

44th ANNUAL
Report | 2017

STOVEC[®]
INDUSTRIES LIMITED

spgprints[®]



Core Activities

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

Core Competencies

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

Technologies

- Metal Coating / Plating
- Electroforming

Market/Customers

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

Market Position

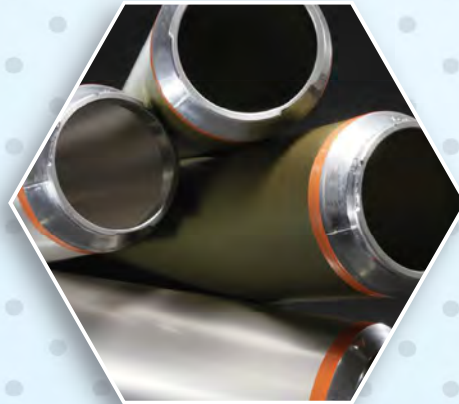
- Technology and Market Leadership in Rotary Screen and Printing Machinery



Pegasus Evo
Rotary Screen
Printing Machine



RD8 Rotary Screen
Printing Machine



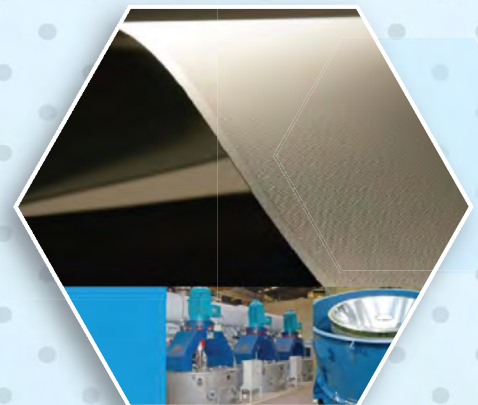
Rotary Screens and
Consumables for
Textile Printing



Digital Textile
Printing Ink



Anilox and Screens
for Graphic Printing



Sugar Screens

BOARD OF DIRECTORS

Mr. K. M. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mrs. Everdina Herma Slijkhuis	
Mr. Guillaume Roncken	(Additional Director w.e.f November 3, 2017)
Mr. Marco Philippus A. Wadia	
Mr. Shailesh Wani	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Paras Mehta

COMPANY SECRETARY

Mrs. Varsha Adhikari

STATUTORY AUDITOR

Deloitte Haskins & Sells LLP
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

Axis Bank Limited
Citibank N.A
Yes Bank Limited

REGISTERED OFFICE AND FACTORY

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

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LETTER FROM CHAIRMAN



Dear Shareholders,

It is my privilege to present the 44th Annual Report of your Company for the year ended December 31, 2017.

India's continues to be on reforms trajectory with introduction of some of the important economic reforms including Goods and Service Tax (GST) as the biggest reform in the history of India. Growth in India is subdued in 2017 at around 6.7 % owing to business adjustments to newly introduced GST. Protracted balance sheet weaknesses in particular, a corporate debt outcrop and rising non-performing loans in the banking sector continued to weigh on already weak private investment in the country. India is expected to reclaim its tag of the 'fastest growing economy' among the developing countries in 2018 with 7.4 % of GDP growth, following last year's subdued performance. In 2018, Private investment is expected to revive as the corporate sector adjusts to the GST, increase in infrastructure spending and mitigation of private sector balance sheet weaknesses with the help of efforts of government and RBI.

Global economy is expected to grow at 3.9% in 2018 as against 3.7 % in 2017. In 2017, most of the world economies have seen pickup in growth in year on year terms, the broadest synchronized global growth upsurge since 2010. Faster than expected increase in advanced economy core inflation and interest rates, inward looking policies, geopolitical tensions and political uncertainty in some countries may affect the global growth.

From second quarter of 2017, textile industry is experiencing slow-down as most of the business houses have hold back their capital investment plans which in turn did impact demand for Company's Capital Products. The domestic textile industry is one of the most impacted sector by GST as large number of business players are unorganized. Eliminating bottleneck issues related to GST is imperative to revive textile sector growth. Appropriate allocation of fiscal resources under TUFS to incentivize garmenting units by way of Capital Investment Subsidy may help to give a boost for capital investments, employment generation and increased production capacity and exports in the textile sector. Setting up of apparel parks by the Government, Free trade with ASEAN countries and execution of proposed free trade agreement with European Union may help boost exports of Indian textiles.

In financial year 2017, despite overall challenging business environment, your Company continued its efforts to further penetrate its business, sustain the performance and attain double digit growth in revenue. Your Company achieved standalone revenue from operations of Rs. 2100.82 Million (Previous year Rs.1885.13 Million), which marks growth of about 11 % in comparison to prior year. The increase in revenue is contributed by growth in sales of almost all product lines and more particularly Rotary Screen Printing Machine and Nickel Perforated Rotary Screens. The standalone Profit before Tax stood at Rs. 392.50 Million (Previous year Rs. 339.78 Million). The consolidated revenue from operations stood at Rs. 2129.66 Million (Previous year Rs. 1946.43 Million), an increase of about 9 % in the consolidated revenue. The consolidated Profit before Tax for the financial year 2017 stood at Rs. 413.99 Million (Previous year Rs. 377.85 Million).

Streamlining our operations and infrastructure, increased market reach, improved customer service and value add to customer's business with our quality products has helped Company to maintain its growth momentum. Our customer centric and focused approach, highly engaged and committed work-force allowed us to maintain and reinforce our strong position across our markets.

On behalf of the entire Board of Directors of Stovec Industries Ltd., I would like to sincerely thank our valued Stakeholders for their continued confidence, support, co-operation and understanding. I would also like to thank our dedicated employees for their unrelenting commitment and passion that enables continuous improvement and growth.

Warm regards,

K. M. Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the FORTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED (CIN: L45200GJ1973PLC050790) will be held on Wednesday, 2nd day of May, 2018 at 11:00 a.m. at the registered office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt :
 - a) the Audited Financial Statements of the Company for the financial year ended December 31, 2017, together with the Report of the Board of Directors and the Auditor's thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2017 and the Report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Dirk Wim Joustra (DIN: 00481154), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provision of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval of Members at the 43rd Annual General Meeting, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company, be and is hereby ratified to hold office as such from the conclusion of 44th Annual General Meeting until the conclusion of next Annual General Meeting of the Company, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors"

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

SPECIAL BUSINESS:

5. **Appointment of Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) as a Director of the Company**

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

"RESOLVED THAT Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) who was appointed by the Board of Directors as an Additional Director w.e.f. November 3, 2017 and who holds office upto the date of 44th Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby elected and appointed as a Director of the Company, liable to retire by rotation."

6. **Payment of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2018**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), appointed as Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending on December 31, 2018, in respect of products/activities of the Company covered under the Companies (Cost Records and Audit) Rules, 2014 (as amended), be paid a remuneration of Rs. 1,10,000/- (Rupees One Lakh Ten Thousand Only) per annum plus applicable Goods & Service Tax and out of pocket expenses, if any, that may be incurred during the course of audit."

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

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing Proxy as per the format included in the Annual Report, duly completed, stamped and signed should be returned to the Registered Office of the Company not less than **FORTY EIGHT HOURS** before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority letter/power of attorney, as applicable, issued by the member organization. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified true copy of Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Pursuant to the provisions of Section 105 of the Companies Act, 2013 and the Rules framed thereunder, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such proxy shall not act as a proxy for any other person or Member.
4. Pursuant to Sections 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund (“IEPF”) established by the Central Government. The Company during the year has transferred a sum of Rs. 4,90,204/- being unclaimed dividend amount for the financial year 2009 to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2010 and all subsequent years are requested to claim their dividend as early as possible failing which it would be transferred to IEPF as per the (tentative) dates mentioned below and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred. The details of unclaimed dividends are available on the Company’s website at www.stovec.com and Ministry of Corporate Affairs website at www.mca.gov.in.

Financial Year	Final Dividend/Interim Dividend	Tentative Date for transfer to IEPF
2010	Final Dividend	14 th June, 2018
2011	Final Dividend	8 th June, 2019
2012	Final Dividend	17 th July, 2020
2013	Final Dividend	15 th June, 2021
2014	Final Dividend	7 th June, 2022
2015	Final Dividend	28 th June, 2023
2016	Final Dividend	13 th June, 2024

Further, pursuant to the provisions of Section 124 of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), all shares on which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred to Demat Account of IEPF. The Company timely sent individual intimation to all such shareholders who have not claimed their dividend for seven consecutive years. All such Shareholders are requested to claim their Unclaimed Dividend expeditiously failing which their shares shall be transferred to Demat Account of IEPF and no claim shall lie against the Company. The Shareholders thereafter need to claim their shares from IEPF Authority by filing E-Form-5 and by following such procedures as prescribed in the IEPF Rules (as may be amended from time to time).

5. The Register of Members and Share Transfer Book shall remain closed from April 26, 2018 to May 2, 2018 (both days inclusive). If the final dividend on equity shares, as recommended by the Board of Directors is declared at the 44th Annual General Meeting, payment of such dividend will be made on or after May 9, 2018 as under:

- i. To all Members in respect of shares held in physical form, after giving effect to valid transfer in respect of transfer request lodged with the Registrar and Transfer Agent on or before the close of business hours on April 25, 2018.
 - ii. To all Beneficial Owners in respect of shares held in electronic form, whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of business hours on April 25, 2018.
6. Members/Proxies should bring the attendance slip sent herewith duly filled in & signed for attending the Meeting. The copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
 7. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the National Electronic Clearing System (NECS)/National Automated Clearing House(NACH). **It is in Members interest to avail NECS/NACH facility as it is quick and much convenient way of getting dividend directly in your bank account.** Members desirous of availing NECS/NACH facility are requested to submit bank particulars in ECS Mandate Form, the format of which is annexed at the end of this Annual Report.
 8. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to their Depository Participant ("DP") only. However, Members holding shares in physical mode are required to notify any change pertaining to their bank details, NECS, mandates, nominations, power of attorney, change of address/name, PAN details, etc. to Registrar and Share Transfer Agent i.e. **M/s. Link Intime India Private Limited**, 5th Floor, 506 to 508, Amarnath Business Center-I (ABC-I), Besides Gala Business Center, Nr. St. Xavier's College Corner, Off. C.G. Road, Navrangpura, Ahmedabad – 380 009, Gujarat.
 9. Brief profile of Director(s) seeking appointment/re-appointment at the 44th Annual General Meeting, is annexed and forms integral part of the Notice.
 10. As per Securities and Exchange Board of India (SEBI) norms, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015), for registration of transfer of shares, the transferee(s) as well as transferor(s) are required to furnish a copy of their PAN card to Company's Registrar and Share Transfer Agent.
 11. **Green Initiative:**
The Ministry of Corporate Affairs has allowed paperless compliances by companies through electronic mode by providing the same under the Companies Act, 2013 and rules framed thereunder. The Members can now receive various notices and documents including Annual Reports through electronic mode. Members who have not registered their e-mail address are encouraged to participate in this green initiative by registering their e-mail id for e-communication. Members holding shares in dematerialized form are requested to register / update their e-mail id for e-communication with the Depository Participants, while Members holding shares in physical form are requested to register their e-mail id by sending a request on ahmedabad@linkintime.co.in or secretarial@stovec.com. Even after registering for e-communication, Member(s) are entitled to receive communication(s) including Annual Report in physical form, free of cost, on receipt of written request for the same. Members may also note that the Annual Report for the financial year 2017 together with the Notice of 44th Annual General Meeting, Attendance Slip, Proxy Form and Route Map will also be available on the website of the Company viz. www.stovec.com for their download.
 12. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Report of the Company for the financial year 2017 and this Notice inter-alia indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and Route Map are being sent by email, unless any Member has requested for a physical copy of the same, to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect

of shares held in electronic form) and made available to the Company by the Depositories. For Members who have not registered their e-mail address, physical copies of the Annual Report for the financial year 2017 and this Notice of 44th Annual General Meeting of the Company inter-alia indicating the process and manner of remote e-voting along with Attendance Slip, Proxy Form and Route map are being sent through the permitted mode.

13. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Public holidays between 11.00 a.m. to 2.00 p.m. up to the date of the 44th Annual General Meeting of the Company.
14. 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.
15. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the meeting. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any DP, with whom the members/ investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE755D01015. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact Company's Registrar and Share Transfer Agent for assistance in this regard.
16. As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participant.
17. **Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and as per Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the facility to cast their vote by electronic means i.e. remote e-voting, through the e-voting services provided by Central Depository Services (India) Ltd ("CDSL") on all resolutions set forth in this Notice. The instructions for e-voting are enclosed with this notice.

Regd. Office:

N.I.D.C. Nr. Lambha Village,
Post: Narol, Ahmedabad – 382 405
Gujarat, INDIA.
CIN: L45200GJ1973PLC050790
Tel: +91 (0) 79 3041 2300, Fax: +91 (0) 79 2571 0406,
E-mail: secretarial@stovec.com,
Website: www.stovec.com

By Order of the Board of Directors

Sd/-
Varsha Adhikari
Company Secretary
Membership No. A17604

Date: March 1, 2018

Place: Ahmedabad

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), concerning the Special Business at Item No. 5 to 6 of the Notice is annexed hereto and forms part of this Notice.

Item No. 5

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914), aged 50 years, as an Additional Director on the Board of Directors of the Company with effect from November 3, 2017. Pursuant to

Section 161(1) of the Companies Act, 2013 ("the Act"), Mr. Roncken holds office of Additional Director up to the date of this Annual General Meeting but is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the appointment of Mr. Roncken as a Director of the Company. Mr. Roncken has done Bachelors in Chemical Engineering from Hogeschool Zuyd, Heerlen and holds Master's degree in Business Administration from Erasmus University, Rotterdam School of Management, Netherlands. He has been appointed as a Director - International of SPGPrints B.V., the Holding Company of the Company, since October 1, 2017. He has a rich experience of more than 25 years in Operations Management. Brief Profile of Mr. Roncken is provided in this Notice. The Board of Directors is confident that his knowledge and experience will be of immense value to the Company and hence recommends the Resolution at Item No. 5 of this Notice for the approval of Members.

Mr. Roncken is the Member of Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Roncken is not related to any Directors or Key Managerial Personnel of the Company. Mr. Roncken has attended the Board Meeting held on November 3, 2017.

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

Item No. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending December 31, 2018.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly consent of the Members is sought by way of an ordinary resolution as set out at Item No. 6 of this Notice, for ratification/approval of the remuneration amounting to Rs. 1,10,000/- plus applicable Goods and Service Tax and out of pocket expenses, if any, payable to the Cost Auditors for Cost Audit for the financial year ending on December 31, 2018, in respect of products/ activities of the Company covered under the Companies (Cost Records and Audit) Rules, 2014 (as amended).

The Board accordingly recommends the resolution at Item No. 6 of this Notice for the approval of Members.

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

Regd. Office:

N.I.D.C. Nr. Lambha Village,
Post: Narol, Ahmedabad – 382 405
Gujarat, INDIA.
CIN: L45200GJ1973PLC050790
Tel: +91 (0) 79 3041 2300, Fax: +91 (0) 79 2571 0406,
E-mail: secretarial@stovec.com,
Website: www.stovec.com

By Order of the Board of Directors

Sd/-
Varsha Adhikari
Company Secretary
Membership No. A17604

Date: March 1, 2018

Place: Ahmedabad

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

Name of Director	Mr. Dirk Wim Joustra	Mr. Guillaume Cornelis Gerardus Roncken
Director Identification Number	00481154	07973914
Date of Birth	February 8, 1958	January 2, 1968
Date of Appointment	January 29, 1999	November 3, 2017
Expertise in specific functional areas	Business Strategy, Sales and Marketing	Operations Management
Qualifications	Degree in Business Administration from HTS Enschede Institute de Baak, Noordwijk and Institute Nijenrode.	Bachelors in Chemical Engineering from Hogeschool Zuyd, Heerlen and Master's degree in Business Administration from Erasmus University, Rotterdam School of Management, Netherlands.
Experience	He has significant experience in the areas of Business Strategy, Sales and Marketing.	He has rich experience of more than 25 years in Operations Management.
Details of relationship between Directors inter-se	None	None
Details of shares held in the Company	Nil	Nil
No. of Board Meetings attended during the financial year 2017	2 (Two)	1 (One)
List of companies in which directorship held as on December 31, 2017 [excluding Pvt. Companies, Foreign Companies & Companies under Section 8 of the Companies Act, 2013 (Erstwhile Section 25 of the Companies Act, 1956)].	None	None
Chairman/Member of the *Committees of other Companies as on December 31, 2017	None	None

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

INSTRUCTIONS FOR REMOTE E-VOTING

The instructions for shareholders voting electronically are as under:

- The voting period begins on Saturday, **April 28, 2018 @ 9.00 hours** (IST) and ends on Tuesday, **May 1, 2018 @ 17.00 hours** (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form as on the **cut-off date i.e. Wednesday, April 25, 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.

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

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <**Stovec Industries Limited**> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for all mobile users. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions

1. The Members who have not casted their vote by remote e-voting prior to the Annual General Meeting ("AGM") can exercise their voting rights at the AGM. The Members who have already exercised their right to vote by remote e-voting may attend the AGM but shall not be entitled to vote at the AGM. If a Member casts vote again at the AGM, then votes casts through remote e-voting facility shall prevail and voting at the Meeting will be treated invalid.
2. The Voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date, Wednesday, April 25, 2018**.
3. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Ownership maintained by the RTA/Depositories, as the case may be, as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the Member of the Company as on the cut-off date will not be entitled for remote e-voting or voting at the AGM and should treat this Notice for information purpose only. Any person, who becomes Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at ahmedabad@linkintime.co.in or to the Company at secretarial@stovec.com. However, if you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
4. Once the vote on resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
5. Mr. Sandip Sheth of M/s Sandip Sheth and Associates, Practicing Company Secretaries (Membership No. 5467, CP No. 4354), has been appointed as the Scrutinizer to scrutinize the voting process (electronically and otherwise) in a fair and transparent manner.
6. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of ballot or polling paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
7. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
8. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.stovec.com and on the website of CDSL www.cdslindia.com within 48 hours of the passing of the resolutions at the 44th Annual General Meeting of the Company and shall also be communicated to BSE Limited, where the shares of the Company are listed.

DIRECTOR'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the 44th Annual Report and the Audited Financial Statement of the Company for the year ended December 31, 2017.

1. FINANCIAL RESULTS

Particulars	Current Year 31.12.2017 (₹ in Millions)	Previous Year 31.12.2016 (₹ in Millions)
Revenue from Operations (net)	2,100.82	1,885.13
Other Income	38.49	39.48
(a) Total Income:	2,139.31	1,924.61
(b) Total Expenditure:	1,687.00	1,533.58
Gross Profit before Depreciation and Amortisation expenses	452.31	391.03
Less: Depreciation & Amortization expenses	59.81	51.25
Operational Profit/Profit Before Tax	392.50	339.78
Less: Current Tax	137.08	120.48
Deferred tax	0.29	(4.87)
(Excess)/Short provision of income tax of earlier years (Net)	(0.86)	0.23
Profit After Tax	255.99	223.94
Add: Profit brought forward from previous year	571.57	425.54
Profit available for appropriation	827.56	649.48
Dividend on equity shares (Refer Note below)	—	64.73
Tax on Dividend	—	13.18
Amount transferred to General Reserves.	—	—
Profit carried forward to Balance Sheet	827.56	571.57

Note: As per revised Accounting Standard (AS)-4 related to "Contingencies and Events Occuring after the Balance Sheet Date", Proposed Dividend for the financial year 2017 shall be accounted for after approval from Members of the Company at the ensuing Annual General Meeting.

2. PERFORMANCE OVERVIEW

Standalone

In financial year 2017, despite challenging business environment, your Company continued the growth momentum and attained a decent growth in revenue and profitability. Your Company has recorded standalone revenue from operations of Rs. 2,100.82 Million (Previous year Rs. 1,885.13 Million), a growth of about 11 % in comparison to prior year. The increase in revenue was contributed by growth in sales of almost all product lines and more particularly Rotary Screen Printing Machine and Nickel Perforated Screens and was driven by increased market reach. The Company has achieved standalone Profit before tax of Rs. 392.50 Million (Previous year Rs. 339.78 Million), a growth of about 16 % in comparison to prior year.

Consolidated

The consolidated revenue from operations stood at Rs. 2,129.66 Million (Previous year Rs. 1,946.43 Million), an increase of about 9 % in comparison to prior year. The Company's consolidated Profit before tax for the financial year 2017 stood at Rs. 413.99 Million (Previous year Rs. 377.85 Million).

3. RESERVES AND SURPLUS:

The Company has not transferred any amount to General Reserves for the financial year 2017.

4. DIVIDEND:

Considering the Company's financial performance, the Board of Directors have recommended payment of Final Dividend of Rs. 36/- per equity share having face value of Rs. 10/- each (i.e. 360%) for the financial year ended on December 31, 2017. This Final Dividend is subject to the approval of Members in the 44th Annual General Meeting.

5. DIVESTMENT OF EQUITY INVESTMENT HELD IN WHOLLY OWNED SUBSIDIARY

Based on recommendation of Audit Committee, the Board of Directors of the Company at their meeting held on March 1, 2018 have in-principle approved divestment of 100 % equity investment held by the Company in Atul Sugar Screens Pvt. Ltd., a Wholly Owned Subsidiary Company (Not a Material Subsidiary) and constituted Divestment Committee to finalize the said divestment.

