

39TH ANNUAL REPORT 2012

STOVEC
INDUSTRIES LIMITED

STOUEC

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

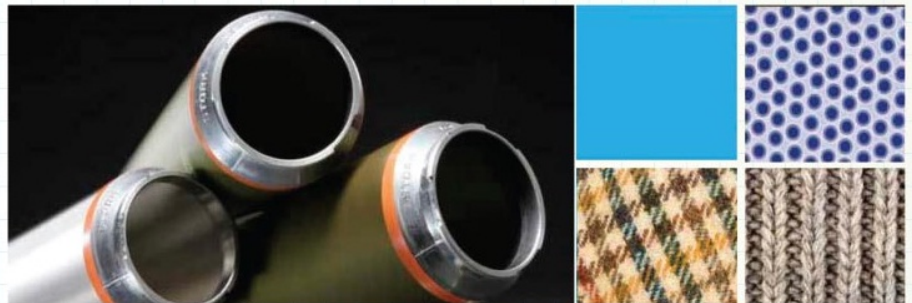
- Technology and Market Leadership in Rotary Screen and Printing Machinery

ISO 9001
BUREAU VERITAS
Certification

Excluding Design



▲ RDVI Gold Rotary Screen Printing Machine



▲ 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 (Ceased to be Managing Director and Director w.e.f. 1 st March, 2013)
Mr. Girish Deshpande	Whole-time Director (Appointed as Alternate Director to Mr. Joost Smits and Designated as Whole-time Director w.e.f. 1 st March, 2013)

COMPANY SECRETARY

Ms. Varsha Adhikari

AUDITORS

Price Waterhouse
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

The Axis Bank Limited
The Karur Vysya Bank Limited

REGISTERED OFFICE AND FACTORY

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

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LETTER FROM CHAIRMAN



Dear Shareholders,

It gives me immense pleasure to present the 39th Annual Report of your Company for the year ended December 31, 2012.

During the year 2012, Economic activity in India remained somewhat sluggish. Not only was our economy impacted by the global growth slowdown, but also several domestic constraints acted as a drag, especially in the Textile sector. In spite of this, Stovec has had a successful year and achieved significant growth in revenue of nearly 21 % in comparison to the previous year. Moreover, your company has demonstrated an impressive performance in terms of Profit before Tax and achieved growth of approximately 56 % in comparison to the previous year. In general, the Company's performance during the year remained strong and robust.

During the year, your Company received recognition for its in-house Research and Development Centre from the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. This is definitely an impetus for the Research and Development activities that Stovec has been carrying out towards achieving product and process improvement.

The economic forecast for FY 2013-2014 predicts slow growth for the Indian economy in the range of 5 to 5.5 %. Almost five years after the global financial crisis first surfaced, the global economic environment remains fragile, with advanced economies growing slower than expected at the beginning of 2013. The year now looks unlikely to deliver much improvement in the world economy's growth rate, with a weaker outlook for Europe and the United States tempering the cautious optimism.

Though the economic scenario does indicate some concerns for business, we are geared up to withstand the challenges with our state-of-the-art production facilities, a highly skilled and motivated team, cost effective and quality driven processes, and well-recognized market presence with a strong product portfolio; all of which shall be the basis of further growth and continued good performance

On behalf of the Board, I would like to thank the outgoing Managing Director, Ashish Kaul for his remarkable contribution in the success and growth of Stovec and wish him all the best in his future endeavours.

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

With warm regards,

K.M. Thanawalla
Chairman

Date : May 6, 2013
Place : Mumbai

NOTICE

NOTICE is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED will be held on Tuesday, the 11th day of June, 2013 at 11 a.m. at the registered office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended December 31, 2012 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditor's thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of CA Girish C. Sharedalal, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. Joost Smits, who retires by rotation and being eligible offer himself for re-appointment.
5. To re-appoint auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. Appointment of Mr. Girish Deshpande as a Whole time Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment (s) thereof for the time being in force), the Company hereby approves the appointment of and the remuneration payable to Mr. Girish Deshpande as the Whole time Director of the Company for a period of 1 (one) year with effect from 1st March, 2013; upon the terms and conditions including those relating to remuneration as set out in the explanatory statement annexed in the Notice convening this Annual General Meeting, with liberty to the Board of Directors or a Committee thereof to alter and/or vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Girish Deshpande and subject to such statutory approvals as may be necessary."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, in accordance with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time."

"RESOLVED FURTHER THAT the said remuneration as contained in the Explanatory Statement annexed in the notice convening Annual General Meeting, shall be payable to Mr. Girish Deshpande, irrespective of, whether the Company has inadequate or no profit in any financial year."

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

7. Change in place of keeping of Registers and Returns

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956 and other applicable provision, if any, of the Companies Act, 1956, the Company hereby approves, the keeping of the Register and Index of Members, Register and Index of Debenture holders and copies of Annual Returns of the Company prepared under Section 159 of the said act, together with copies of certificates and documents as required to be annexed thereto under section 161 of the said act or any one or more of them, at the office of Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. at Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad or such other place as the Registrar and Share Transfer Agent may change from time to time within the city of Ahmedabad."

"RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, matters as deem fit and necessary to give effect to this resolution."

8. Approval of terms of Re-appointment of Mr. Ashish Kaul as the Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and Ministry of Corporate Affairs (MCA) General Circular No. 46/2011 dated: 14th July, 2011 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) and in modification of the resolution passed by the Members at the Thirty Sixth Annual General Meeting held on March 30, 2010, approving the re-appointment and terms of remuneration of Mr. Ashish Kaul as Managing Director of the Company, consent of the Members of the Company be and is hereby accorded for term of re-appointment of Mr. Ashish Kaul w.e.f. 1st March, 2010 to 28th February, 2013 and payment of remuneration to Mr. Ashish Kaul during his tenure of office w.e.f 1st January, 2012 to February 28, 2013 as per the details mentioned in the Explanatory Statement annexed in the Notice convening this Annual General Meeting."

"RESOLVED FURTHER THAT all other terms and conditions of re-appointment of Mr. Ashish Kaul as approved earlier by the Members of the Company in the Thirty Sixth Annual General Meeting of the Company shall remain unchanged."

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

Notes:

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority letter, as applicable, issued by the member organization. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of Board Resolution authorizing their representative(s) to attend and vote in their behalf at the Meeting.
3. Pursuant to sections 205A (5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund established by the Central Government. The Company during the year has transferred a sum of ` 155,091/- being unclaimed dividend amount for the financial year 2004-05 to the Investor Education and Protection Fund of the Central Government. Share holders who have not claimed their dividend for the financial year 2005-06 are requested to claim their unclaimed dividend before August 20, 2013. 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.
4. Register of Members and Share Transfer Book shall remain closed from June 5, 2013 to June 11, 2013 (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 June 12, 2013 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 June 4, 2013.

- 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 June 4, 2013.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
6. **To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the National Electronic Clearing System (NECS).** NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to submit their Bank Particulars in the ECS Mandate form, the format of which is annexed at the end of this Annual Report, to the Company's Registrar and Transfer Agent and Members holding shares in Dematerialized form and wish to avail this facility are requested to submit Bank particulars to their Depository Participant, so that future dividend can be directly credited to their bank account. **Members are requested to avail NECS facility as it is quick and much convenient way of getting dividend directly in your bank account.**
7. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their Depository Participant. However, Members holding shares in physical mode are required to notify any change pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to Registrar and Share Transfer Agent i.e. **M/s. Link Intime India Private Limited** (Formerly known as Intime Spectrum Registry Limited), Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad – 380 009.
8. Pursuant to Clause 49 of the listing agreement, the particulars of Directors seeking appointment/re-appointment at the meeting are annexed.
9. As per Securities and Exchange Board of India (SEBI) Circular, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents.
10. Electronic copy of Annual Report for the financial year 2012 is being sent to all the members whose e-mail address is registered with the Company/Depository Participant(s). Members who have not registered their e-mail address are encouraged to participate in this green initiative by registering their e-mail id for e-communication. Members holding shares in dematerialized form are requested to register/update their e-mail id for e-communication with the Depository Participants, while Members holding shares in physical form are requested to register their e-mail id by sending a request on ahmedabad@linkintime.co.in or secretarial@stovec.com.

Even after registering for e-communication, member(s) are entitled to receive communication(s) including Annual Report in physical form, free of cost, on receipt of written request for the same. Members may also note that the Annual Report for the year 2012 will also be available on the website of the Company viz. www.stovec.com.
11. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 1.00 p.m.
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 : May 6, 2013

Place : Mumbai

Varsha Adhikari
Company Secretary

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

Name of Director	CA. Girish C. Shredalal	Mr. Joost Smits	Mr. Girish Deshpande
Date of Birth	05.10.1932	14.12.1970	26.10.1954
Date of Appointment	26.09.1989	30.01.2006	01.03.2013
Expertise in specific functional areas	Audit and Taxation	Business Management	Finance and Accounts
Qualifications	Chartered Accountant	Degree in Business Econometrics, Degree holder Major in Supply Chain Management.	Chartered Accountant
Details of shares held in the company	24	Nil	100
List of companies in which outside directorship held as on 31.12.2012 (excluding Private Companies & Foreign Companies)	FDC Ltd Kotak Mahindra Trustee Co. Ltd.	None	None
Chairman / Member of the * Committees of other companies as on 31.12.2012	FDC Ltd Kotak Mahindra Trustee Co. Ltd.	None	None

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

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956:

As required by Section 173 (2) of the Companies Act 1956 (the Act), the following Explanatory Statement sets out all material facts relating to the special business mentioned under item no. 6, 7 and 8 of the accompanying Notice dated: May 6, 2013

Item No. 6

The Board of Directors of the Company at their meeting held on February 27, 2013, appointed Mr. Girish Deshpande, Vice President Finance of the Company as an Alternate Director to Mr. Joost Smits, and designated him as a Whole time Director of the Company w.e.f. 1st March, 2013, subject to the approval of Members in the forthcoming Annual General Meeting of the Company.

Mr. Girish Deshpande is a Commerce Graduate and Chartered Accountant and looks after Finance and Accounts functions of Company for last 27 years and has been involved in Business Management and Strategy of the Company.

As required under Section 302 of the Companies Act, 1956 (The Act), an abstract dated: 14th March, 2013, of the terms of appointment of Mr. Girish Deshpande as a Whole time Director together with Memorandum of Interest has been sent to the Members of the Company within stipulated time.

ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT AND REMUNERATION OF MR. GIRISH DESHPANDE, WHOLE TIME DIRECTOR OF THE COMPANY:

- i. **Period of Appointment:** 1 (One) year w.e.f. 1st March, 2013.
- ii. **Nature of Duties:** Subject to the superintendence, control and direction of the Board, Mr. Girish Deshpande shall perform duties and functions as would be commensurate with his position as Whole time Director of the Company and as may be delegated to him by the Board from time to time.
- iii. Mr. Girish Deshpande shall be re-designated as Whole time Director and Vice President Finance. Prior to this re-designation he was and continues to be in charge of the Finance Function of the Company for which gross remuneration of ` 30,38,864/- p.a. plus variable pay, is being paid and will continue to be paid with annual increment in the capacity of Vice President – Finance w.e.f. 1st April, 2013. In his capacity of Whole time Director; he shall not be paid any additional remuneration.

He will be entitled to all leave benefits as applicable to the senior executives of the Company, including accumulation and encashment of unavailed leave.

Variable Pay: Gross Bonus up to a maximum of 22.5% p.a. of annual fixed salary (CTC) would be payable based on the performance of the Company.
- iv. Mr. Girish Deshpande will be entitled to reimbursement of all expenses actually incurred by him in the course of legitimate business of the Company.
- v. The office as Whole time Director may be terminated by either party by giving one months' notice in writing unless otherwise a shorter notice period is decided mutually between the Board of Directors and Mr. Girish Deshpande.
- vi. If, at any time, Mr. Girish Deshpande ceases to be the Alternate Director to Mr. Joost Smits, he shall cease to be the Whole time Director of the Company.
- vii. If, at any time Mr. Girish Deshpande, ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be the Alternate Director to Mr. Joost Smits and also as a Whole time Director of the Company.
- viii. Mr. Girish Deshpande's appointment is by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283 (1)(I) of the Companies Act, 1956.
- ix. Mr. Joost Smits, retires by rotation and being eligible offer himself for re-appointment in this Annual General Meeting. Mr. Girish Deshpande being Alternate Director to Mr. Joost Smits, shall be re-appointed as soon as Mr. Joost Smits has been re-appointed in the Annual General Meeting.
- x. If, in the event Mr. Joost Smits, visiting India, Mr. Girish Deshpande shall vacate his office as Alternate Director and accordingly as a Whole time Director but immediately upon Mr. Joost Smits, leaving India, Mr. Girish Deshpande shall automatically stand re-appointed as Alternate Director to Mr.

Joost Smits and also as a Whole time Director of the Company upon the same terms and conditions as mentioned above without further acts, deeds or things been done, executed or performed either by the Company or Board of Directors.

Except Mr. Girish Deshpande, Whole time Director and Mr. Joost Smits, for whom Mr. Girish Deshpande is an Alternate Director, none of the other Directors of the Company are, in any way, concerned or interested in the said resolution.

Item No. 7

In the 33rd Annual General Meeting of the Company held on 27th day of July 2007, the Members have approved the shifting of the place of keeping the Register and Returns as prescribed under Section 163 of the Companies Act, 1956 to the Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009. The Company's Registrar and Share Transfer Agent has shifted their office to Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad – 380 009. In view of this, approval of Members is sought for keeping the Registers and Returns as mentioned in Section 163 of the Companies Act, 1956 (as amended from time to time) at the new address of Registrar and Share Transfer Agent or such other place as the Registrar and Share Transfer Agent may change from time to time within the city of Ahmedabad."

None of the Directors of the Company are, in any way, concerned or interested in the said resolution.

Item No. 8

In the 36th Annual General Meeting of the Company, the Members have approved the re-appointment and remuneration payable to Managing Director for a period of 3 years w.e.f 1st March, 2010 to 28th February, 2013 vide Ordinary Resolution. Further in the 34th Annual General Meeting of the Company held on 5th June, 2008, the Members have approved vide Special Resolution the increase in overall ceiling limits of remuneration payable to Managing Director not exceeding Rs. 9 Million p.a. on calendar year basis for three years, commencing from 1st January, 2009 to December 31, 2011 and subsequent to which approval of Central Government was also received for payment of said remuneration. The Ministry of Corporate Affairs (MCA) vide its General Circular No. 46/2011 dated: 14th July, 2011 has waived requirement for approval of Central Government for payment of remuneration to a professional managerial person by listed companies and their subsidiaries, having no profits or inadequate profits as per Companies Act, 1956. Mr. Ashish Kaul being a Professional Managing Director, approval of Central Government was not required for payment of remuneration to him after December 31, 2011. However, as per Schedule XIII, approval of the Members by way of Special Resolution is required for terms of re-appointment from March 1, 2010 to February 28, 2013 and payment of remuneration to Managing Director for the period commencing from January 1, 2012 to February 28, 2013 and therefore Members approval by way of Special Resolution is sought for terms of re-appointment and remuneration to Managing Director.

Except Mr. Ashish Kaul, none of the present Directors of the Company are, in any way, concerned or interested in this resolution.

ABSTRACT OF THE TERMS OF APPOINTMENT AND REMUNERATION OF MR. ASHISH KAUL AS MANAGING DIRECTOR OF THE COMPANY: -

Members of the Company have approved the re-appointment and remuneration payable to Managing Director for a period of 3 years w.e.f 1st March, 2010 to 28th February, 2013 vide Ordinary Resolution. The details relating to remuneration are as under:

1. **Salary:** Basic of ` 200,000/- per month. Subsequent to Annual increment in the year 2012, Basic Salary increased to ` 2,50,000/- p.m. w.e.f 1st April, 2012)
2. **House Rent Allowance:** 50% of the basic salary per month.
3. **Supplementary Allowance :** ` 109,715 per month (` 1,21,100/- p.m. w.e.f 1st April, 2012)

In addition the Managing Director shall be entitled to the following benefits:

- a) **Provident Fund and Gratuity** as per the Statutory Provisions.
- b) **Leave Travel Assistance:** Leave Travel Assistance for self and family once a year up to two month's basic salary incurred in accordance with the rules of the Company.

- c) **Medical Benefit** upto ` 60000/- per annum
- d) **Transport allowance** of ` 450,000 will be paid per annum.
- e) **Attire Allowance:** ` 120,000 per annum.
- f) He will be entitled to all **leave benefits** as applicable to the Senior Executives of the Company, including accumulation and encashment of unavailed leave.
- g) **Variable pay** : Gross Bonus upto a maximum of 52.5% of annual fixed salary would be applicable (as per the group bonus Scheme)
- h) **Compensation:** If at any time the office of the Managing Director is determined before the expiry of his term of office the Managing Director shall be entitled to compensation for loss of office in accordance with and subject to the restrictions laid down in Section 318 of the Companies Act, 1956.

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

I. General Information:

- | | |
|--|--|
| 1) Nature of Industry | Manufacturing of Nickel Perforated Rotary Screens, Machinery and Components for Textile printings, Anilox Rollers, Sugar Screens and Rotamash Screens at its factory situated at N.I.D.C. Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat. |
| 2) Date of Commencement of commercial production | N.A. |
| 3) Financial Performance for the financial year ended 31.12.2012 | Turnover : ` 729.20 mill.
Profit Before Tax : ` 107.03 mill.
Current Ratio : 2.75
Net Worth : ` 435.13 mill. |
| 4) Export Performance | For the year ended 31.12.2012, the Company has achieved export turnover FOB value of ` 41.11 million. |
| 5) Foreign Investment or Collaboration | a) Stork Prints B.V., The Netherlands are the Promoters of the company holding 71% of the equity share capital.

b) The Plant was established in technical collaboration with the holding company as above. |

II. Information about the appointee:

1. Background details :

- Mr. Ashish Kaul has over 22 years of experience in Operations, General Management and Supply Chain Management.
- Mr. Ashish Kaul holds a degree of B.E. (Electronics) from Bangalore University and degree in M.B.A. (Finance) from MDI, Gurgaon.

2. **Past Remuneration:**

Remuneration of Mr. Ashish Kaul under the terms of Schedule XIII of the Companies Act, 1956 are as under:

For the period	* Remuneration and perquisites
01.01.2011 to 31.12.2011	` 9.27 Million*

*Remuneration includes contribution to P.F. and other funds and variable pay on provisional basis.

3. Recognition or Awards:

- Amongst other achievements, Mr. Ashish Kaul is also the recipient of the **"Pioneer in e-sourcing Award"** presented to him by Freemarkets India, in the year 2002.
- Mr. Ashish Kaul has also received **"Udyog Ratan Award"** from Institute of Economic Studies, New Delhi.

4. Job Profile and his suitability:

As a Managing Director, Mr. Ashish Kaul was responsible for the day to day Management of the Company and assisted by Senior Executives of the Company. He was working under the superintendence and control of the Board of Directors. The Company under his leadership has grown and his experience, knowledge and skills have helped Company to a great extent.

5. Remuneration proposed :

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

6. Comparative Remuneration, profile with respect of industry:

The remuneration is commensurate with the Industry Standards. Looking into the responsibilities, performance and significant contribution of Mr. Ashish Kaul to the growth of the Company, the remuneration is appropriate.

7. Pecuniary Relationship:

Mr. Ashish Kaul is not related to any Directors or Promoters of the Company.

III. Other Information:

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

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

IV. Disclosures:

(1) Remuneration Package:

The Remuneration package of Mr. Ashish Kaul has been disclosed above.

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

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the Thirty Ninth Annual Report and the Audited Statement of Accounts of the Company for the year ended December 31, 2012.

1. FINANCIAL RESULTS:

Particulars	Current Year 31.12.2012 Amt. in `	Previous Year 31.12.2011 Amt. in `
Revenue from Operations	730,889,688	601,684,542
Other Income	31,153,794	26,252,909
(a) Total Income:	762,043,482	627,937,451
(b) Total Expenditure:	639,587,000	544,362,648
Gross Profit before Depreciation and Amortisation expenses	122,456,482	83,574,803
Less: Depreciation & Amortisation expenses	15,428,555	14,879,259
Operational Profit/Profit Before Tax	107,027,927	68,695,544
Less: Current Tax	31,774,445	20,014,987
Deferred tax	1,842,880	1,684,195
(Excess)/Short provision of Income tax of earlier years (Net).	(582,352)	(438,676)
Profit After Tax	73,992,954	47,435,038
Add: Profit brought forward from previous year	154,951,414	128,939,576
Profit available for appropriation	228,944,368	176,374,614
Dividend on equity shares	22,341,771	14,302,910
Tax on Dividend	3,624,952	2,320,290
Amount transferred to General Reserves.	75,00,000	4,800,000
Profit carried forward to Balance Sheet	195,477,645	154,951,414

2. DIVIDEND:

Considering the Company's financial performance, the Directors have recommended payment of Dividend of ` 10.70/- per share (107%) for the financial year ended on December 31, 2012.

