240)

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

22. Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute Chartered Accountants of India (ICAI) with respect to details of foreign currency balances as on December 31, 2011, not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Debtors	EURO	225,985 (90,729)	15,570,369 (5,426,518)
	USD	225 (609)	11,985 (27,289)
Loans and Advance	EURO	60 (1,411)	4,137 (84,371)
	CHF	- (7,789)	- (352,920)
Creditors	EURO	207,887 (243,330)	14,323,510 (14,553,567)
	USD	90,274 (6,476)	4,808,511 (290,167)
Other Liabilities	USD	5,468 -	291,256 -

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

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

23. The tax year for the Company being the year ending March 31, the provision for taxation for the year is arrived at on the basis of year ending on December 31, the ultimate tax liability of which will be determined on the basis of the taxable income for the year April 1, 2011 to March 31, 2012.

24. Research and Development Expenses

(Rupees)

Particulars	For the year ended December 31, 2011 Rupees	For the year ended December 31, 2010 Rupees
Capital Expenditure	9,262,469	-
Revenue Expenditure	5,380,898	-
Total	14,643,367	-

25. Previous year's figures have been regrouped / rearranged to conform to the current year's classification.

Signatures to Schedules 1 to 18 forming part of the Financial Statements

For Price Waterhouse

Firm Registration No. 301112E

Chartered Accountants

Uday Shah

Partner

Membership No. F - 046061

Place : Mumbai

Date : February 28, 2012

For and on behalf of the Board of Directors

K. M. Thanawalla

Chairman

Ashish Kaul

Managing Director

Varsha Adhikari

Company Secretary

Place : Mumbai

Date : February 28, 2012

Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, part (IV) of the Companies Act, 1956.

I. Registration Details

Registration No.

0	4	-	5	0	7	9	0
---	---	---	---	---	---	---	---

 State Code

				0	4
--	--	--	--	---	---

Balance Sheet Date

3	1	-	1	2	-	2	0	1	1
---	---	---	---	---	---	---	---	---	---

Date
Month
Year

II. Capital Raised during the period (Amount in Rs. Thousand)

Public Issue

			N	I	L
--	--	--	---	---	---

 Right Issue

			N	I	L
--	--	--	---	---	---

Bonus Issue

			N	I	L
--	--	--	---	---	---

 Private Placement

			N	I	L
--	--	--	---	---	---

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities *

5	7	5	6	6	5
---	---	---	---	---	---

 Total Assets

5	7	5	6	6	5
---	---	---	---	---	---

(*Includes Shareholders Funds)

Source of Funds

Paid-up Capital

	2	0	8	8	0
--	---	---	---	---	---

 Reserves & Surplus

3	6	6	2	2	0
---	---	---	---	---	---

Secured Loans

			N	I	L
--	--	--	---	---	---

 Unsecured Loans

			N	I	L
--	--	--	---	---	---

Deferred Tax Liability (Net)

		6	1	5	5
--	--	---	---	---	---

Application of Funds

Net Fixed Assets

1	2	2	0	5	2
---	---	---	---	---	---

 Investments

		5	0	0	8
--	--	---	---	---	---

Net Current Assets

2	6	6	1	9	5
---	---	---	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Incl. Other Income)

6	2	7	9	3	7
---	---	---	---	---	---

 Total Expenditure

5	5	9	2	4	2
---	---	---	---	---	---

Profit Before Tax

	6	8	6	9	6
--	---	---	---	---	---

 Profit After Tax

	4	7	4	3	5
--	---	---	---	---	---

Earning per Share in Rs.

	2	2	.	7	2
--	---	---	---	---	---

 Dividend Rate %

		6	8	.	5
--	--	---	---	---	---

V. Generic Name of three Principal Products/Service of Company (as per monetary terms)

Item Code No.(ITC Code)

8	4	4	2	5	0
---	---	---	---	---	---

Product Description

N	I	C	K	E	L		P	E	R	F	O	R	A	T	E	D		R	O	T	A	R	Y		S	C	R	E	E	N	S
---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	---

Item Code No.(ITC Code)

8	4	4	3	1	9
---	---	---	---	---	---

Product Description

M	A	C	H	I	N	E	R	Y		F	O	R		T	E	X	T	I	L	E		P	R	I	N	T	I	N	G			
---	---	---	---	---	---	---	---	---	--	---	---	---	--	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	--	--

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INTENTIONALLY

STOVEC INDUSTRIES LIMITED**ATTENDANCE SLIP**

(To be presented at the entrance)
38th Annual General Meeting on Wednesday 2nd May, 2012 at 2.00 p.m.