6. SUBSIDIARY COMPANY

Atul Sugar Screens Private Limited ("ASSPL") is a Wholly Owned Subsidiary of the Company. The Company has not made any further equity investment in ASSPL during the year. Your Company has obtained a certificate from the Statutory Auditors of the Company certifying that the Company is in compliance with the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 with respect to the downstream investments made in Atul Sugar Screens Private Limited.

A Summary of Performance of ASSPL is provided below:

The revenue from operations of ASSPL during the financial year 2017 stood at Rs. 157.41 Million (Previous year Rs. 162.02 Million). ASSPL recorded Profit before tax of Rs. 25.46 Million (Previous year Rs. 37.41 Million).

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 ("the Act"), a statement containing the salient features of financial statements of ASSPL in the prescribed Form AOC-1 is provided in **Annexure-I** forming part of this report. The Audited Financial Statements of ASSPL are available on the Company's website at www.stovec.com and the same are also available for inspection at the registered office of the Company as per the details mentioned in the Notice of 44th Annual General Meeting. Your Company will also make available these documents upon written request by any Member of the Company interested in obtaining the same.

The Annual Audited Consolidated Financial Statements together with the Report of Auditor's thereon forms part of this Annual Report.

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

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

8. FIXED DEPOSITS

For the year ending December 31, 2017, the Company has not accepted any deposits falling within the purview of Section 73 of the Act and rules made there under.

9. CORPORATE GOVERNANCE

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

10. AUDIT COMMITTEE

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

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors in its meeting held on November 3, 2017, has appointed Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) as an Additional Director on the Board of the Company w.e.f November 3, 2017, who holds office up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director of the Company. The Board welcomed Mr. Roncken on the Board of Directors of the Company. Mr. Eiko Ris (DIN: 07428696) due to his other pre-occupations has resigned from the Board of Directors of the Company and its Committee's w.e.f. November 3, 2017. The Board placed on record its appreciation for the contribution made by him in the growth of the Company.

At the 44th Annual General Meeting, Mr. Dirk Wim Joustra (DIN: 00481154) retires by rotation and being eligible, offers himself for re-appointment.

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

12. BOARD MEETING

During the financial year ended December 31, 2017, six meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meeting are mentioned in the Corporate Governance Report annexed hereto.

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

13. PERFORMANCE EVALUATION

The details of Annual Performance Evaluation of Individual Directors including Chairperson, Board of Directors and Committees of Board of Directors are mentioned in the Corporate Governance Report.

14. CORPORATE SOCIAL RESPONSIBILITY

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

15. REMUNERATION POLICY

The details of the Remuneration Policy is mentioned in the Corporate Governance Report. A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (as amended) is provided as **Annexure VI** forming part of this Report.

16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

17. EXTRACTS OF ANNUAL RETURN

The extracts of Annual Return in Form MGT-9 as required under Section 92(3) of the Act (as amended) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended), is available at the website of the Company at www.stovec.com at <http://www.spgprints.com/uploads/documents/Stovec/Reports-and-filings/3.-Annual-reports/Extracts-of-Annual-Return-2017.pdf>.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

During the year under review, all the Related Party Transactions were entered into by the Company in the ordinary course of business and on arm's length basis. Hence reporting in Form AOC-2 is not applicable to the Company.

19. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

A statement providing particulars of Loans, Guarantees or Investments under Section 186 of the Act is provided as **Annexure VII** forming part of this Report.

20. VIGIL MECHANISM

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

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

21. RISK MANAGEMENT

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

22. DIRECTORS RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the annual financial statements for the year ended December 31, 2017, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at December 31, 2017 and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements for the year ended December 31, 2017, have been prepared on a going concern basis;
- e) that proper internal financial controls are in place in the Company and that such internal financial controls are adequate and are operating effectively; and
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

24. REPORTING OF FRAUDS

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

25. STATUTORY AUDITORS

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

A Certificate from Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, if ratified at ensuing Annual General Meeting, would be according to the terms and conditions prescribed under Section 139 of the Act and rules framed there under. A resolution seeking ratification of their appointment forms part of the Notice convening the 44th Annual General Meeting and the same is recommended for consideration and approval of Members.

26. COST RECORDS AND COST AUDITORS

The Board of Directors on the recommendation of the Audit Committee, have appointed M/s Dalwadi and Associates, Cost Accountants (Firm Registration No.000338) as its Cost Auditors to audit the cost records of the Company for the financial year 2018, at a remuneration as mentioned in the Notice convening the 44th Annual General Meeting. A certificate has been received from the Cost Auditors to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder. A resolution seeking Member's approval for the remuneration payable to Cost Auditors forms part of the Notice convening 44th Annual General Meeting of the Company and the same is recommended for the consideration and approval of Members. The Company had filed Cost Audit Report for financial year ended December 31, 2016 on June 9, 2017, which is within the time limit as prescribed under The Companies (Cost Records and Audit) Rules, 2014 (as amended).

27. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Sandip Sheth & Associates, Practicing Company Secretaries (COP No. 4354), for conducting Secretarial Audit of the Company for the financial year ended on December 31, 2017. The Secretarial Audit Report is provided as **Annexure-VIII** to this report.

28. AUDITORS REPORT

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

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

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

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

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

31. PARTICULARS OF EMPLOYEES

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

The information on employees particulars as required under Section 197 (12) of the Act read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), is provided in the Annexure forming part of the Report. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the

Members and others entitled thereto, excluding aforesaid Annexure. The said information is available for inspection by the Members at the Registered Office of the Company as per the details mentioned in the Notice of 44th Annual General Meeting, on any working day of the Company (i.e. except Saturday, Sunday and Public Holidays) up to the date of the 44th Annual General Meeting. Any Member interested in obtaining a copy of the same may write to the Company Secretary of the Company.

32. ACKNOWLEDGEMENT

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

For and on behalf of Board of Directors

Date: March 1, 2018
Place: Ahmedabad

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

Annexure-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Act read with Rule 5 of The Companies Accounts Rules, 2014)

Part "A" : Subsidiaries

(Amount in INR)

Name of Subsidiary	Atul Sugar Screens Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	January 1, 2017 to December 31, 2017
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
Share capital	100,000
Reserves & Surplus	63,325,256
Total assets	149,551,745
Total Liabilities	149,551,745
Investments	Nil
Turnover	157,413,706
Profit / (Loss) before taxation	25,457,935
Provision for taxation	8,253,674
Profit / (Loss) after taxation	17,204,261
Proposed Dividend	Nil
% of shareholding	100 % Equity Shares are held by Stovec Industries Limited

Part "B": Associates and Joint Ventures: Not Applicable

Annexure – II**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

A. Conservation of Energy

(i)	The steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. Replaced old AC motors with new ones to improve efficiency. 2. Kept operating voltage at optimum levels that enhanced Nickel bath efficiency. 3. Maintained & improved power factor by installing additional capacitor banks. 4. Replacement of old lighting fixtures with LED lighting. 5. Effective preventive maintenance helped in increasing energy efficiency of equipment.
(ii)	The steps taken by the company for utilizing alternate sources of energy.	Not Applicable
(iii)	The capital investment on energy conservation equipment's	<ol style="list-style-type: none"> 1. Used energy efficient rectifiers in all the new installation and replacements made during the year. 2. All new constructed areas are installed with LED lights which are more energy efficient compared to conventional lights.

B. Technology Absorption

(i)	The efforts made towards technology absorption	The Company continues to perform R&D activities to improve quality of products and to reduce production cost to serve its customer better.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> • Development of New Products • Reduction of Product cost • Product and Process improvement
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	Manufacturing of Nova Screen 2015 The above technology have been fully absorbed. Not Applicable
(iv)	The expenditure incurred on Research and Development	Capital Expenditure - Nil Revenue Expenditure - INR 34,66,906

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Amount (in ₹)
Earnings in foreign exchange on account of Goods and Services exported, Commission etc.	176,078,065
Value of imports of raw materials, components, stores, spares, Commission, technical know-how fees, royalty etc.	691,574,034

CORPORATE GOVERNANCE REPORT**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

2. BOARD OF DIRECTORS

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

The present Board comprises of Six Directors which includes Non-Executive & Independent Chairman, Executive Director, Three Non-Executive Directors (including one Woman Director) & One other Non- Executive & Independent Director.

Name of Director	Executive / Non - Executive / Independent	No. of Outside Directorship	No. of outside Committee position held	
			Member	Chairman
Mr. K.M. Thanawalla (DIN: 00201749)	Non-Executive & Independent (Chairman)	1	-	-
Mr. Marco Wadia (DIN: 00244357)	Non-Executive & Independent	7	4	5
Mr. Dirk Wim Jousra (DIN: 00481154)	Non-Executive	-	-	-
Mr. Eiko Ris (DIN: 07428696) (Ceased to be Director w.e.f. November 3, 2017)	Non-Executive	-	-	-
Mrs. Everdina Herma Slijkhuys (DIN: 06997013)	Non-Executive	-	-	-
Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) (Appointed as Additional Director w.e.f November 3, 2017)	Non-Executive	-	-	-
Mr. Shailesh Wani (DIN: 06474766)	Executive (Managing Director)	-	-	-

The Board met 6 (six) times during the year i.e. February 23, 2017, March 25, 2017, May 11, 2017, August 10, 2017, October 19, 2017 and November 3, 2017 and maximum time gap between any two consecutive meetings was not more than 120 days.

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

DETAILS ABOUT THE BOARD MEETING

Directors	No of Board Meetings held	No of Board Meetings attended	Attendance at the last AGM
Mr. K.M. Thanawalla	06	05	Yes
Mr. Marco Wadia	06	05	Yes
Mr. Dirk Wim Joustra	06	02	Yes
Mr. Eiko Ris (Ceased to be Director w.e.f November 3, 2017)	06	03	Yes
Mrs. Everdina Herma Slijkhuis	06	01	No
Mr. Guillaume Cornelis Gerardus Roncken (Appointed as Additional Director w.e.f November 3, 2017)	06	01	No
Mr. Shailesh Wani	06	05	Yes

Notes:

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

Shareholding of Non-Executive Director

The Shareholding of Non-Executive Directors in the Company as on December 31, 2017 are as follows:

Directors	No. of Shares held	% of total shares of the Company
Mr. K.M. Thanawalla	Nil	Nil
Mr. Marco Wadia	2150	0.1029
Mr. Dirk Wim Joustra	Nil	Nil
Mr. Eiko Ris (Ceased to be Director w.e.f November 3, 2017)	Nil	Nil
Mr. Guillaume Cornelis Gerardus Roncken (Appointed as Additional Director w.e.f November 3, 2017)	Nil	Nil
Mrs. Everdina Herma Slijkhuis	Nil	Nil

Appointment / Re-appointment of Directors:

The Board of Directors in its meeting held on November 3, 2017, has appointed Mr. Guillaume Cornelis Gerardus Roncken as an Additional Director on the Board of the Company w.e.f November 3, 2017, who holds office up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director of the Company. Mr. Eiko Ris, due to his other pre-occupations has resigned from the Board of Directors of the Company and its Committee's w.e.f. November 3, 2017. At the 44th Annual General Meeting, Mr. Dirk Wim Joustra retires by rotation and being eligible, offers himself for re-appointment.