3. PERFORMANCE OVERVIEW:

During the year under review, your Company has achieved revenue from operations of ` 730.90 Million (Previous year ` 601.68 Million); a growth of about 21% driven by growth in sales of almost all products lines and largely contributed by Perforated Rotary Screens and Machineries. The Company has achieved Profit before tax of ` 107.03 Million (Previous year ` 68.69 Million) registering a significant growth of around 56 % in comparison to prior year driven by increased market presence, margin expansion and enhanced operating efficiency. During the year, your Company has done exceptionally well in Textile Consumables and Machinery segment and achieved a growth of around 25% in comparison to prior year. Your Company also did well in Exports and achieved a revenue of ` 41.11 Million; registering a growth of about 54% in comparison to prior year.

The Company during the year introduced RDVI Gold Rotary Screen Printing Machine and it is getting good response and acceptance in the Market.

4. RECOGNITIONS:

During the year under review, the **In House Research and Development Centre** of your Company got recognition from Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi. Your Company also got recognition as an **Export House** from Ministry of Commerce & Industry, Office of the Joint Director General of Foreign Trade.

5. 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.

6. FIXED DEPOSITS:

For the year ending December 31, 2012, 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.

7. 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.

8. DIRECTORS:

Pursuant to Section 255 and 256 of the Companies Act, 1956, CA. Girish C. Sharedalal and Mr. Joost Smits, retires by rotation in the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. With the completion of term of contract of Mr. Ashish Kaul as a Managing Director of the Company on February 28, 2013, he has resigned as Managing Director and Director of the Company w.e.f 1st March, 2013. The Board appointed Mr. Girish Deshpande, Vice President – Finance in the Company as Alternate Director to Mr. Joost Smits w.e.f. 1st March, 2013 and designated him as Whole time Director for a period of 1 (one) year subject to the approval of Members in the forthcoming Annual General Meeting.

The Board placed on record the appreciation for the outstanding contribution made by Mr. Ashish Kaul in the growth and success of the Company.

9. DIRECTORS RESPONSIBILITY STATEMENT:

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

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

10. AUDITORS:

The Company's Statutory Auditors M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E) retires at the forthcoming Annual General Meeting and has shown their willingness to continue as statutory auditors of the Company. The Board recommends re-appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company from the conclusion of the 39th Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

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

11. COST RECORDS AND COST AUDITORS:

In terms of requirement of The Companies (Cost Accounting Records) Rules, 2011, your company is maintaining prescribed cost records and the Compliance Report along with the prescribed annexure thereon will be filed with the Central Government within the prescribed time. Further vide Cost Order dated: November 6, 2012 issued by Cost Audit Branch, Ministry of Corporate Affairs, the Company required to get its cost records audited from financial year 2013 onwards and therefore the Company has appointed M/s. Dalwadi and Associates, Cost Accountants (Firm Registration No.000338) as its Cost Auditors to audit the cost records of the Company for the financial year 2013.

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

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

13. PARTICULARS OF EMPLOYEES:

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

14. 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 27, 2013

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 December 31, 2012.

(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.
4. Better utilization of production equipments.
5. 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)

And the company is having following proposals for reducing energy consumption and cost in 2013:

- i. Energy data acquisition system for better monitoring and control
- ii. To go for open access facility (Energy purchase from exchange)

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. Light Diesel Oil (LDO) replaced by Piped Natural Gas (PNG) [lower rate and lower carbon emission]

(II) Environment Health & Safety:

- 1) Improved air ventilation / exhaust of certain production areas by adding new plant
- 2) Sale of ETP sludge to the authorized recycling processor instead of dumping at GPCB designated site.
- 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.**

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

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

Customers' satisfaction and new business opportunities because of cost, quality and latest technology. Based on the innovations, improvements and efforts of In-House R&D, the Company is able to expand its market and achieve a steady growth of around 21 % in revenue as compared to last year.

3. Future plan of action.

- a. Development of new products
- b. Reduction of product cost
- c. Undertake the R&D innovation in other diverse segments.

4. Details of R & D Expenditure.

1. Capital Expenditure	1,482,845
2. Recurring Expenditure	9,323,332
3. Total Expenditure	10,806,177
4. Total Turnover	729,198,702
5. Total R&D Expenditure as a percentage of the total Turnover.	1.48 %

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

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

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

- ◆ Development of new products
- ◆ Reduction of product cost

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

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

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

The company is concentrating on continuous quality and product improvement.

2. Total foreign exchange used and earned.

- i. Earnings in foreign exchange on account of Goods and Services exported, Commission, etc. (Jan'12 – Dec'12) ` **43,212,403/-**
- ii. Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc. (Jan'12 – Dec'12) ` **252,967,524/-**

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, 2012.

A. Employed throughout the accounting year under review and were in receipt of remuneration for the accounting year in aggregate of not less than ` 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 (44 yrs.)	Managing Director w.e.f. 01.03.2007, Management of the whole of the Company.	` 10,681,878/-	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 22 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 Non-Executive Directors.

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

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

The Board met 4 times during the year i.e. February 28, 2012; May 2, 2012; August 13, 2012 and November 1, 2012.

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	04	Yes
CA. Girish C. Sharedalal	04	04	Yes
Mr. Marco Wadia	04	04	Yes
Mr. Dirk Wim Joustra	04	02	Yes
Mr. Aschwin Hollander	04	03	Yes
Mr. Joost Smits	04	00	No
Mr. Ashish Kaul	04	04	Yes

Notes

1. None of the Directors are related to any other director.
2. None of the Directors holds Directorship in more than 15 Public Limited Companies nor is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are a Director.
3. Outside directorship 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 Shareholders/Investors Grievance Committee only.

Share – Holding of Non-Executive Director

The share holding of Non-Executive Directors in the company as on December 31, 2012 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, CA. Girish C. Sharedalal and Mr. Joost Smits retire by rotation in the forthcoming Annual General Meeting of the Company and being eligible offer themselves for re-appointment. With the completion of term of Mr. Ashish Kaul as Managing Director of the Company on 28th February, 2013, he has resigned as Managing Director and Director of the Company w.e.f 1st March, 2013. The Board appointed Mr. Girish Deshpande, Vice President – Finance in the Company as Alternate Director to Mr. Joost Smits w.e.f. 1st March, 2013 and designated him as Whole time Director for a period of 1 year subject to the approval of Members in the forthcoming Annual General Meeting.

3. COMMITTEES OF THE BOARD

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

3.1 AUDIT COMMITTEE:

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

The composition of the Audit Committee and details of meetings attended by the Members of the Audit Committee during the financial year 2012 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	04
Mr. Marco Wadia	Member	Independent Non-Executive Director	04	04
CA. Girish C. Sharedalal	Member	Independent Non-Executive Director	04	04
Mr. Ashish Kaul (ceased to be Member w.e.f. 1 st March, 2013)	Member	Executive Director	04	04

The Committee met 4 times during the year i.e. February 28, 2012; May 2, 2012; August 13, 2012 and November 1, 2012.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders queries. Further, Mr. Girish Deshpande has been appointed as Member of Audit Committee w.e.f. 1st March, 2013, in place of Mr. Ashish Kaul.

3.2 REMUNERATION COMMITTEE:

The Remuneration Committee comprises of the following members:

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

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

During the year under report, the meeting of the Remuneration Committee was held on February 28, 2012.

The Directors' remuneration and sitting fees paid/payable in respect of the financial year 2012 are given below:-

(A) Non-Executive Directors:

The Company pays ` 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 2012 to the Non-Executive Directors and Foreign Directors are as follows:

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

The Company pays ` 9,000/- as sitting fees to all the Members of Audit Committee except Mr. Ashish Kaul, Managing Director, for each Audit Committee Meeting attended.

- ii. The details of the sitting fees paid for the year 2012 to the Members for each Audit Committee Meeting attended are as follows:

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

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

(B) Managing Director Remuneration:

The details of remuneration of Managing Director are as follows:

(in `)

Managing Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and Other Funds	Total
Mr. Ashish Kaul	9,560,064	642,729	479,085	10,681,878*

* Includes variable pay on provisional basis.

(C) Remuneration Policy:

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

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

Mr. Ashish Kaul's contract as a Managing Director of the Company was 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. On Completion of term of contract, Mr. Ashish Kaul resigned as Managing Director and Director of the Company w.e.f 1st March, 2013. The Board appointed Mr. Girish Deshpande, Vice President – Finance in the Company as Alternate Director to Mr. Joost Smits w.e.f. 1st March, 2013 and designated him as Whole time Director for a period of one (1) year subject to the approval of Members in the forthcoming Annual General Meeting. The office of Mr. Girish Deshpande as Whole-time Director may be terminated by one month's written notice by either side unless otherwise a shorter notice period is decided mutually between the Board of Directors and Mr. Girish M. Deshpande.

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 (Resigned as a Member of Investor Grievance Committee w.e.f. 21.08.2012)	Member	Independent Non-Executive Director
CA Girish C. Sharedalal (Appointed as a Member of Investor Grievance Committee w.e.f. 21.08.2012)	Member	Independent Non-Executive Director
Mr. Ashish Kaul (Ceased to be the Member due to resignation w.e.f. 1 st March, 2013)	Member	Executive Director
Mr. Girish Deshpande (Appointed as Member w.e.f. 1 st March, 2013)	Member	Executive Director

During the year under report the committee met on February 28, 2012 and November 1, 2012 and all the members were present at the meeting.

Compliance Officer:

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

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

Tel : +91 79 3041 2300

Fax : +91 79 2571 0406

Email : secretarial@stovec.com

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

The status on the total number of complaints received during the financial year 2012 is as follows:-

Complaints received	Pending as on 31.12.2012
1	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
2011	Annual	Stovec Industries Limited	May 2, 2012	2.00 pm
2010	General	N.I.D.C., Nr. Lambha Village,	May 11, 2011	3.15 pm
2009	Meeting	Post: Narol, Ahmedabad – 382405.	March 30, 2010	2.00 pm

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

Date of Meeting	Summary
May 2, 2012	Nil
May 11, 2011	Nil
March 30, 2010	Adoption of new set of Articles of Association

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, 2012.