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

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

Name of the Shareholder :

Signature of the Shareholder:
(only shareholders/proxies are allowed to attend the meeting.)

STOVEC INDUSTRIES LIMITED**PROXY FORM**

I/We.....of.....being a member(s) of **Stovec Industries Limited** hereby appoint.....of.....in the district of.....as my/ our proxy to attend and vote for me/us and on my/our behalf at the 38th Annual General Meeting of Stovec Industries Limited to be held on Wednesday 2nd May, 2012 at 2.00 p.m. and at any adjournment thereof.

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



Signed this.....day of.....2012

(Signature across Revenue Stamp)

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

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

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

My/our Folio No.

Particulars of Bank Account :

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

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

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

Mail to :

Link Intime India Pvt. Ltd.
211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad - 380 009.

.....
(Signature of the Shareholder)

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

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

FORM 2B NOMINATION FORM

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

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

Name and Address of Nominee :

Name :

Address :

.....

.....

*Date of Birth :

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

Signature of Nominee :

**The nominee is a minor whose Guardian is

Name and Address of Guardian :

.....

(** To be deleted if not applicable)

Date :

Signature :

Name :

Address :

.....

.....

Date :

Signature :

Name :

Address :

.....

.....

Signature of Two Witnesses :

.....

Name and Address

Signature with Date

1.

2.

.....

Instructions :

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

38th Annual Report 2011

To,

If undelivered please return to :

STOVEC INDUSTRIES LIMITED

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

E-Communication Registration Form

(Pursuant to Circular No's. 17/2011 dated: April 21, 2011 and 18/2011 dated: April 29, 2011 issued by Ministry of Corporate Affairs)

Folio No./DP ID & Client ID : _____

Name of First Registered Shareholder : _____

Name(s) of Joint Shareholder(s) : _____

Registered Address : _____

E-mail Address to be registered : _____

I/we, shareholder(s) of **Stovec Industries Limited** agree to receive all communications from the company in electronic mode. Please register the above mentioned e-mail address in your records for sending communications through electronic mode.

Dated: _____

Signature of Shareholder/First Holder

Note: Shareholder(s) are requested to keep the company/Depository Participants informed as and when there is any change in their registered e-mail address.



Stovec Industries Limited

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

Date: 30th March, 2012

Dear Shareholder,

We wish to inform that the Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "**Green Initiative**" in the Corporate Governance by permitting paperless compliances by companies vide its **Circular No. 17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011** in terms of which companies can now send various notices, documents, communications including Annual Report to its shareholders through electronic mode at the registered e-mail address of the shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications / documents including the Notice calling the General Meeting (including AGM), audited financial statements, directors' report, auditors' report etc. **in electronic form, to the email address provided/updated by you and made available to us by the Depositories.**

All shareholders who are holding shares in Demat form and have not yet registered their email address are requested to register their email address with Depository Participant and those shareholder who are holding shares in physical form are requested to register their email ids in the **E-communication Registration Form** attached below and send it to our Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd., 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009 or e-mail at stovecgogreen@linkintime.co.in specifying Registered Folio No., on or before May 5, 2012, so that in future various notices and documents, including Annual Report of the company can be sent to your registered e-mail address. **Alternatively you can also register your e-mail id directly at www.linkintime.co.in.**

Shareholders who may still want to receive all such communications in physical form, can do so by making specific requests.

Members who have not dematerialized shares so far are requested to get their shares dematerialized.

We will appreciate your participation in the "**Green Initiative**" taken by your Company.

Thanking you,

Yours faithfully,

For Stovec Industries Limited

Varsha Adhikari
Company Secretary

(Please turn overleaf for e-communication registration form)

STOUEC



▲ Sphene - Hi-Speed Digital Textile Printing Machine



▲ Pegasus Evo Machine



▲ ITMA Exhibition 2011 at Barcelona, Spain



STOVEC
INDUSTRIES LIMITED

NIDC, Near Lambha Village, Post Narol, Ahmedabad-382405
Gujarat, INDIA • Email : investorawareness@stovec.com