Brief resume of the Directors seeking appointment/re-appointment has been disclosed and annexed to the Notice of 44th Annual General Meeting.

Annual Performance Evaluation

The Annual Performance Evaluation of Board, Committees of Board and each Director including Chairman of the Board was carried out through a structured questionnaire. Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Guidance Note on Board Evaluation issued by SEBI, the Board of Directors/Independent Directors/Nomination and Remuneration Committee (as applicable) has undertaken an evaluation of their own performance, the performance of Committees of Board and of all the individual Directors including Chairman of the Board of Directors based on

various parameters relating to roles, responsibilities, obligations, level and effectiveness of participation e.g. inputs provided by the Director based on his/her knowledge, skills and experience, independence in judgment, understanding of the Company's business and strategy, guidance on corporate strategy, sharing knowledge and experience in their respective areas, contribution of Directors at meetings and functioning of Committees. The result of above performance evaluation was presented to the Nomination and Remuneration Committee, Independent Directors and the Board of Directors (as applicable).

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

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

Familiarization Programme for Independent Directors

The familiarization programme was organized for Independent Directors on November 3, 2017. The details of familiarization Programme is available at the website of the Company www.stovec.com at <http://www.spgprints.com/uploads/documents/Stovec/News/Familiarization-Programme-for-Independent-Directors.pdf>.

3. COMMITTEES OF THE BOARD

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

3.1 AUDIT COMMITTEE:

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

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

- (i) Review Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and also to examine the financial statement and the auditors' report thereon;
- (ii) Review with the management, of the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013 or any amendment or re-enactment thereof;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
- (iii) Review with the management of the quarterly financial statements before submission to the Board for approval
- (iv) Recommending to the Board, the appointment, re-appointment, terms of appointment/ re-appointment, fixation of audit fees and, if required, the replacement or removal of the Auditor;
- (v) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- (vi) Review and monitor the auditor's independence and performance and effectiveness of audit process;

- (vii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (viii) May call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the Internal and Statutory Auditors and the Management of the Company;
- (ix) Reviewing with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- (x) Review of the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xi) Discussion with Internal Auditors of any significant findings and follow up there on;
- (xii) Evaluation of internal financial controls and risk management systems;
- (xiii) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xiv) Review of information relating to:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions, submitted by management;
 - c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d) Internal Audit reports relating to internal control weaknesses;
 - e) The appointment, removal and terms of remuneration of the Chief internal auditor
- (xv) Approval or any subsequent modification of transactions of the Company with related parties;
- (xvi) Scrutiny of inter-corporate loans and investments;
- (xvii) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (xviii) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xix) To look into the reasons for substantial defaults in the payment to the depositors, if any, debenture holders, if any, shareholders (in case of non-payment of declared dividends) and creditors;
- (xx) To review the functioning of the Whistle Blower/Vigil Mechanism; Details of establishing the Vigil Mechanism have been disclosed on the Company's website and in the Director's Report;
- (xxi) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xxii) To review the financial investments, in particular, the investments made by the unlisted subsidiary company;
- (xxiii) Other matters as may be prescribed from time to time to be dealt with or handled by the Audit Committee pursuant to provisions of the Companies Act, 2013, the Rules framed thereunder, the Listing Agreements entered into with the Stock Exchanges where the securities of the Company are listed and the guidelines, circulars and notifications issued by Securities and Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") from time to time.
- (xxiv) Carrying out any other function as may be assigned to the Committee by the Board from time to time;

Composition & Attendance at the Meeting

The composition of the Audit Committee and details of meetings attended by the Members of the Audit Committee during the financial year 2017 are given below:

Directors	Position held in Committee	Independent/ Executive/ Non-Executive Director	No. of Meetings held	No. of Meetings attended
Mr. K.M. Thanawalla	Chairman	Independent & Non-Executive Director	04	04
Mr. Marco Wadia	Member	Independent & Non-Executive Director	04	04
Mr. Shailesh Wani	Member	Managing Director	04	04

The Audit Committee met 4 (four) times during the year i.e. February 23, 2017; May 11, 2017, August 10, 2017 and November 3, 2017.

Mrs. Varsha Adhikari, Company Secretary, acts as the Secretary to the Audit Committee.

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

3.2 NOMINATION AND REMUNERATION COMMITTEE:

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

Terms of Reference

Brief terms of reference of Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Composition & Attendance at the Meeting

The composition of the Nomination and Remuneration Committee and details of meetings attended by the Members of the Nomination and Remuneration Committee during the financial year 2017 are given below:

Directors	Position held in Committee	Independent / Executive / Non-Executive Director	No. of Meetings held	No. of Meetings attended
Mr. Marco Wadia	Chairman	Independent & Non-Executive Director	4	4
Mr. K.M. Thanawalla	Member	Independent & Non-Executive Director	4	4
Mr. Eiko Ris (Ceased to be Member w.e.f November 3, 2017)	Member	Non-Executive Director	4	2
Mr. Guillaume Cornelis Gerardus Roncken (Appointed as Member w.e.f November 3, 2017)	Member	Non-Executive Director	4	1 *

The Nomination and Remuneration Committee is empowered to review the remuneration of the Managing Director, Key Managerial Personnel & Senior Management team of the Company.

The Nomination and Remuneration Committee met 4 (four) times during the year on February 23, 2017, May 11, 2017, August 10, 2017 and November 3, 2017.

Mrs. Varsha Adhikari, Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

*Attended Meeting as an Invitee.

Remuneration Policy:

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

The Board of Directors/Nomination and Remuneration Committee of Directors is authorized to decide the remuneration of the Managing Director/Executive Director's, subject to the approval of the Members and Central Government, if required. Remuneration comprises of fixed Components viz. salary, perquisites and allowances and a variable component comprising of Gross Bonus of minimum 37.5% and maximum of 52.5% of annual fixed salary (as per the scheme applicable to Managing Directors' of SPGPrints Operating Companies) based on the targets achieved.

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

The Directors' remuneration and sitting fees paid/payable in respect of the financial year 2017 are given below: -

(A) Managing Director Remuneration:

The details of remuneration to Managing Director are as follows:

(In INR)

Managing Director	Salary & Allowances	Perquisites & Benefits	Contribution to Provident and Other Funds	Total*
Mr. Shailesh Wani	14,093,885	838,797	680,805	15,613,487

* Includes remuneration and variable pay on provisional basis.

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

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

(C) Non-Executive Directors:

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

Sitting Fees

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

Commission

The Members of the Company at the 43rd Annual General Meeting held on May 11, 2017 have approved payment of profit linked Commission to Independent Directors within the overall ceiling of not exceeding 1 % (one percent) per annum or such other percentage

as may be prescribed in the Act from time to time, of the net profits of the Company (computed in the manner provided in Section 198 of the Act or as may be prescribed by the Act or Rules framed thereunder from time to time) for each financial year, for a period of three financial years commencing from January 1, 2017, with Powers to Board to decide the percentage of net profit for each financial year to be paid as Commission to Independent Directors, within the above referred ceiling of Commission.

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

Remuneration paid/payable to the Independent Directors for the financial year 2017 are as under:

Name	Sitting Fees* for Board /Committee Meetings Attended (In INR)	Commission* (In INR)	Total (In INR)	Number of Equity Shares of Rs. 10 each held as on 31.12.2017
Mr. K.M. Thanawalla	459,000	14,18,672	18,77,672	Nil
Mr. Marco Wadia	432,000	4,86,401	9,18,401	2,150

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

Note:

- (1) Mr. Dirk Wim Joustra, Mr. Eiko Ris (Ceased to be Director w.e.f November 3, 2017), Mr. Guillaume Roncken (Appointed as Additional Director w.e.f. November 3, 2017), and Mrs. Everdina Herma Slijkhuis, Non-Executive Directors opted not to accept any sitting fees for attending Board/Committee Meetings, as applicable. They do not hold any Equity Shares of the Company as on December 31, 2017.
- (2) As approved by Members of the Company in the 43th Annual General Meeting, Commission is payable only to Independent Directors.
- (3) Commission mentioned above will be paid to Independent Directors after the approval of Annual Financial Statements for the financial year 2017 by the Members at the ensuing Annual General Meeting.

None of the Independent Directors or their relatives has any material pecuniary relationship with the Company, its holding, subsidiary or associate Company or their promoters or directors during the two immediately preceding financial years or during the current financial year.

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Terms of Reference:

The brief terms of reference of the Stakeholders Relationship Committee are as under:

- The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders.

Composition

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

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

During the year under report, the committee met on February 23, 2017 and all the members were present at the meeting.

Mrs. Varsha Adhikari, Company Secretary, acts as the Secretary to the Stakeholders Relationship Committee.

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 shares related complaints of the investors are attended to without undue delay and where deemed expedient the complaints are referred to the committee or discussed at the meetings.

The status on the total number of complaints received during the financial year 2017 are as follows:-

Complaints received	Pending as on 31.12.2017
3	NIL

3.4 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

The composition of the Corporate Social Responsibility Committee and details of meetings attended by the Members of the Corporate Social Responsibility Committee during the financial year 2017 are given below:

Directors	Position held in Committee	Independent/ Executive / Non-Executive Director	No. of Meetings held	No. of Meetings attended
Mr. Shailesh Wani	Chairman	Managing Director	2	2
Mr. K.M. Thanawalla	Member	Independent & Non-Executive Director	2	2
Mr. Eiko Ris (Ceased to be Member w.e.f November 3, 2017)	Member	Non-Executive Director	2	1

Mr. Guillaume Cornelis Gerardus Roncken has been appointed as a Member of Corporate Social Responsibility Committee w.e.f. November 3, 2017.

During the year, the Corporate Social Responsibility Committee met 2 (two) times i.e. on February 23, 2017 and August 10, 2017.

Terms of Reference:

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

CSR Policy

The Company has formulated CSR Policy and the same is available at the website of the Company at www.stovec.com at http://www.spgpriints.com/include/files/About_us/Stovec/Policies/CSR_Policy.pdf link.

Mrs. Varsha Adhikari, Company Secretary, acts as the Secretary to the Corporate Social Responsibility Committee.

3.5 OTHER COMMITTEES**a) Committee of Directors**

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

During the year 2017, no meeting of Committee of Directors was held.

b) Divestment Committee

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

Note : Based on recommendation of Audit Committee, the Board of Directors of the Company in its meeting held on March 1, 2018, have constituted Divestment Committee to finalize the divestment of 100 % equity investment held by the Company in Atul Sugar Screens Pvt. Ltd., a Wholly Owned Subsidiary of the Company. Till the date of this Report, no meeting of Divestment Committee was held.