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, 2012	May 3, 2012	Business Standard	Loksatta Jansatta
Quarterly of June 30, 2012	August 15, 2012	Business Standard	Loksatta Jansatta
Quarterly of September 30, 2012	November 2, 2012	Business Standard	Loksatta Jansatta
Annual as on December 31, 2012	March 1, 2013	Business Standard	Loksatta Jansatta

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

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

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

Date and Time	11 th day of June, 2013 at 11.00 a.m.
Venue	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405.

10.2 Financial Calendar:

Financial Year	Ending December 31, 2012
Date of Book Closure	June 5, 2013 to June 11, 2013 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval by the Shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

10.3 Listing:

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The Company has paid annual listing fees to both the stock exchanges in respect of the year 2012-2013.

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

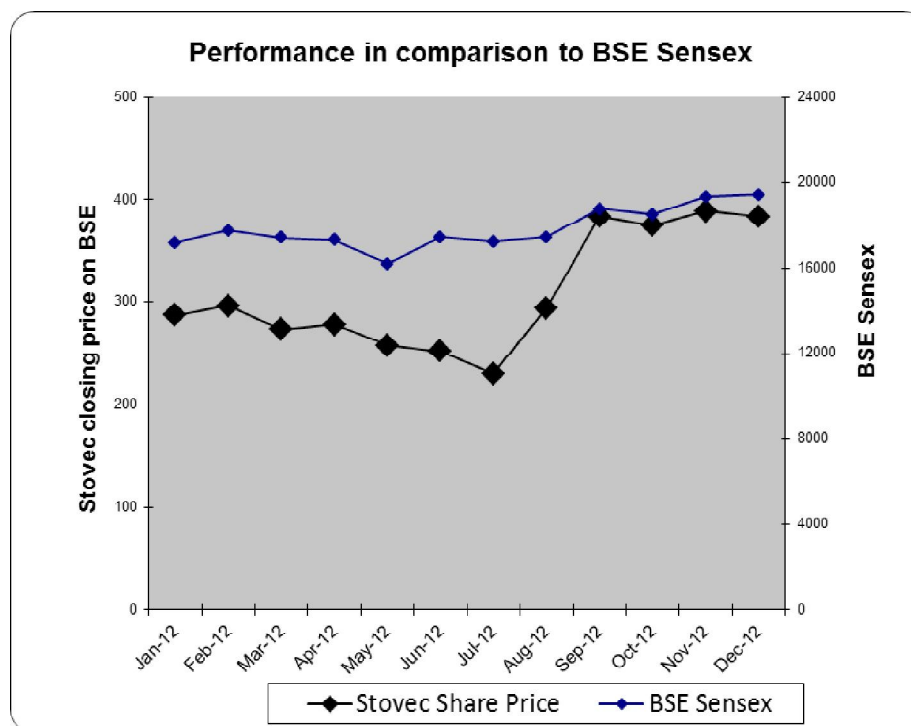
Type of Shares	ISIN No.	Stock Code	
Ordinary Share	INE755D01015	BSE	ASE
		504959	57410

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 (₹)	Low (₹)	No. of Shares
January '12	305.00	249.00	4255
February '12	314.00	262.05	9480
March '12	294.95	230.05	4459
April '12	329.85	265.00	6130
May '12	286.95	248.60	3199
June '12	272.80	240.00	1820
July '12	260.00	230.00	6106
August '12	318.00	226.00	11786
September '12	421.00	288.00	20512
October '12	409.95	351.00	7183
November '12	458.00	370.00	9170
December '12	423.95	356.65	5111

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



*source: www.bseindia.com

10.6 Registrar and Transfer Agents:-

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

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

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

10.7 Share Transfer System:

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

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

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

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

10.9 Report on Corporate Governance:

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

10.10 Shareholding Pattern of Shares of the Company:

Category	As on 31.12.2012		As on 31.12.2011		% Variance 12 v/s 11
	No. of Shares	%	No. of Shares	%	
Promoters & Promoter Group	1,482,493	71.00	1,482,493	71.00	-
Mutual Funds/UTI	200	0.01	200	0.01	-
Financial Institutions/Banks	2,051	0.10	2,101	0.10	-
Trusts	318	0.02	318	0.02	-
Bodies Corporate	53,963	2.58	49,035	2.35	0.23
NRIs (Repatriable)	5,263	0.25	5,245	0.25	-
NRIs (Non-Repatriable)	8,316	0.40	8,187	0.39	0.01
Clearing Members	475	0.02	2,959	0.14	(0.12)
Directors & their Relatives	5,888	0.28	6,428	0.30	(0.02)
Individuals/HUF	529,049	25.34	531,050	25.44	(0.10)
Total	2,088,016	100.00	2,088,016	100.00	-

10.11 Distribution of shareholding as on December 31, 2012:

Range of Shares	Number of Shareholders	% Age of Total	Number of Shares	% Age of Total
1 - 500	6,246	97.75	336,488	16.12
501 - 1000	72	1.13	51,562	2.47
1001 - 2000	42	0.66	60,366	2.89
2001 - 3000	11	0.17	27,052	1.30
3001 - 5000	7	0.11	26,032	1.25
5001 - 10000	8	0.12	53,616	2.57
10001 or more	4	0.06	1,532,900	73.40
Total	6,390	100	2,088,016	100.00

10.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2012:

Name of Shareholder	No. of Shares held	% age of Share Capital
Stork Prints B.V.	14,82,493	71.00
Amit Shantilal Motla	27,396	1.31

10.13 Dematerialisation of Shares & Liquidity:

As at December 31, 2012, shares comprising 92.37% of the Company's Equity Share Capital have been dematerialized.

ISIN No:- INE755D01015

10.14 Plant Location & Address for Correspondence:

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

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

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

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Code of Conduct, as applicable to them, for the financial year ended December 31, 2012.

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 Sugar Screen:

The large part of our product portfolio goes into textile industry which is a key contributor to the India's GDP. During the year, performance of the textile industry has been moderate. The step to allow 100% FDI in textile and retail sector and measures to establish more Textile Parks by Government is expected to bring moderate growth in business.

The Indian Graphic Industry is complex, dynamic and fast growing. Rotary Screen Printing Technology is a growing segment of a graphic portfolio. Rotary Screen Printing Technology is getting accepted and it is expected to grow more in coming years driven by need for high quality label printing.

The Company has entered in Sugar Screen business few years back. The Sugar industry continues to operate in a competitive landscape.

COMPANY PERFORMANCE:

During the year under review, Company has achieved revenue from operations of ` 730.90 Million (Previous year ` 601.68 Million); a growth of about 21 % driven by increase in sales of almost all products lines and largely contributed by Perforated Rotary Screens and Machineries. The Company has achieved Profit before Tax of ` 107.03 Million (Previous year ` 68.69 Million) registering a significant growth of around 56% in comparison to prior year driven by increased market presence, margin expansion and enhanced operating efficiency.

The Company also did well in Exports and achieved a revenue of ` 41.11 Million; registering a growth of about 54% in comparison to prior year.

The Company during the year introduced RDVI Gold Rotary Screen Printing Machine and it is getting good response and acceptance in the Market.

SEGMENT-WISE PERFORMANCE:

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

Particulars	Current Year	Previous Year
Textile Consumables & Textile Machinery	622.69	498.91
Graphic Products	50.81	43.71
Galvanic	55.70	55.72

During the year, Company has done exceptionally well in Textile Consumables and Machinery segment and achieved a growth of around 25% in comparison to prior year. The graphic segment, which is a growing segment, grew up by 16% in comparison to prior year.

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

During the year under review, the Company participated in various trade shows and exhibitions including impressive presence in ITME-INDIA exhibition, India's largest Textile and Garment Machinery Exhibition held in Mumbai and Label Expo Exhibition held at New Delhi.

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

OUTLOOK & OPPORTUNITIES:

The Indian economy in 2013 is expected to grow moderately about 5 to 5.5%, which is much lower in comparison to last few years. Almost all the economies of the world have been confronted with slow down. The process house troubled by environmental issues remains to be a concern. The overall demand outlook in India for the textile industry for financial year 2013 is expected to remain moderate; though volatile commodity prices, rising power and labour cost and exchange rate fluctuations being key challenges for the industry.

The step to allow 100% FDI in textile and retail sector and measures to establish more Textile Parks by Government is expected to bring moderate growth in business. Entry of international brands in the

textile and apparel sector might increase the demand for quality products, which in turn might have positive impact on our business. Partial deregulation of Sugar industry might have a positive impact on Sugar Screen business. The Company during the year also envisages improvement in Sugar Screen business performance. The Textile Industry is witnessing technology advancement for increased production capabilities and efficiencies. Quality printing needs, lifestyle enhancements and earning youth population 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 still remain a matter of concern and could trigger short term vulnerability in the global economy which might create an adverse impact on exports. Economic forecast suggests that the Indian economy could grow about 5% to 5.5% in 2013-14; which is much lower compared to last few years and any downturn of the economy further may have an adverse effect on overall Company's business. The volatility in cotton and nickel may impact the Company's performance. The fluctuations in exchange rate, liquidity issues and rising power and labour cost will be a key challenge for the industry. The overall economic climate and in particular the health of textile processing industry which remains to be confronted by environment related issues, may have impact on the Company's business plans. The Company continues to take suitable steps to minimize these risks and their impact on Company's overall performance.

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures and systems are in place.

HUMAN RESOURCE MANAGEMENT:

As a leadership team development initiative within the organization, Stovec has conducted Leadership Development Program - "360 degree Feedback."

During the year, Independent Surveyor has conducted Employees Satisfaction Survey for staff on key enablers such as organization climate, culture, leadership style, reward & recognition etc. The survey findings are encouraging and above industry average.

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.