3.6 SEPARATE INDEPENDENT DIRECTOR'S MEETING

Pursuant to requirements of the Act and Regulation 25 of Listing Regulations, the Company's Independent Directors during the year under review met on February 23, 2017, without the presence of Non-Independent Directors and members of the Management.

4. CODE OF BUSINESS CONDUCT AND ETHICS:

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

5. GENERAL BODY MEETINGS' DISCLOSURES:

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

Year	Type	Location	Date	Time
2016	Annual	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405	May 11, 2017	11.00 am
2015	General		May 25, 2016	11.00 am
2014	Meeting		May 7, 2015	11.00 am

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

Date of Meeting	Summary
May 11, 2017	Nil
May 25, 2016	Re-appointment of Mr. Shailesh Wani as a Managing Director of the Company
May 7, 2015	1. Increase in ceiling of remuneration payable to Mr. Shailesh Wani, Managing Director of the Company 2. Adoption of new set of Articles of Association 3. Approval of Related Party Transactions

6. DISCLOSURE

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

6.2 The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the

capital markets during the last 3 years. No penalties or strictures have been imposed by them on the company.

6.3 Pursuant to the provisions of Regulation 17 (8) of the Listing Regulations, the Managing Director and the Chief Financial Officer have issued a certificate to the Board for the financial year ended December 31, 2017.

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

6.5 Whistle Blower Policy:

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

6.6 Related Party Transactions

There were no materially significant related party transactions during the financial year 2017. Related Party Transaction Policy has been formulated in order to regulate the transactions between Company and Related Parties. The Related Party Transaction Policy is available at the website of the Company at www.stovec.com at http://www.spgprints.com/uploads/documents/Stovec/Stovec-policies/Related_Party_Transaction_Policy.pdf.

6.7 Risk Management

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

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

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

6.9 Policy for determining Material Subsidiaries

The Company has formulated Policy for determining Material Subsidiaries and the same is available at the website of the Company at www.stovec.com at http://www.spgprints.com/include/files/About_us/Stovec/Policies/Policy_for_determining_Material_Subsidiaries.pdf.

6.10 Policy for determining Material Information

As required by Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved the Policy for determining Material Information, which is effective from December 1, 2015 and is available at the website of the Company at www.stovec.com at http://www.spgprints.com/include/files/About_us/Stovec/Policy_for_determining_Material_Information.pdf.

6.11 Policy for Preservation of Documents and Archival Policy

As required by Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved the Policy for Preservation of Documents and Archival Policy and the same is available at the website of the Company at www.stovec.com at http://www.spgprints.com/include/files/About_us/Stovec/Policies/Policy_for_Preservation_of_Documents_Archival_Policy.pdf.

6.12 Disclosure of Accounting Treatment

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

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

High quality Nickel, which is the principal raw material for the Company is imported regularly, as per Purchase guidelines of the Company. The Company's performance may get impacted

in case of substantial change in prices of Nickel or Foreign Exchange rate fluctuations. The Company takes forward cover as per its forex risk coverage policy. The Company does not undertake commodity hedging activities.

6.14 Adoption of Non-Mandatory Requirements of Listing Regulations

The Company has separate persons for the position of Chairman and Managing Director. Mr. K.M. Thanawalla is a Chairman (Independent & Non - Executive) and Mr. Shailesh Wani is the Managing Director of the Company.

7. SUBSIDIARY COMPANY

Atul Sugar Screens Private Limited is the Wholly Owned Subsidiary of the Company. The provisions of Regulation 24 of the Listing Regulations, as applicable, have been complied with.

8. MEANS OF COMMUNICATION:

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

Type of Result	Date on which Published	Daily News Paper (English)	Daily News Paper (Gujarati)
Quarterly of March 31, 2017	May 13, 2017	Business Standard	Jaihind
Quarterly of June 30, 2017	August 12, 2017	Business Standard	Jaihind
Quarterly of September 30, 2017	November 4, 2017	Business Standard	Jaihind
Annual as on December 31, 2017	March 2, 2018	Business Standard	Jaihind

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

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

9. GENERAL INFORMATION FOR MEMBERS:

9.1 Annual General Meeting:

Day, Date and Time	Wednesday, May 2, 2018 at 11:00 hours
Venue	Stovec Industries Limited, N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India.

9.2 Financial Calendar:

Financial Year	Ending December 31, 2017
Date of Book Closure	April 26, 2018 to May 2, 2018 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval of Dividend by the Shareholders in the forthcoming Annual General Meeting and its payment will be made within 30 days of its declaration.

9.3 Listing:

The Company's shares are listed on the BSE Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The Company has paid annual listing fees to BSE in respect of the year 2017-2018.

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

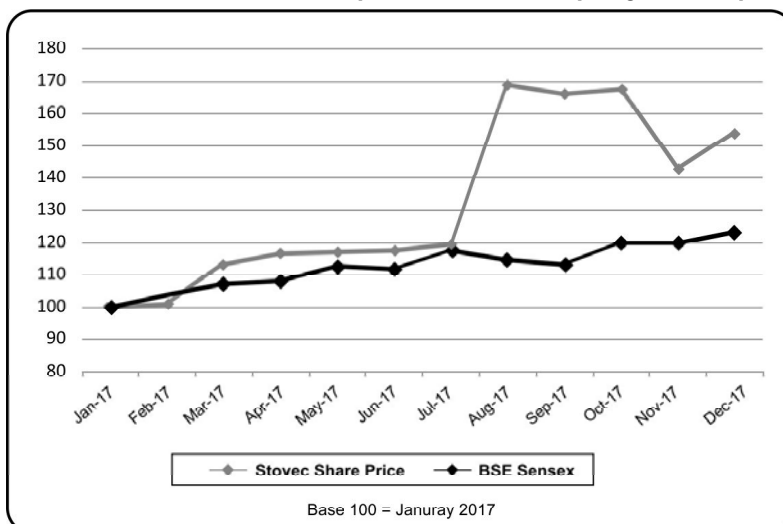
Type of Shares	ISIN No.	Stock Code	
		BSE	ASE
Ordinary Share	INE755D01015	504959	57410

9.5 Market Information:

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

Month	BSE		
	High (₹)	Low (₹)	No. of Shares
Jan-17	2196.00	1995.05	6,105
Feb-17	2277.00	2056.10	12,697
Mar-17	2419.00	1999.10	15,785
Apr-17	2577.00	2380.00	12,444
May-17	2889.00	2389.95	24,575
Jun-17	2599.95	2407.10	7,075
Jul-17	2744.00	2435.00	12,717
Aug-17	3674.95	2480.30	39,884
Sep-17	3744.00	3250.00	10,735
Oct-17	3650.00	3320.00	10,066
Nov-17	3874.95	2740.00	26,181
Dec-17	3383.00	2944.00	7,170

Performance of the share price of the Company in comparison to the BSE Sensex:



*source: www.bseindia.com

9.6 Registrar and Transfer Agents:-

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

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

Telefax: +91(0) 79 - 2646 5179

9.7 Share Transfer System:

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

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

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

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

9.9 Report on Corporate Governance:

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

9.10 Shareholding Pattern of the Company:

Category	As on 31.12.2017		As on 31.12.2016		%
	No. of Shares	%	No. of Shares	%	Variance 17 v/s 16
Promoters & Promoter Group	1,483,777	71.06	1,483,777	71.06	-
Mutual Funds/UTI	100	0.01	200	0.01	-
Foreign Portfolio Investors	2347	0.11	0	0	0.11
Investor Education and Protection Fund, Ministry of Corporate Affairs	23,598	1.13	0	0	1.13
Financial Institutions/Banks	1,451	0.07	2,051	0.10	(0.03)
Bodies Corporate	28,658	1.37	27,751	1.32	0.05
NRI's (Repatriable)	7,543	0.36	7,249	0.35	0.01
NRI's (Non-Repatriable)	9,157	0.44	9,360	0.45	(0.01)
Clearing Members	4,695	0.22	6,385	0.31	(0.09)
Directors & their Relatives	5,864	0.28	5,864	0.28	-
Individuals/HUF	5,20,726	24.94	5,45,279	26.11	(1.17)
Trusts	100	0.0048	100	0.0048	-
Total	2,088,016	100.00	2,088,016	100.00	-

9.11 Distribution of Shareholding as on December 31, 2017:

Range of Shares	Number of Shareholders	Percentage of Total Shareholders	Number of Shares	Percentage of Total Shares
1 - 500	6612	97.6806	318021	15.2308
501 - 1000	84	1.2410	60943	2.9187
1001 - 2000	42	0.6205	57647	2.7609
2001 - 3000	11	0.1625	27781	1.3305
3001 - 4000	7	0.1034	25679	1.2298
4001 - 5000	4	0.0591	18372	0.8799
5001 - 10000	5	0.0739	29796	1.4270
10001 or more	4	0.0591	1549777	74.2225
TOTAL	6769	100	2,088,016	100.00

9.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2017:

Name of Shareholder	No. of Shares held	% of Share Capital
SPGPrints B.V. (Formerly Stork Prints B.V.)	14,83,777	71.06
Amit Shantilal Motla	25,881	1.24
Investor Education and Protection Fund, Ministry of Corporate Affairs (Please refer Note below)	23,598	1.13

Note: Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), Equity Shares of shareholders who have not claimed their dividend for a period of seven consecutive years has been transferred to Investor Education and Protection Fund, Ministry of Corporate Affairs.

9.13 Dematerialization of Shares & Liquidity:

As on December 31, 2017, shares comprising 95.16 % of the Company's Equity Share Capital have been dematerialized.

ISIN No.:- INE755D01015

9.14 Plant Location & Address for Correspondence:**Stovec Industries Limited**

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

CIN : L45200GJ1973PLC050790

Telephone : +91 79- 3041 2300

Facsimile No : +91 79- 2571 0406

Website : www.stovec.com

E-mail : secretarial@stovec.com

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

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for Board of Directors, Senior Management & Employees, as applicable to them, for the financial year ended December 31, 2017.

For, Stovec Industries Limited

Sd/-

Shailesh Wani

Managing Director

(DIN: 06474766)

Date: March 1, 2018

Place: Ahmedabad

CIN: - L45200GJ1973PLC050790

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

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

The Members,

Stovec Industries Ltd.

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

Post: Narol, Ahmedabad.

We have examined all relevant records of **Stovec Industries Limited** for the purpose of certifying compliance of conditions of Corporate Governance under para C of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 for the year ended on 31st December, 2017. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

Place: Ahmedabad

Date: March 1, 2018

For, Sandip Sheth & Associates

Firm Unique Code : P2001GJ041000

Practicing Company Secretaries

Sd/-

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE & DEVELOPMENT:**

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

Textiles

Textile Printing Segment is the key customer segment for Stovec. Over the past few years, textile industry has witnessed spur in capital investment for technological up-gradation and product and quality enhancement. Investment in capacity building of textiles over the years had led to low cost of production leading to competitive advantage to the country's textile exporters relative to key global players. However in the second half of 2017, Investment in Textile Industry has somewhat slowed-down post tax reforms of government leading to less capital investment. The domestic textile industry was one of the most impacted sector by Goods & Service Tax (GST) as large number of business players are unorganized.