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 2012. 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 : 25th February 2013
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, 2012, and the related Statement of Profit and Loss 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 the 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2012 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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

Vilas Rane
Partner
Membership Number: F - 033220

Place : Mumbai
Date : February 27, 2013

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 as of and for the year ended December 31, 2012

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

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 as of and for the year ended December 31, 2012

dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax and excise duty as at December 31, 2012 which have not been deposited on account of a dispute, are as follows

Name of the Statute	Nature of Dues	Amount* (`)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Tax Liability Including Interest	5,430,806 5,233,207	Assessment year 2007-2008 Assessment Year 2009-2010	Commissioner of Income Tax (Appeals)
The Gujarat Sales Tax Act, 1969	Tax Including Interest and Penalty	23,649,472	2005 – 2006	Sales Tax Tribunal
Service Tax The Finance Act, 1994	Tax Including Interest and Penalty	444,777	2003 – 2004	Superintendent of Central Excise (Appeal - I)
The Central Excise Act, 1944	Tax Including Interest and Penalty	4,138,118	2002 – 2007	Custom, Excise and service Tax appellate Tribunal

*Net of payments made

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

- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Place : Mumbai
Date : February 27, 2013

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E
Vilas Rane
Partner
Membership Number: F - 033220

BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	As At December 31, 2012	As At December 31, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	2	20,880,160	20,880,160
Reserves and surplus	3	414,246,678	366,220,447
		<u>435,126,838</u>	<u>387,100,607</u>
Non-current liabilities			
Deferred tax liabilities (Net)	4	7,997,638	6,154,758
Other long-term liabilities	5	2,111,398	2,060,557
Long-term provisions	6	20,595,264	18,280,357
		<u>30,704,300</u>	<u>26,495,672</u>
Current liabilities			
Trade payables	7	91,081,482	92,721,522
Other current liabilities	8	36,498,538	40,316,510
Short-term provisions	9	36,987,307	29,031,136
		<u>164,567,327</u>	<u>162,069,168</u>
		<u>630,398,465</u>	<u>575,665,447</u>
<u>ASSETS</u>			
Non-current assets			
Fixed Assets			
Tangible assets	10	132,029,859	120,118,330
Intangible assets	10	620,282	1,640,701
Capital work-in-progress		1,402,745	293,301
		<u>134,052,886</u>	<u>122,052,332</u>
Non-current investments	11	19,880,616	3,000
Long-term loans and advances	12	20,527,698	18,611,777
Other non-current assets	13	2,579,480	1,888,705
		<u>177,040,680</u>	<u>142,555,814</u>
Current assets			
Current investments	14	-	5,005,075
Inventories	15	101,592,553	132,929,286
Trade receivables	16	124,067,255	116,459,619
Cash and Bank Balances	17	210,949,599	154,632,047
Short-term loans and advances	18	9,107,922	18,707,345
Other current assets	19	7,640,456	5,376,261
		<u>453,357,785</u>	<u>433,109,633</u>
		<u>630,398,465</u>	<u>575,665,447</u>
Statement of significant accounting policies	1		

The accompanying notes 1 to 39 are an integral part of the Financial Statements.

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai

Date : February 27, 2013

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 27, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Year ended December 31, 2012	Year ended December 31, 2011
INCOME			
Revenue from operations	20	730,889,688	601,684,542
Other income	21	31,153,794	26,252,909
		762,043,482	627,937,451
EXPENDITURE			
Cost of materials consumed	22	371,867,947	349,141,417
Purchases of stock-in-trade	23	56,086,083	46,232,565
Changes in inventories of finished Goods, work-in-process and stock-in-trade	24	12,167,603	(35,002,956)
Employee benefits expenses	25	86,722,186	71,505,458
Finance cost	26	1,000,387	747,735
Depreciation and Amortisation expenses	10	15,428,555	14,879,259
Other expenses	27	111,742,794	111,738,429
Total expenses		655,015,555	559,241,907
Profit Before Tax		107,027,927	68,695,544
<u>Tax Expenses</u>			
- Current Tax		31,774,445	20,014,987
- Excess provision of income tax of earlier years (Net)		(582,352)	(438,676)
- Deferred Tax		1,842,880	1,684,195
		33,034,973	21,260,506
Profit for the year		73,992,954	47,435,038
Earnings Per Share (Refer Note 31)			
Basic and Diluted Earnings Per Share (in `)		35.44	22.72
Nominal Value Per Equity Share (in `)		10.00	10.00

Statement of significant accounting policies 1

The accompanying notes 1 to 39 are an integral part of the Financial Statements.

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai
Date : February 27, 2013

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 27, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended December 31, 2012	Year ended December 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	107,027,927	68,695,544
Adjustments for:		
Depreciation / Amortisation	15,428,555	14,879,259
Finance Cost	1,000,387	294,367
Interest Income	(15,666,107)	(8,347,712)
Unrealised Foreign Exchange Loss / (Gain)	334,401	(513,742)
Profit on sale of assets	(120,078)	(177,471)
Provision for Doubtful Debts (Net)	(38,776)	(999,619)
Provision for Obsolescence of Inventory (Net)	(155,537)	899,007
Provision for Contingencies (Net)	2,314,907	1,620,383
Provision for Warranty (Net)	(967,438)	(3,380,938)
Liabilities no longer required written back	(10,000)	(517,439)
Operating Profit Before Working Capital Changes	109,148,241	72,451,639
Adjustments For Changes In Working Capital:		
Decrease / (Increase) In Inventories	31,492,270	(55,900,800)
(Increase) / Decrease In Other non-current assets	(690,775)	37,216,295
(Increase) In Long term loans and advances	(607,332)	(1,979,797)
(Increase) / Decrease In Trade receivables	(7,903,261)	(10,876,020)
Decrease In Short term Loans and Advances	9,599,423	6,141,105
Decrease In Trade and Other Payables	(6,013,755)	(3,745,795)
Cash Generated From Operations	135,024,811	43,306,627
Direct Taxes Refund / (Paid) (Net)	(32,500,682)	(19,207,212)
A. Net Cash From Operating Activities	102,524,129	24,099,415
B. CASH FLOW USED IN INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(27,712,006)	(23,689,547)
Proceeds from Sale of Fixed Assets	402,975	457,672
Purchase of Long Term Investments	(19,877,616)	-
Sale of Long Term Investments	5,005,075	-
Bank Deposits with maturity more than 3 months but less than 12 months	(37,500,000)	7,500,000
Interest Income	13,401,912	6,341,299
B. Net Cash Used In Investing Activities	(66,279,660)	(9,390,576)
C. CASH FLOW USED IN FINANCING ACTIVITIES:		
Dividend Paid	(14,302,910)	(21,506,565)
Dividend Tax Paid	(2,320,290)	(3,655,041)
Interest Expense	(1,000,387)	(294,367)
C. Net Cash Used In Financing Activities	(17,623,587)	(25,455,973)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	18,620,882	(10,747,134)
Cash and Cash Equivalents as at the beginning of the year	89,564,457	100,311,591
Cash and Cash Equivalents as at the end of the year	108,185,339	89,564,457
Cash and Cash Equivalents :		
Cash on hand	125,750	104,253
Cheques on hand	2,022,707	527,302
Bank Balances :		
- In Current Accounts	41,036,882	31,432,902
- Short term deposits with maturity less than 3 months	65,000,000	57,500,000
	108,185,339	89,564,457

Note:

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

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

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Vilas Rane

Partner
Membership Number: 033220

Place : Mumbai

Date : February 27, 2013

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 27, 2013

NOTES TO THE FINANCIAL STATEMENTS

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 standards as notified under Section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

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

b) Inventories

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

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

c) Revenue Recognition

Sale of Goods

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

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 at realisable amounts.

Interest

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

d) Fixed Assets and Depreciation / Amortisation

Tangible Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

Intangible Assets

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

e) Foreign Currency Transactions

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

f) Investments

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

g) Employee Benefits

i) Short Term Employee Benefits:

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

ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund 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 Statement of Profit and Loss every year.

Defined Benefit Plans

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

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

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

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

h) Research and Development Expenses

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

i) Operating Leases

Lease Income

Lease rentals in respect of operating lease arrangements are recognised in Statement of Profit and Loss 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 Statement of Profit and Loss on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

j) Taxes on Income

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

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

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

k) Warranty

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

l) Impairment of Assets

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

m) Provisions and Contingent Liabilities

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

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

n) Accounting Estimates

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

NOTES TO THE FINANCIAL STATEMENTS

	As At December 31, 2012	As At December 31, 2011
2) Share Capital		
Authorised:		
2,900,000 (December 31, 2011: 2,900,000)		
Equity Shares of ` 10/- each	29,000,000	29,000,000
10,000 (December 31, 2011: 10,000)		
Preference Shares of ` 100/- each	1,000,000	1,000,000
	30,000,000	30,000,000
Issued, Subscribed and Paid-up:		
2,088,016 (December 31, 2011: 2,088,016)		
Equity Shares of ` 10/- each fully paid-up	20,880,160	20,880,160
	20,880,160	20,880,160

a) Reconciliation of number of shares

Particulars	For the year ended December 31, 2012		For the year ended December 31, 2011	
	(No. of Shares)	(`)	(No. of Shares)	(`)
Balance at the beginning of the year	2,088,016	20,880,160	2,088,016	20,880,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	2,088,016	20,880,160	2,088,016	20,880,160

b) Rights, preferences and restrictions attached to shares

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

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

1,482,493 Equity shares are held by Stork Prints B.V. - Netherlands, the holding company which is a subsidiary of Stork Prints Group Holding B.V. - Netherlands, the ultimate holding company.	14,824,930	14,824,930
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d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Number of shares	1,482,493	1,482,493
Stork Prints B.V.	71.00	71.00

NOTES TO THE FINANCIAL STATEMENTS

	As At December 31, 2012	As At December 31, 2011
3) Reserves and Surplus		
Capital Reserve	346,115	346,115
Capital Redemption Reserve	350,000	350,000
Securities Premium Account	79,618,502	79,618,502
General Reserve		
At the beginning of the year	130,954,416	126,154,416
Add: Transfer from Surplus in Statement of Profit and Loss	7,500,000	4,800,000
At the end of the year	138,454,416	130,954,416
Surplus in Statement of Profit and Loss		
At the beginning of the year	154,951,414	128,939,576
Add : Profit for the year	73,992,954	47,435,038
	228,944,368	176,374,614
Less : Appropriations		
Transfer to General Reserve	7,500,000	4,800,000
Proposed Dividend	22,341,771	14,302,910
Tax on Proposed Dividend	3,624,952	2,320,290
	33,466,723	21,423,200
At the end of the year	195,477,645	154,951,414
	414,246,678	366,220,447
4) Deferred Tax Liabilities (Net)		
Deferred tax liability		
(a) Depreciation	18,668,639	17,522,854
	18,668,639	17,522,854
Deferred tax assets		
(a) Provision for doubtful debts	297,642	518,259
(b) Provision for obsolete inventory	957,904	2,002,690
(c) Amortisation of voluntary retirement costs	-	25,650
(d) Provision for retirement benefits	308,091	1,023,416
(e) Provision for contingency	5,519,080	4,768,009
(f) Others	3,588,284	3,030,072
	10,671,001	11,368,096
	7,997,638	6,154,758
5) Other Long-term Liabilities		
Security Deposits	2,111,398	2,060,557
	2,111,398	2,060,557
6) Long-term Provisions		
Provision for Contingencies (Refer Note 33)	20,595,264	18,280,357
	20,595,264	18,280,357