Being one of the major contributor in India's GDP, Textile Industry has an important place in the Indian manufacturing sector and is the second largest employer after agriculture sector employing around 45 million people. Textiles Industry still stands as a major foreign currency revenue generator for India, generating around 13-15% of export revenues for the country and holds 14% share of industrial production, making India as one of the largest exporters of readymade garments to the world and the second most preferred sourcing destination for major global retailers. The organized apparel segment is expected to grow at a Compounded Annual Growth Rate (CAGR) of above 13 %.

Digital Textile Printing market in India is moving out of preliminary laps and gaining momentum. India is poised to be a very attractive market for Digital Textile Printing due to high growth trajectory of apparel and textile industry driven by favorable demographic factors, rise in disposable incomes and shift towards branded apparel. Increased productivity of printers, competitive pricing & increased economic viability will lead to surge in Digital Printing. Increasing awareness, acceptance and easy availability of digital printing technologies will further add to Digital Printing growth in India.

Graphics Printing

Indian Packaging and Label Industry is expected to see a notable growth and continues to grow strongly in coming years. The growth of Indian Packaging Industry will be influenced by changing demographics such as growing urbanization and the rising proportion of middle class consumers which in turn will drive the need for new packaging formats. The organized retail sector has been a significant driver of the growth of Food and Beverage industries, which in turn will drive the growth of Indian Packaging and Label Industry. The increasing competition has driven printers to invest in newer and diverse printing and converting technologies. In years to come, Printers who have technology and resources will be at added advantage and can cater to a demanding consumer oriented market.

Sugar Filtration

Growing population, high demand from food and beverages industry are the key drivers of Sugar Industry. However, sugar industry continues to face challenges related with fluctuating Sugar prices, policies related with sugar cane pricing and the cyclicity of business.

COMPANY PERFORMANCE:**Standalone:**

Your Company has delivered good performance during the year and has achieved revenue from operations of Rs. 2,100.82 Million (Previous year Rs. 1,885.13 Million); a growth of about 11 % in comparison to previous year, contributed by growth in sales of almost all product lines and driven

by increased market presence. The Company has achieved Profit before Tax of Rs. 392.50 Million (Previous year Rs. 339.78 Million), a growth of about 16 % in comparison to previous year.

Consolidated:

The Company has achieved consolidated revenue from operations of Rs. 2,129.66 Million and Profit before Tax of Rs. 413.99 Million during the financial year 2017.

SEGMENT-WISE PERFORMANCE:

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

(Amount in Millions)

Particulars	2017	2016
Textile Consumables & Textile Machinery	1,769.42	1,608.09
Graphic Products	97.17	87.58
Galvanic	234.22	189.46

OPERATIONS PERFORMANCE:

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

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

The Company participated and marked its impressive presence in various trade shows and exhibitions such as International Textile Machinery & Accessories Exhibition (ITMACH) 2017, held in Gandhinagar, Gujarat and Deccan Sugar Technologists Association held in Belgaum, Karnataka.

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

OUTLOOK & OPPORTUNITIES:

As per latest World Economic Prospects report by World Bank, India's GDP is estimated to grow at 6.7 % in 2017-18, which is below the expectation due to short-term disruptions caused by the economic reforms. As per Government of India, India's economic growth is expected to be at more than 8% in 2018-19 driven by manufacturing, services and exports sector coming back on good growth path. Over the medium term, GST is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector, and expanding the tax base. The recent recapitalization programme for public sector banks announced by the Government of India is expected to help resolve banking sector balance sheets. A series of structural reforms initiated coupled with global trade recovery is expected to lift exports for India and may propel India amongst the fastest growing economies of the world.

From Global front, World trade has grown strongly in recent months, supported by pick up in investments, particularly among advanced economies and increased manufacturing output in Asia. As per IMF World Economic Outlook 2018, Global growth for 2017 is estimated at 3.7 %. The stronger momentum experienced in 2017 is expected to continue in 2018 and 2019 with global growth of around 3.9 %.

India's growing population has been a key driver of textile consumption growth in the country complemented by a young population which is growing and at the same time is exposed to changing tastes and fashions. Rising per capital income, favorable demographics and a shift in preference to branded products to boost demand for textiles. Rising government focus and favorable policies by Government encouraging investments like TUFs, is expected to increase growth in the textile industry. Setting up of Textile Parks in different parts of the Country is expected to drive investment and

growth in textile sector followed by necessary policy supports from government. Free Trade Agreement with European Union, once executed, may also help boost exports of Indian textiles. Easing the issues related with GST, favorable change in export benefit schemes and government positive initiative for textiles, may help textile sector to be back on its growth path.

RISKS AND CONCERNS:

For India, increase in oil prices, rising fiscal deficits, setbacks to reforms to resolve corporate and financial sector balance sheet deterioration, impaired commercial bank's balance sheet especially public sector banks and high non-performing bank loans might contribute to financial strain. From Global perspective, the possibility of disorderly financial market movements, unexpected policy changes, rising trade protectionism, heightened geopolitical tensions, and, over the long run a sharper than expected slowdown in potential output growth may have negative impact on business in general as well as your Company's business.

Indian Apparel Industry is going through a challenging phase with exports slowing down and competition from other apparel exporting countries. Adverse revision in rate of some of the export benefit schemes has adversely affected most of the exporters. Major structural reforms for the country – Demonetization and GST, have had short term impact on the textile industry in 2017. The transitional challenges related to GST strained cash flows of various constituents of textile industry value chain. Though it is anticipated that in medium and long term these structural reforms will help achieve country its real growth potential.

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

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures and systems are in place.

HUMAN RESOURCE MANAGEMENT:

The Company has focused on creating performance based culture within the organization and emphasize on employees training and development. The Company intends to attract, retain and develop talent through good HR practices. The Company had total 199 permanent employees on the rolls of the Company as on December 31, 2017.

CAUTIONARY STATEMENT:

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

Note : Some parts of the content of this annual report are taken from sources like www.worldbank.org, www.imf.org, www.ibef.org, General Budget 2018-19, articles published in various newspapers.

For and on behalf of the Board of Directors

Sd/-

K.M.Thanawalla

Chairman

(DIN: 00201749)

Date: March 1, 2018

Place: Ahmedabad

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

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

OBJECTIVE OF CSR POLICY:

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

PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN:

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

- i. Skill Development for sustainable income generation & Livelihood for marginalized population
- ii. Literacy / Education
- iii. Basic Infrastructure facilities like Safe Drinking Water, Health care & Sanitation
- iv. Protection and safeguard of environment and maintenance of ecological balance.
- v. To respond to emergency situations/disasters/Other national cause by providing Contribution to State Funds for such cause
- vi. Socio- economic development, relief and welfare of Children, Women and those who are Physically and Mentally challenged.

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

- A.** The Board of Directors of the Company may decide to undertake CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Companies Act or otherwise. Provided that:
 - i. If such trust, society or company is not established by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
 - ii. The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- B.** The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- C.** The Company may also contribute to the recognized fund established by Central / State Government. More details on the CSR Policy and Projects are available on the Company's website as per the link given below:
http://www.spgprints.com/include/files/About_us/Stovec/Policies/CSR_Policy.pdf

2. Composition of the CSR Committee:

Sr. No.	Name of Member	Position held in CSR Committee
1	Mr. Shailesh Wani	Chairman
2	Mr. Khurshed M. Thanawalla	Member
3	Mr. Eiko Ris (Ceased to be Member w.e.f November 3, 2017)	Member
4	Mr. Guillaume Cornelis Gerardus Roncken (Appointed as Member w.e.f November 3, 2017)	Member

3. Average net profit of the Company for last three financial years: INR 27,35,97,116/-

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): INR 54,71,942/-

5. Details of CSR spent during the financial year

a) Total amount to be spent for the financial year: INR 54,71,942/-

b) Amount unspent, if any: Nil

c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) overheads.	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency.
1	Contribution to Prime Minister's National Relief Fund	Not Applicable	Contribution to Prime Minister's National Relief Fund	INR 55,00,000/-	INR 55,00,000/-	INR 55,00,000/-	Direct
	Total			INR 55,00,000/-	INR 55,00,000/-	INR 55,00,000/-	-

6. In case of company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. – Not applicable

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

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

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

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

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

Sd/-
Shailesh Wani
Chairman – Corporate Social Responsibility
Committee
(DIN: 06474766)

Date: March 1, 2018
Place: Ahmedabad

Annexure-VI**STATEMENT OF DISCLOSURE OF REMUNERATION**

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

- (i) **Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the financial year 2017, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary during the financial year 2017.**

Sr. No.	Name of Director / Key Managerial Personnel	Designation	Ratio of Remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1	Mr. Shailesh Wani	Managing Director	37.79:1*	11.00 %
2	Mr. Paras Mehta	Chief Financial Officer	Not Applicable	15.00 %
3	Mrs. Varsha Adhikari	Company Secretary	Not Applicable	13.50 %

*Considering the remuneration and variable pay on provisional basis.

Note:

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

- (ii) The percentage increase in the median remuneration of employees for the financial year 2017 was 15%.
- (iii) The Company had 199 permanent employees on the rolls of the Company as on December 31, 2017.
- (iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 14.18 % whereas the increase in the managerial remuneration was 11.00 %. The average increase every year is an outcome of the Company's market competitiveness and business performance. Keeping in mind our Nomination and Remuneration policy and benchmarking results, the increases this year reflect the market practice.
- (v) **The key parameters for any variable component of remuneration:** Variable compensation is an integral part of our total remuneration package for all employees including Managing Directors/ Whole-time Directors. Variable Pay is directly linked to business performance. At the start of the year, the Management sets business and financial targets for the Company. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch.
- (vi) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Sd/-

K.M.Thanawalla

Chairman

(DIN: 00201749)

Date: March 1, 2018

Place: Ahmedabad

Annexure-VII**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT:**

(Amount in INR)

Sr. No.	Nature of transaction (loans given/investments made/guarantee given/security provided)	Purpose for which loans/guarantees/security is proposed to be utilized by the recipient	As at 31 st December, 2017	As at 31 st December, 2016	Maximum outstanding during the year
1	Investment: Atul Sugar Screens Pvt. Ltd.	Equity Investment	100,000	100,000	Not Applicable
2	Investment: Jaysynth Dyestuff (India) Limited	Equity Investment	13,689,439	10,583,354	Not Applicable

For and on behalf of the Board of Directors

Sd/-

K.M.Thanawalla

Chairman**(DIN: 00201749)****Date: March 1, 2018****Place: Ahmedabad**

Annexure - VIII**FORM NO. MR 3**

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

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st December, 2017

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

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st December, 2017 (hereinafter referred to as "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2017 according to the provisions of:

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

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

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

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

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year.

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

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

We further report that

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

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

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

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

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

Place: Ahmedabad

Date: March 1, 2018

For, Sandip Sheth & Associates

Practicing Company Secretaries

Firm Unique Code: P2001GJ041000

Sd/-

Sandip Sheth

Partner

FCS: 5467

CP No.: 4354

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

"Annexure – A"

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the representations from the Management and respective departmental heads about the Compliance of laws, rules and regulations and happening of events etc. during the audit period.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis, for the purpose of issuing Secretarial Audit Report.
6. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We conducted our audit in the manner specified under section 204 of the Companies Act, 2013 and Rules made there under, which seeks an opinion and reasonable assurance about the compliance status of various applicable acts and rules to the Company.

Place: Ahmedabad
Date: March 1, 2018

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STOVEC INDUSTRIES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of STOVEC INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st December, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2017, and its profit and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st December, 2016 prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 23rd February, 2017 expressed an unmodified opinion.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st December, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

Place: Ahmedabad
Date: March 1, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Stovec Industries Limited ("the Company") as of 31st December, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made

only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: Ahmedabad
Date: March 1, 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees which require compliance with the provisions of Sections 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax and other material statutory dues in arrears as at 31st December, 2017 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Goods

and Service Tax which have not been deposited as on 31st December, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ In Lacs)	Amount Unpaid (₹ In Lacs)
The Income Tax Act, 1961	Demand of Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2007-08	380,731	380,731
The Income Tax Act, 1961	Demand of Income Tax	Income Tax Appellate Tribunal	A.Y. 2009-10	4,347,988	4,347,988
The Income Tax Act, 1961	Demand of Income Tax and Penalty	Commissioner of Income Tax (Appeals)	A.Y. 2011-12	108,391	108,391
The Central Excise Act, 1944	Excise Duty	Customs Excise and Service Tax Appellate Tribunal (CESTAT)	2006-2007	3,567,110	3,567,110
The Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal (CESTAT)	2003-2004	889,554	444,777
The Finance Act, 1994	Service Tax	Commissioner of Central Excise – Appeals	2012-2015	1,093,900	1,019,316

- (viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or subsidiary Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Place: Ahmedabad
Date: March 1, 2018

BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	3	2,08,80,160	2,08,80,160
Reserves and surplus	4	1,08,98,29,661	83,38,44,190
		1,11,07,09,821	85,47,24,350
Non-current liabilities			
Deferred tax liabilities (Net)	5	91,72,262	88,85,699
Other long-term liabilities	6	67,22,644	1,13,97,818
Long-term provisions	7	1,08,11,068	86,83,466
		2,67,05,974	2,89,66,983
Current liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	8	17,60,424	26,85,492
- total outstanding dues of creditors other than micro enterprises and small enterprises	8	27,54,74,418	25,50,74,514
Other current liabilities	9	7,49,14,401	17,46,86,772
Short-term provisions	10	2,85,87,669	10,57,13,693
		38,07,36,912	53,81,60,471
		1,51,81,52,707	1,42,18,51,804
<u>ASSETS</u>			
Non-current assets			
Fixed Assets			
Tangible assets	11	34,57,87,577	19,25,00,478
Intangible assets	11	2,62,65,323	4,14,66,362
Capital work-in-progress		47,87,252	5,99,04,999
		37,68,40,152	29,38,71,839
Non-current investments	12	1,37,92,439	1,06,86,354
Long-term loans and advances	13	1,73,65,944	1,88,33,642
Other non-current assets	14	4,47,93,171	16,16,28,011
		45,27,91,706	48,50,19,846
Current assets			
Inventories	15	31,67,85,386	36,81,17,206
Trade receivables	16	34,72,81,281	25,66,20,802
Cash and Bank Balances	17	34,76,01,730	23,61,82,793
Short-term loans and advances	18	4,23,97,148	5,79,35,725
Other current assets	19	1,12,95,456	1,79,75,432
		1,06,53,61,001	93,68,31,958
		1,51,81,52,707	1,42,18,51,804
Statement of significant accounting policies	2		

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Ahmedabad
Date : March 1, 2018

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

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

Sd/-
Paras Mehta
Chief Financial Officer

Place : Ahmedabad
Date : March 1, 2018

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

Sd/-
Varsha Adhikari
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
<u>INCOME</u>			
Revenue from operations (gross)	20	2,17,83,01,079	2,03,25,14,653
Less: Excise Duty		7,74,86,317	14,73,80,557
Revenue from operations (net)		2,10,08,14,762	1,88,51,34,096
Other Income	21	3,84,92,760	3,94,76,682
		2,13,93,07,522	1,92,46,10,778
<u>EXPENSES</u>			
Cost of materials consumed	22	97,66,75,659	1,01,30,86,057
Purchase of stock-in-trade	23	15,57,69,764	12,70,28,285
Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade	24	2,67,09,730	(6,64,77,237)
Employee benefits expense	25	19,65,28,613	16,37,39,315
Finance costs	26	13,43,769	30,56,205
Depreciation and amortisation expense	11	5,98,07,208	5,12,53,503
Other expenses	27	32,99,74,473	29,31,41,555
Total expenses		1,74,68,09,216	1,58,48,27,683
Profit before tax		39,24,98,306	33,97,83,095
<u>Tax expenses</u>			
- Current tax		13,70,81,565	12,04,83,626
- (Excess)/Short provision of income tax of earlier years (Net)		(8,55,293)	2,28,096
- Deferred tax		2,86,563	(48,74,109)
		13,65,12,835	11,58,37,613
Profit for the year		25,59,85,471	22,39,45,482
Earnings Per Share (Refer Note 31)			
Basic and Diluted Earnings Per Share (in ₹)		122.60	107.25
Statement of significant accounting policies	2		

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

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Ahmedabad
Date : March 1, 2018

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

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

Sd/-
Paras Mehta
Chief Financial Officer

Place : Ahmedabad
Date : March 1, 2018

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

Sd/-
Varsha Adhikari
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	39,24,98,306	33,97,83,095
<u>Adjustments for:</u>		
Depreciation / Amortisation	5,98,07,208	5,12,53,503
Finance Cost	13,43,769	30,56,205
Interest Income	(1,90,16,265)	(2,47,42,341)
Unrealised Foreign Exchange Loss	8,21,936	1,48,744
(Profit) / Loss on sale of assets	(16,763)	1,53,872
Provision for Other Liabilities	24,18,463	21,89,936
Provision for doubtful trade and other receivables, loans and advances	-	50,05,326
Provision for Warranty	-	1,61,62,647
Liabilities/Provision no longer required written back	(55,79,674)	-
Operating Profit Before Working Capital Changes	43,22,76,980	39,30,10,987
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) / Decrease In Inventories	5,13,31,820	(8,77,87,489)
(Increase) In Other non-current assets	(1,02,65,160)	-
(Increase) / Decrease In Long term loans and advances	3,80,811	(10,88,564)
(Increase) / Decrease In Trade receivables	(8,77,11,343)	3,68,13,212
(Increase) / Decrease In Short term Loans and Advances	1,55,38,577	(44,42,395)
(Increase) / Decrease In Other current assets	2,33,367	(55,90,090)
(Decrease) / Increase In Trade and Other Payables	(6,60,59,516)	5,08,31,316
Cash Generated From Operations	33,57,25,536	38,17,46,977
Direct Taxes Refund / (Paid) (Net)	(13,51,39,385)	(12,81,86,532)
A. Net Cash From Operating Activities	20,05,86,151	25,35,60,445
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(16,08,62,805)	(7,33,15,179)
Proceeds from Sale of Fixed Assets	3,20,599	3,26,709
Purchase of Investments	(31,06,085)	(1,05,83,354)
Investments in Bank Deposits	7,03,00,000	(12,44,00,000)
Interest Income	2,54,62,874	1,91,84,851
B. Net Cash Generated / (Used In) Investing Activities	(6,78,85,417)	(18,87,86,973)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend	(6,47,28,496)	(6,05,52,464)
Dividend Tax	(1,31,78,722)	(1,23,28,482)
Interest	(13,43,769)	(30,56,205)
C. Net Cash Used In Financing Activities	(7,92,50,987)	(7,59,37,151)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	5,34,49,747	(1,11,63,679)
Cash and Cash Equivalents as at the beginning of the year	7,62,81,063	8,74,44,742
Cash and Cash Equivalents as at the end of the year	12,97,30,810	7,62,81,063
Cash and Cash Equivalents at the end of the year comprise :		
Cash on hand	1,53,040	2,78,950
Cheques on hand	1,15,45,390	-
Bank Balances :		
- In Current Accounts	7,30,32,380	5,60,02,113
- Deposits with maturity less than 3 months	4,50,00,000	2,00,00,000
Cash and Cash Equivalents (Refer Note 17)	12,97,30,810	7,62,81,063

Note :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements".

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Ahmedabad
Date : March 1, 2018

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

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

Sd/-
Paras Mehta
Chief Financial Officer

Place : Ahmedabad
Date : March 1, 2018

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

Sd/-
Varsha Adhikari
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1) General Information

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

2) Statement of significant accounting policies

a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products / activities of the Company 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 — non current classification of assets and liabilities.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c) Inventories

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

- i) Cost of raw materials, packing materials, stores, spares and tools 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.
- iii) Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

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

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

d) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e) Revenue Recognition

i) Sale of Goods and Services

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

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

NOTES TO THE FINANCIAL STATEMENTS

Cost incurred during the pendency of the contract is carried forward as job in progress at lower of cost and net realisable amounts.

ii) Other Revenue

Commission income is recognised and accounted on accrual basis.

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

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

Lease rental income is recognised on accrual basis.

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

f) **Depreciation / Amortisation**

Tangible Assets

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

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

Intangible Assets

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

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

g) **Fixed Assets**

Tangible Assets

Fixed assets are stated at historical cost less depreciation / amortisation and impairment losses, if any. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

h) **Foreign Currency Transactions**

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on settlement / restatement of all monetary items are recognised in the Statement of Profit and Loss.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

i) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Cost of investments includes acquisition charges such as brokerage, fees and duties.

j) 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. 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 fixed contributions to these funds are charged to Statement of Profit and Loss.