NOTES TO THE FINANCIAL STATEMENTS

	As At December 31, 2012	As At December 31, 2011
7) Trade Payables		
a) Micro, Small and Medium Enterprises (Refer Note below)	6,627,596	4,377,797
b) Others	84,453,886	88,343,725
	91,081,482	92,721,522

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

Total outstanding dues of Micro, Small and Medium Enterprises	Year ended December 31, 2012	Year ended December 31, 2011
a) amounts remaining unpaid towards		
- Principal	5,280,708	3,530,130
- Interest	1,346,888	847,667
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	-	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
- Total Interest Accrued	1,346,888	847,667
- Interest remaining unpaid	1,346,888	847,667
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
8) Other Current Liabilities		
Advances from Customers	7,160,061	10,077,533
Unpaid Dividend (See note below)	2,764,260	2,567,590
Employee Benefits Payable	16,604,084	14,815,914
Statutory dues (including Provident Fund and Tax deducted at Source)	9,970,133	12,855,473
Note:		
There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at December 31, 2012		
	36,498,538	40,316,510
9) Short-term Provisions		
Employee Benefits (Refer Notes 1(g) and 25B)		
- Provision for Gratuity	949,580	3,154,310
- Provision for Leave Encashment	7,840,114	6,055,298
Provision for Warranty (Refer Notes 1(k) and 33)	2,230,890	3,198,328
Proposed Dividend	22,341,771	14,302,910
Tax on Proposed Dividend	3,624,952	2,320,290
	36,987,307	29,031,136

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS

(Refer Notes 1 (d), 1 (l) and 37)

(₹)

Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As at December 31, 2011	Additions during the year	Deletions during the year	As at December 31, 2012	Upto December 31, 2011	For the year	On Deletions	As at December 31, 2012	As at December 31, 2012	As at December 31, 2011
Tangible										
Own Assets	303,323	-	-	303,323	-	-	-	-	303,323	303,323
Land- Freehold	32,557,543	637,983	-	33,195,526	7,979,530	883,928	-	8,863,458	24,332,068	24,578,013
Buildings	128,740,796	20,577,005	2,457,727	146,860,074	56,076,031	8,565,481	2,333,805	62,307,707	84,552,367	72,664,765
Plant and Machinery	8,441,606	2,484,482	909,575	10,016,513	7,000,492	635,733	816,970	6,819,255	3,197,258	1,441,114
Computers	12,633,408	111,163	-	12,744,571	5,135,414	1,202,837	-	6,338,251	6,406,320	7,497,994
Furniture and Fixtures	4,061,721	413,683	674,477	3,800,927	3,048,501	747,929	635,146	3,161,284	639,643	1,013,220
Office Equipments, Air Conditioners and Cooler etc.										
Vehicles	5,062,568	1,962,996	540,772	6,484,792	1,915,790	1,385,264	513,733	2,787,321	3,697,471	3,146,778
Assets given on Operating Lease										
Land- Freehold	165,737	-	-	165,737	-	-	-	-	165,737	165,737
Buildings	19,520,044	-	-	19,520,044	10,212,658	571,714	-	10,784,372	8,735,672	9,307,386
Sub-Total (A)	211,486,746	26,187,312	4,582,551	233,091,507	91,368,416	13,992,886	4,299,654	101,061,648	132,029,859	120,118,330
Previous Year	191,489,856	23,039,103	3,042,213	211,486,746	80,805,657	13,324,771	2,762,012	91,368,416	120,118,330	
Intangible Assets										
Technical/Commercial Know-how	25,105,036	-	-	25,105,036	25,105,036	-	-	25,105,036	-	-
Computer Software	6,434,261	415,250	-	6,849,511	4,793,560	1,435,669	-	6,229,229	620,282	1,640,701
Sub-Total (B)	31,539,297	415,250	-	31,954,547	29,898,596	1,435,669	-	31,334,265	620,282	1,640,701
Previous Year	31,094,551	444,746	-	31,539,297	28,344,108	1,554,488	-	29,898,596	1,640,701	
Total (A+B)	243,026,043	26,602,562	4,582,551	265,046,054	121,267,012	15,428,555	4,299,654	132,395,913	132,650,141	121,759,031
Previous Year	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	

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

NOTES TO THE FINANCIAL STATEMENTS

	As At December 31, 2012	As At December 31, 2011
11) Non-current Investments		
<u>(Long Term, Non Trade and Unquoted)</u>		
Investment in Equity Shares		
30 Shares of ` 100/- each fully paid-up of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
<u>(Long Term, Non Trade and Quoted)</u>		
Investment in Bonds *		
6.85% (Tax-Free) 200 (Previous Year Nil) India Infrastructure Finance Company Ltd. (Series - 20 March 2014) of face value of ` 1,00,000	19,877,616	-
	19,880,616	3,000
*Aggregate Market value of Bonds as at December 31, 2012 is ` 20,550,100.		
12) Long-term Loans and Advances		
Advances Recoverable in Cash or in Kind or for Value to be Received	8,636,735	8,803,279
Sundry Deposits	4,706,404	3,932,528
Advance Tax and Tax Deducted at Source (Net of Provision)	7,184,559	5,875,970
	20,527,698	18,611,777
13) Other Non-current Assets		
Long term deposit with Bank with maturity period more than twelve months	-	5,000
Margin Money Deposit	2,579,480	1,883,705
	2,579,480	1,888,705
14) Current Investments		
<u>(Short Term, Non Trade and Unquoted)</u>		
Investment in Government Securities		
500 Rural Electrification Corporation Limited Capital Gains Tax Exemption Bonds of ` 10,000 Each. (Maturing on May 31, 2012)	-	5,000,000
Investment in Equity Shares		
203 Equity Shares of ` 25/- each fully paid-up of Textile Traders Co-Operative Bank Ltd.	-	5,075
	-	5,005,075
15) Inventories		
(Refer Note 1 (b))		
Raw Materials	44,791,953	64,326,891
[Includes Goods-in-transit ` 3,584,138 (Previous Year ` 1,490,777)]		
Packing Material, Stores, Spares and Tools	4,978,644	3,825,384
Work-in-Process	27,531,066	18,123,343
Finished Goods	16,708,944	39,430,448
Stock-in-Trade	7,581,946	7,223,220
	101,592,553	132,929,286

NOTES TO THE FINANCIAL STATEMENTS

	As At December 31, 2012	As At December 31, 2011
16) Trade Receivables		
(Unsecured)		
Outstanding for a period exceeding Six Months from the date they are due for payment		
- Considered Good	1,857,819	574,287
- Considered Doubtful	917,375	1,597,346
	<u>2,775,194</u>	<u>2,171,633</u>
Others		
- Considered Good	122,209,436	115,885,332
	<u>122,209,436</u>	<u>115,885,332</u>
Less: Provision for Doubtful Debts	917,375	1,597,346
	<u>124,067,255</u>	<u>116,459,619</u>
17) Cash and Bank Balances		
A. Cash and Cash Equivalents :		
Cash on hand	125,750	104,253
Cheques on hand	2,022,707	527,302
Bank Balances :		
- In Current Accounts	41,036,882	31,432,902
- Short term deposits with maturity less than 3 months	65,000,000	57,500,000
	<u>108,185,339</u>	<u>89,564,457</u>
B. Other Bank Balances		
Long term deposits with maturity more than 3 months but less than 12 months	100,000,000	62,500,000
Unpaid Dividend Accounts	2,764,260	2,567,590
	<u>102,764,260</u>	<u>65,067,590</u>
	<u>210,949,599</u>	<u>154,632,047</u>
18) Short-term Loans and Advances		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	3,544,054	11,184,451
Balance with Central Excise and Customs Authorities	5,563,868	7,522,894
	<u>9,107,922</u>	<u>18,707,345</u>
19) Other Current Assets		
Interest Accrued but not Due		
- on Deposits	6,508,799	5,218,727
- on Investments	1,131,657	157,534
	<u>7,640,456</u>	<u>5,376,261</u>

NOTES TO THE FINANCIAL STATEMENTS

	Year ended December 31, 2012	Year ended December 31, 2011
20) Revenue from operations		
Sales and Services (Gross)	792,920,181	647,772,417
Less: Excise Duty	63,721,479	49,433,345
	<u>729,198,702</u>	<u>598,339,072</u>
Other Operating Income :		
Commission Income	1,690,986	3,345,470
	<u>730,889,688</u>	<u>601,684,542</u>
Details of Revenue from operations		
a) Sales of Goods Manufactured :		
Perforated Rotary Screens	332,695,101	303,770,087
Anilox Rollers for printing	28,255,038	27,422,235
Automatic Rotary Screen Printing Machines	164,007,337	90,149,702
Spareparts for Machine	30,948,071	26,147,828
Engraving Chemicals	14,421,961	14,713,963
Rotamash screens for label printing	20,341,312	14,723,049
Sugar sieves	39,666,443	38,666,505
Other Manufacturing Scrap	32,560,875	33,105,372
b) Sales of Stock-in-Trade - Spares :		
Digital Ink	22,330,396	22,574,876
Perforated Rotary Screens	41,304,326	24,548,975
Others	1,260,368	710,783
c) Sale of Services	1,407,474	1,805,697
	<u>729,198,702</u>	<u>598,339,072</u>
21) Other income		
Interest on :		
- Long-term Investments	496,178	312,500
- Deposits	14,866,821	7,939,977
- Others	303,108	95,235
	<u>15,666,107</u>	<u>8,347,712</u>
Liabilities no longer required written back	10,000	517,439
Provision for Doubtful Debts written back (Net)	679,971	2,543,145
Bad Debts written off	<u>(641,195)</u>	<u>(1,543,526)</u>
	38,776	999,619
Provision for Warranty Expenses written back (Net) (Refer Note 33)	967,438	3,380,938
Provision for Obsolescence Inventory written back (Net)	155,537	-
Rent	12,103,836	7,984,668
Profit on Sale of Fixed Assets (Net)	120,078	177,471
Net Gain on Foreign Currency Transactions and Translation	101,907	271,927
Miscellaneous Income	1,990,115	4,573,135
	<u>31,153,794</u>	<u>26,252,909</u>

NOTES TO THE FINANCIAL STATEMENTS

		Year ended December 31, 2012	Year ended December 31, 2011	
22) a) Cost of Materials Consumed				
Raw Materials and Components Consumed		360,897,847	338,805,158	
Packing Materials Consumed		10,970,100	10,336,259	
		371,867,947	349,141,417	
(Cost of Materials Consumed is based on derived values)				
b) Details of Materials Consumed				
Nickel		188,268,158	177,684,587	
Components and Hardware Items		139,343,622	130,127,353	
Others		33,286,067	30,993,218	
		360,897,847	338,805,158	
c) Value of Imported and Indigenous Materials Consumed				
	in %		in %	
Indigenous	37%	132,481,089	40%	134,787,083
Imported	63%	228,416,758	60%	204,018,075
Total	100%	360,897,847	100%	338,805,158
23) Purchases of stock-in-trade				
Digital Ink		18,331,210	25,095,869	
Perforated Rotary Screens		35,535,561	18,815,216	
Others		2,219,312	2,321,480	
		56,086,083	46,232,565	
24) Changes in inventories of finished goods, work-in-process and stock-in-Trade				
<u>Opening Stock</u>				
- Work-in-process	18,123,343		5,888,562	
- Finished Goods	39,430,448		19,987,030	
- Stock-in-trade	7,223,220		3,620,238	
		64,777,011	29,495,830	
<u>Closing Stock</u>				
- Work-in-process	27,531,066		18,123,343	
- Finished Goods	16,708,944		39,430,448	
- Stock-in-trade	7,581,946		7,223,220	
		51,821,956	64,777,011	
Decrease / (Increase) in Stock		12,955,055	(35,281,181)	
Increase/(Decrease) in Excise Duty on Finished Goods		(787,452)	278,225	
		12,167,603	(35,002,956)	
25) A. Employee benefits expenses				
Salaries, Wages and Bonus		74,418,077	62,589,382	
Contribution to Provident and Other Funds		3,389,921	1,716,172	
Welfare Expenses		8,914,188	7,199,904	
		86,722,186	71,505,458	

NOTES TO THE FINANCIAL STATEMENTS

25) B. The Company has classified the various benefits provided to employees' as under:-

I. Defined Contribution Plans

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

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

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Employers' Contribution to Provident Fund and Employee's Pension Scheme*	2,056,177	1,850,257
Employers' Contribution to Employee's State Insurance*	134,418	150,349

* Included in Contribution to Provident and Other Funds Note 25A

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, 2012	As at December 31, 2011
Discount Rate (per annum)	8.25%	8.50%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	9.50%	9.50%
Expected Weighted Average remaining working lives of employees (years)	20	20

a. Changes in the Present Value of Obligation

Particulars	As at December 31, 2012	As at December 31, 2011
Present value of obligation at the beginning of the year	9,219,936	8,782,070
Interest Cost	765,894	702,566
Past Service Cost	-	-
Current Service Cost	631,365	550,120
Benefits Paid	(418,840)	(352,160)
Actuarial (gain) / loss on obligations	428,957	(462,660)
Present value of obligation at the end of the year	10,627,312	9,219,936

b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2012	As at December 31, 2011
Fair value of Plan Assets at the beginning of the year	6,065,626	4,641,722
Expected Return on Plan Assets	707,599	453,234
Actuarial Gains and (Loss) on Plan Assets	138,937	712,351
Contributions	3,122,926	610,479
Benefits Paid	(357,356)	(352,160)
Fair value of Plan Assets at the end of the year	9,677,732	6,065,626

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars	As at December 31, 2012	As at December 31, 2011
Present Value of funded obligation at the end of the year	10,627,312	9,219,936
Fair Value of Plan Assets at the end of the year	9,677,732	6,065,626
Funded Status	9,677,732	6,065,626
Present Value of unfunded Obligation at the end of the year	949,580	3,154,310
Unrecognised Actuarial (gains) / losses	-	-
Unfunded Net (Liability) Recognised in Balance Sheet**	(949,580)	(3,154,310)

** Included in Short-term provisions (Refer Note 9)

d. Amount recognised in the Balance Sheet

Particulars	As at December 31, 2012	As at December 31, 2011
Present Value of Obligation at the end of the year	(10,627,312)	(9,219,936)
Fair Value of Plan Assets at the end of the year	9,677,732	6,065,626
Liability recognised in the Balance Sheet***	(949,580)	(3,154,310)

*** Included in Short-term provisions (Refer Note 9)

e. Expenses recognised / (Written back) in the Statement of Profit and Loss

Particulars	As at December 31, 2012	As at December 31, 2011
Current Service Cost	631,365	550,120
Past Service Cost	-	-
Interest Cost	765,894	791,129
Expected Return on Plan Assets	(707,599)	(453,234)
Optra Premium and other taxes	219,298	-
Net actuarial (gain) / loss recognised in the Year	290,020	(1,175,011)
Total Expenses recognised / (Written back) in the Statement of Profit and Loss	1,198,978	(286,996)

f. Experience Adjustment

(`)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Cash Accumulation Scheme with Life Insurance Corporation of India	64%	68%
Sampoorn Suraksha by SBI Life Insurance	18%	22%
Other approved Securities	18%	10%

III. The liability for leave encashment and compensated absences as at the year end is ₹ 7,840,114 (Previous Year ₹ 6,055,298).

	Year ended December 31, 2012	Year ended December 31, 2011
26) Finance cost		
Other Borrowing Cost	1,000,387	747,735
	1,000,387	747,735
27) Other expenses		
Consumption of Stores and Spares	5,497,946	4,595,434
Rates and Taxes	1,677,839	2,169,677
Power and Fuel	46,027,974	37,092,976
Repairs To :		
- Buildings	1,671,056	5,767,315
- Plant and Machinery	3,039,599	2,475,876
- Other Assets	1,886,184	2,156,765
	6,596,839	10,399,956
Erection and Commissioning charges	237,913	395,900
Insurance	1,833,009	1,220,717
Legal and Professional Fees	4,537,375	5,586,152
Auditors' Remuneration for :		
- Statutory Audit Fees	1,200,000	1,000,000
- Tax Audit Fees	250,000	-
- Out - of - Pocket Expenses	54,080	75,000
	1,504,080	1,075,000
Directors' Sitting Fees	414,000	369,000
Travelling and Conveyance	10,789,686	8,913,584
Vehicle Expenses	1,467,207	1,083,616
Printing and Stationery	691,110	709,720
Communication Expenses	4,370,966	4,039,432
Royalty	1,887,731	1,470,843
Provision for Obsolescence of Inventory (Net)	-	899,007
Provision for Contingencies (Net) (Refer Note 33)	2,314,907	1,620,383
Commission / Service Charges to a Sole Selling Agent	1,267,642	2,767,831
Commission / Service Charges for other products	931,980	11,719,824
Freight and Forwarding	4,065,910	2,084,010
Sales Promotion Expenses	11,853,672	10,037,415
Miscellaneous Expenses	3,775,008	3,487,952
	111,742,794	111,738,429

NOTES TO THE FINANCIAL STATEMENTS**28) a) Contingent Liabilities not provided for in respect of:**

Particulars	As at December 31, 2012	As at December 31, 2011
Bills Discounted (Since realised)	6,715,925	7,125,920
Claims against the Company not acknowledged as debts	975,100	975,100
Disputed claims made by workers for re-instatement	2,357,544	6,292,419
Disputed Sales Tax liability including penalty	16,349,472	16,349,472
Disputed income tax liability including interest	11,563,330	13,300,257
Disputed excise and service tax liability including penalty	5,056,022	5,056,022
Guarantees given by the Company	2,579,480	1,707,750
Total	45,596,873	50,806,940

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ` 3,085,342 (Previous Year ` 684,576).

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

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Raw Materials	201,258,228	227,676,466
Components Stores and Spares	1,386,708	468,337
Capital Goods	5,877,879	1,641,100
Traded Goods	38,231,851	32,989,973

b) Expenditure in foreign currency and earnings in foreign Currency

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
i) Expenditure in foreign currency		
Freight Expense	13,537	45,795
Membership subscription	143,687	64,140
Erection and Commissioning charges	237,913	-
Sales Promotion Expenses	1,825,787	3,270,522
Seminar Expenses	-	172,250
Communication Expenses	1,513,525	1,657,690
Travelling Expenses	137,145	372,625
Warranty Expenses	453,533	481,762
Royalty	1,887,731	1,470,843
Others	-	5,864
ii) Earnings in foreign currency		
Export of goods and services calculated on F.O.B. basis	41,106,165	26,674,133
Commission Income	1,690,986	3,345,470
Discount	116,287	130,618
Others	298,965	-

NOTES TO THE FINANCIAL STATEMENTS**30) Dividend remitted in foreign currency**

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Amount remitted (₹)	10,155,077	15,269,678
Dividend related to financial year	December 31, 2011	December 31, 2010
Number of non-resident shareholders	1	1
Number of shares	1,482,493	1,482,493

31) Earnings per share

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

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
Profit for the year	73,992,954	47,435,038
Weighted average number of shares outstanding during the year (Nos.)	2,088,016	2,088,016
Earnings Per Share (Basic and Diluted)	35.44	22.72
Nominal value of an equity share	10	10

32) Related party disclosure:

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

I. Parties where control exists:

Related Party	Relationship
Stork Prints B.V.	Holding Company
Stork Prints Group Holding B.V.	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:

Mr. Ashish Kaul

Managing Director

NOTES TO THE FINANCIAL STATEMENTS

IV. Transactions with related parties

(°)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Sale of Products								
Stork Prints B.V.	40,696,191	26,341,455	-	-	-	-	40,696,191	26,341,455
Sub - Total	40,696,191	26,341,455	-	-	-	-	40,696,191	26,341,455
Sale of Services								
Stork Print Austria GMBH	-	-	465,109	282,836	-	-	465,109	282,836
Sub - Total	-	-	465,109	282,836	-	-	465,109	282,836
Purchase of Raw Material and Components								
Stork Prints B.V.	63,010,291	59,039,708	-	-	-	-	63,010,291	59,039,708
Stork Veco B.V.	-	-	1,672,816	18,768,673	-	-	1,672,816	18,768,673
Stork Textile Systems								
Wuxi Co Ltd.	-	-	283,783	612,819	-	-	283,783	612,819
Sub - Total	63,010,291	59,039,708	1,956,599	19,381,492	-	-	64,966,890	78,421,200
Purchase of Services								
Stork Prints B.V.	-	172,250	-	-	-	-	-	172,250
Stork Print Austria GMBH	-	-	397,248	-	-	-	397,248	-
Sub - Total	-	172,250	397,248	-	-	-	397,248	172,250
Purchase of Fixed Assets								
Stork Prints B.V.	1,567,038	509,564	-	-	-	-	1,567,038	509,564
Stork Veco B.V.	-	-	4,310,841	364,467	-	-	4,310,841	364,467
Stork Print Austria GMBH	-	-	-	616,667	-	-	-	616,667
Sub - Total	1,567,038	509,564	4,310,841	981,134	-	-	5,877,879	1,490,698
Expenses Recovered from other companies								
Stork Prints B.V.	956,664	626,966	-	-	-	-	956,664	626,966
Stork Print Austria GMBH	-	-	513,287	-	-	-	513,287	-
Sub - Total	956,664	626,966	513,287	-	-	-	1,469,951	626,966
Remuneration								
Mr. Ashish Kaul	-	-	-	-	10,681,878	9,266,192	10,681,878	9,266,192
Sub - Total	-	-	-	-	10,681,878	9,266,192	10,681,878	9,266,192
Sales Promotion Expenses								
Stork Prints B.V.	2,125,560	3,270,522	-	-	-	-	2,125,560	3,270,522
Sub - Total	2,125,560	3,270,522	-	-	-	-	2,125,560	3,270,522
Communication Expenses								
Stork Prints B.V.	1,513,525	1,657,690	-	-	-	-	1,513,525	1,657,690
Sub - Total	1,513,525	1,657,690	-	-	-	-	1,513,525	1,657,690
Travelling Expenses								
Stork Prints B.V.	37,054	372,625	4,137	-	-	-	41,191	372,625
Sub - Total	37,054	372,625	4,137	-	-	-	41,191	372,625
Royalty Paid								
Stork Veco B.V.	-	-	1,887,731	1,470,843	-	-	1,887,731	1,470,843
Sub - Total	-	-	1,887,731	1,470,843	-	-	1,887,731	1,470,843
Dividend Paid								
Stork Prints B.V.	10,155,077	15,269,678	-	-	-	-	10,155,077	15,269,678
Sub - Total	10,155,077	15,269,678	-	-	-	-	10,155,077	15,269,678
Commission Received								
Stork Prints B.V.	1,371,067	821,548	-	-	-	-	1,371,067	821,548
Stork Print Austria GMBH	-	-	319,919	2,523,922	-	-	319,919	2,523,922
Sub - Total	1,371,067	821,548	319,919	2,523,922	-	-	1,690,986	3,345,470
Balance payable at the year-end								
Stork Prints B.V.	8,627,979	14,951,717	-	-	-	-	8,627,979	14,951,717
Stork Veco B.V.	-	-	1,505,957	3,956,303	-	-	1,505,957	3,956,303
Stork Textile Systems								
Wuxi Co Ltd.	-	-	-	224,000	-	-	-	224,000
Sub - Total	8,627,979	14,951,717	1,505,957	4,180,303	-	-	10,133,936	19,132,020
Balance receivable at the year-end								
Stork Prints B.V.	6,097,442	13,257,262	-	-	-	-	6,097,442	13,257,262
Stork Print Austria GMBH	-	-	540,946	2,317,244	-	-	540,946	2,317,244
Sub - Total	6,097,442	13,257,262	540,946	2,317,244	-	-	6,638,388	15,574,506

NOTES TO THE FINANCIAL STATEMENTS

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33) 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	For the year ended December 31, 2012		For the year ended December 31, 2011	
	Warranty	Others	Warranty	Others
Opening Balance	3,198,328	18,280,357	6,579,266	16,659,974
Additions during the Year	1,748,919	4,717,308	1,192,820	1,842,739
Amounts utilised / Provision written back during the Year	2,716,357	2,402,401	4,573,758	222,356
Closing Balance	2,230,890	20,595,264	3,198,328	18,280,357

34) Research and Development Expenses:

Particulars	For the year ended December 31, 2012	For the year ended December 31, 2011
Capital Expenditure	1,482,845	9,262,469
Revenue Expenditure	9,323,332	5,380,898
Total	10,806,177	14,643,367

35) Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of The Institute of Chartered Accountants of India (ICAI) with respect to details of foreign currency balances as on December 31, 2012, not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount
Trade Receivables	EURO	91,878	6,639,111
		(225,985)	(15,570,369)
	USD	62	3,396
		(225)	(11,985)
Short-term Loans and Advances	EURO	1,643	116,493
		(60)	(4,137)
	USD	585	32,046
		(-)	(-)
	CHF	2,100	118,293
		(-)	(-)
Trade Payables	EURO	145,299	10,498,681
		(207,887)	(14,323,510)
	USD	13,428	735,597
		(90,274)	(4,808,511)
Other Current Liabilities	USD	790	43,276
		(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)'.

NOTES TO THE FINANCIAL STATEMENTS

(C)

36) Segment Reporting

a) Information about primary business segments

Particulars	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue					
External	622,691,762 (498,911,051)	50,810,473 (43,711,103)	55,696,467 (55,716,918)	- (-)	729,198,702 (598,339,072)
Total Revenue	622,691,762 (498,911,051)	50,810,473 (43,711,103)	55,696,467 (55,716,918)	- (-)	729,198,702 (598,339,072)
Results					
Segment result	141,219,674 (107,686,799)	16,839,601 (15,766,155)	(11,927,037) (-14,649,194)	- (-)	146,132,238 (108,803,760)
Interest Income net of expense	155,701 (-8,721)	- (-6,145)	(4,030) (-6,183)	14,514,049 (7,621,026)	14,665,720 (7,599,977)
Unallocated Expenditure net of unallocated income	- (-)	- (-)	- (-)	(24,438,591) (47,708,193)	(24,438,591) (47,708,193)
Profit before tax	141,063,973 (107,678,078)	16,839,601 (15,760,010)	(11,923,007) (-14,655,377)	(38,952,640) (-40,087,167)	107,027,927 (68,695,544)
Other Information					
Segment Assets	259,425,165 (271,784,175)	24,380,116 (21,633,194)	76,961,066 (65,393,464)	269,632,118 (216,854,614)	630,398,465 (575,665,447)
Segment Liabilities	102,068,989 (107,032,438)	2,817,081 (3,473,030)	4,631,334 (8,437,795)	85,754,223 (69,621,577)	195,271,627 (188,564,840)
Capital Expenditure	6,660,339 (8,243,873)	1,529,108 (2,762,947)	13,497,002 (9,764,766)	6,025,557 (2,917,961)	27,712,006 (23,689,547)
Depreciation	6,631,579 (6,628,054)	710,069 (713,386)	3,307,714 (3,206,632)	4,779,193 (4,331,187)	15,428,555 (14,879,259)

b) Information of Geographical Segments:

Particulars	For the year ended December 31, 2012			For the year ended December 31, 2011		
	India	Outside India	Total	India	Outside India	Total
Revenue from external customers	688,092,537	41,106,165	729,198,702	571,664,939	26,674,133	598,339,072
Carrying amount of Segment Assets	623,755,958	6,642,507	630,398,465	560,082,980	15,582,467	575,665,447
Addition to Fixed Assets during the Year	27,712,006	-	27,712,006	23,689,547	-	23,689,547

c) Other Disclosure

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

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

NOTES TO THE FINANCIAL STATEMENTS

(C)

- 37) The Company has given Land and Factory Premises on operating lease, the details of which are as under:

Particulars	Cost as at January 1, 2012	Accumulated as at January 1, 2012	Depreciation for the year	Net Block as on December 31, 2012
Land	165,737	-	-	165,737
Building	19,520,044	10,212,658	571,714	8,735,672
Total Current Year	19,685,781	10,212,658	571,714	8,901,409
Total Previous Year	19,685,781	9,640,944	571,714	9,473,123

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

Particulars	As at December 31, 2012	As at December 31, 2011
Not later than one year	11,605,260	12,103,836
Later than one year and not later than five years	46,421,040	48,415,344
Later than five years	5,802,630	18,155,754

- 38) 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, 2012 to March 31, 2013.
- 39) The financial statements for the year ended December 31, 2011 had been prepared as per the then applicable, pre - revised Schedule VI to The Act. Consequent to the notification of the Revised Schedule VI under the Act, the financial statement for the year ended December 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to confirm to the current year's classification. The adoption of the Revised Schedule VI for previous year figures does not impact the recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes 1 to 39 forming part of the Balance Sheet and Statement of Profit and Loss.

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Vilas Rane

Partner

Membership Number: 033220

Place : Mumbai

Date : February 27, 2013

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 27, 2013

STOVEC INDUSTRIES LIMITED**ATTENDANCE SLIP**

(To be presented at the entrance)
39th Annual General Meeting on Tuesday 11th June, 2013 at 11.00 a.m.

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

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

Name of the Shareholder :

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

STOVEC INDUSTRIES LIMITED**PROXY FORM**

I/We.....of.....being a member(s) of **Stovec Industries Limited** hereby appoint.....of.....in the district of..... as my/ our proxy to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of Stovec Industries Limited to be held on Tuesday 11th June, 2013 at 11.00 a.m. and at any adjournment thereof.

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



Signed this.....day of.....2013

(Signature across Revenue Stamp)

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

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

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

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

Particulars of Bank Account :

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

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

Mail to :

Link Intime India Pvt. Ltd.

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

.....
(Signature of the Shareholder)

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

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

FORM 2B
NOMINATION FORM

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

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

Name and Address of Nominee :

Name :

Address :

.....

.....

*Date of Birth :

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

Signature of Nominee :

**The nominee is a minor whose Guardian is

Name and Address of Guardian :

.....

(** To be deleted if not applicable)

Date :

Signature :

Name :

Address :

.....

.....

Date :

Signature :

Name :

Address :

.....

.....

Signature of Two Witnesses :

.....

Name and Address

Signature with Date

1.

2.

.....

Instructions :

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

STOVEC



▲ Stovec's impressive presence at India International Textile Machinery Exhibition 2012, Mumbai



▲ Stovec Employees



STOVEC INDUSTRIES LIMITED

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