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.

k) Research and Development Expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

l) Segment reporting

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

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

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

m) Operating LeasesAs a lessee:

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

As a lessor:

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

n) Earnings Per Share

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

o) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

NOTES TO THE FINANCIAL STATEMENTS

p) 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.

q) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

r) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past events, 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 for (i) when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or (ii) a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
3) Share Capital		
Authorised:		
2,900,000 (December 31, 2016: 2,900,000)		
Equity Shares of Rs. 10/- each	2,90,00,000	2,90,00,000
10,000 (December 31, 2016: 10,000)		
Preference Shares of Rs. 100/- each	10,00,000	10,00,000
	3,00,00,000	3,00,00,000
Issued, Subscribed and Paid-up:		
2,088,016 (December 31, 2016: 2,088,016)		
Equity Shares of Rs. 10/- each fully paid-up	2,08,80,160	2,08,80,160
	2,08,80,160	2,08,80,160

a) Reconciliation of number of shares

Particulars	For the year ended December 31, 2017		For the year ended December 31, 2016	
	(No. of Shares)	(₹)	(No. of Shares)	(₹)
Balance at the beginning of the year	20,88,016	2,08,80,160	20,88,016	2,08,80,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	20,88,016	2,08,80,160	20,88,016	2,08,80,160

b) Rights, preferences and restrictions attached to shares

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

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

1,483,777 (December 31, 2016: 1,483,777) Equity shares of Rs. 10/- each fully paid up are held by SPGPrints B.V., The Netherlands, the Holding Company.	1,48,37,770	1,48,37,770
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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	14,83,777	14,83,777
SPGPrints B.V. - The Netherlands, the Holding Company	71.06%	71.06%

e) There are no shares allotted either as fully paid up by way of Bonus Shares or under any contract without payment being received in cash during five years immediately preceding December 31, 2017.

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
4) Reserves and Surplus		
Capital Reserve	3,46,115	3,46,115
Capital Redemption Reserve	3,50,000	3,50,000
Securities Premium Account	7,96,18,502	7,96,18,502
General Reserve		
At the beginning and at the end of the year	18,19,54,416	18,19,54,416
Surplus in Statement of Profit and Loss		
At the beginning of the year	57,15,75,157	42,55,36,893
Add : Profit for the year	<u>25,59,85,471</u>	<u>22,39,45,482</u>
	82,75,60,628	64,94,82,375
Less : Appropriations		
Proposed Dividend	-	6,47,28,496
Tax on Proposed Dividend	<u>-</u>	<u>1,31,78,722</u>
	<u>-</u>	<u>7,79,07,218</u>
At the end of the year	<u>82,75,60,628</u>	<u>57,15,75,157</u>
	<u>1,08,98,29,661</u>	<u>83,38,44,190</u>
5) Deferred Tax Liabilities (Net)		
Deferred tax liability		
(a) Depreciation	<u>2,40,16,045</u>	<u>2,17,64,333</u>
	2,40,16,045	2,17,64,333
Deferred tax assets		
(a) Provision for doubtful debts	3,31,935	19,50,818
(b) Provision for contingency	31,69,291	30,24,469
(c) Other timing differences allowable on payment basis	<u>1,13,42,557</u>	<u>79,03,347</u>
	<u>1,48,43,783</u>	<u>1,28,78,634</u>
	<u>91,72,262</u>	<u>88,85,699</u>
6) Other Long-term Liabilities		
Security Deposits	31,26,380	26,58,597
Other Indirect Tax Liabilities [Net off paid under protest Rs. Nil (Previous year Rs. 4,029,470)]	-	19,24,140
Other Liabilities	<u>35,96,264</u>	<u>68,15,081</u>
	<u>67,22,644</u>	<u>1,13,97,818</u>
7) Long-term Provisions		
Provision for Leave Encashment (Refer Note 25B III)	<u>1,08,11,068</u>	<u>86,83,466</u>
	<u>1,08,11,068</u>	<u>86,83,466</u>

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
8) Trade Payables		
a) Micro, Small and Medium Enterprises (Refer Note below)	17,60,424	26,85,492
b) Others	27,54,74,418	25,50,74,514
	27,72,34,842	25,77,60,006

The information below 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, 2017 (₹)	Year ended December 31, 2016 (₹)
a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	7,66,072	16,91,450
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	9,94,352	9,94,042
c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	1,91,515
d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	5,55,266	5,31,501
g) Further interest remaining due and payable for earlier years.	9,94,352	9,93,419

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
9) Other Current Liabilities		
Advances from Customers	2,45,86,896	10,64,81,860
Unpaid Dividend (See note below)	65,70,920	54,01,730
Statutory dues [including Provident Fund, Tax deducted at Source and net off paid under protest Rs. 4,029,470 (Previous year Rs. Nil)]	4,37,56,585	4,50,19,734
Creditors for Capital Goods	-	1,77,83,448

Note:

There is no amount due and outstanding as at December 31, 2017 to be credited to Investor Education and Protection Fund.

	7,49,14,401	17,46,86,772
10) Short-term Provisions		
Employee Benefits (Refer Note 25B)		
- Provision for Gratuity	17,44,224	5,32,062
- Provision for Leave Encashment	28,39,672	21,40,246
Provision for Warranty (Refer Note 33)	2,40,03,773	2,51,34,167
Proposed Dividend	-	6,47,28,496
Tax on Proposed Dividend	-	1,31,78,722
	2,85,87,669	10,57,13,693

NOTES TO THE FINANCIAL STATEMENTS

11) Fixed Assets

Particulars	Gross Block (At Cost)			Depreciation / Amortisation				Net Block	
	As at December 31, 2016	Additions during the year	Deletions during the year	As at December 31, 2017	Upto December 31, 2016	For the year	On Deletions	As at December 31, 2017	As at December 31, 2017
Tangible Assets									
Own Assets									
Land- Freehold (Refer Note 1 below)	3,03,323	-	-	3,03,323	-	-	-	-	3,03,323
Buildings	4,11,30,197	6,40,64,183	3,88,947	10,48,05,433	1,67,25,392	27,75,578	3,70,291	1,91,30,679	8,56,74,754
Plant and Equipment	27,69,66,915	10,85,84,862	8,31,653	38,47,20,124	13,06,75,598	3,32,71,371	6,47,925	16,32,99,044	22,14,21,080
Computers	1,73,86,032	30,42,738	4,76,656	1,99,52,114	93,87,720	26,52,439	4,42,150	1,15,98,009	83,54,105
Furniture and Fixtures	1,32,94,170	97,28,398	5,87,144	2,24,35,424	1,07,90,267	12,43,939	5,67,654	1,14,66,552	1,09,68,872
Office Equipments	68,83,882	92,37,356	8,64,532	1,52,56,706	37,11,009	13,93,051	8,17,076	42,86,984	1,09,69,722
Vehicles	54,79,294	12,23,298	-	67,02,592	32,83,222	4,33,101	-	37,16,323	29,86,269
Assets given on Operating Lease									
Land-Freehold (Refer Note 1 below)	1,65,737	-	-	1,65,737	-	-	-	-	1,65,737
Buildings	1,95,20,044	-	-	1,95,20,044	1,40,55,908	5,20,421	-	1,45,76,329	49,43,715
Sub-Total (A)	38,11,29,594	19,58,80,835	31,48,932	57,38,61,497	18,86,29,116	4,22,89,900	28,45,096	22,80,73,920	34,57,87,577
Intangible Assets									
Goodwill	1,05,000	-	-	1,05,000	1,05,000	-	-	1,05,000	-
Trademark	3,93,84,800	-	-	3,93,84,800	2,04,12,337	78,76,960	-	2,82,89,297	1,10,95,503
Technical/Commercial Know-how and Non-compete Fees	6,38,04,036	-	-	6,38,04,036	4,51,61,937	77,39,800	-	5,29,01,737	1,09,02,299
Computer Software	1,41,79,003	23,16,269	-	1,64,95,272	1,03,27,203	19,00,548	-	1,22,27,751	42,67,521
Sub-Total (B)	11,74,72,839	23,16,269	-	11,97,89,108	7,60,06,477	1,75,17,308	-	9,35,23,785	2,62,65,323
Total (A+B)	49,86,02,433	19,81,97,104	31,48,932	69,36,50,605	26,46,35,593	5,98,07,208	28,45,096	32,15,97,705	37,20,52,900

NOTES TO THE FINANCIAL STATEMENTS

11) Fixed Assets

Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block	
	As at December 31, 2015	Additions during the year	Deletions during the year	As at December 31, 2016	Upto December 31, 2015	For the year	On Deletions	As at December 31, 2016
Tangible Assets								
Own Assets								
Land- Freehold (Refer Note 1 below)	3,03,323	-	-	3,03,323	-	-	-	3,03,323
Buildings	4,02,25,094	9,05,103	-	4,11,30,197	1,52,39,446	14,85,946	-	2,44,04,805
Plant and Equipment	25,80,79,438	2,19,23,032	30,35,555	27,69,66,915	10,53,61,088	2,80,62,820	27,48,310	14,62,91,317
Computers	1,25,79,908	48,53,479	47,355	1,73,86,032	74,77,429	19,55,278	44,987	79,98,312
Furniture and Fixtures	1,31,47,770	1,46,400	-	1,32,94,170	97,07,357	10,82,910	-	25,03,903
Office Equipments	55,13,967	21,00,576	7,30,661	68,83,882	37,41,469	5,09,233	5,39,693	31,72,873
Vehicles	54,79,294	-	-	54,79,294	28,81,571	4,01,651	-	21,96,072
Assets given on Operating Lease								
Land- Freehold (Refer Note 1 below)	1,65,737	-	-	1,65,737	-	-	-	1,65,737
Buildings	1,95,20,044	-	-	1,95,20,044	1,35,34,063	5,21,845	-	54,64,136
Sub-Total (A)	35,50,14,575	2,99,28,590	38,13,571	38,11,29,594	15,79,42,423	3,40,19,683	33,32,990	19,25,00,478
Intangible Assets								
Goodwill	1,05,000	-	-	1,05,000	1,05,000	-	-	-
Trademark	3,93,84,800	-	-	3,93,84,800	1,25,35,377	78,76,960	-	1,89,72,463
Technical/Commercial Know-how and Non-compete Fees	6,38,04,036	-	-	6,38,04,036	3,74,22,137	77,39,800	-	1,86,42,099
Computer Software	1,07,70,227	34,08,776	-	1,41,79,003	87,10,143	16,17,060	-	38,51,800
Sub-Total (B)	11,40,64,063	34,08,776	-	11,74,72,839	5,87,72,657	1,72,33,820	-	4,14,66,362
Total (A+B)	46,90,78,638	3,33,37,366	38,13,571	49,86,02,433	21,67,15,080	5,12,53,503	33,32,990	23,39,66,840

Note :

(1) Freehold Land includes Rs. 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, 2017 (₹)	As at December 31, 2016 (₹)
12) Non-current Investments		
<u>(Long Term, Non Trade and Unquoted)</u>		
Investment in Equity Shares**		
30 Shares of Rs. 100/- each fully paid-up of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
<u>(Long Term, Trade and Quoted)</u>		
Investment in Equity Shares *		
173,107 Shares (Previous Year 134,872) of Re. 1/- each fully paid-up of Jaysynth Dyestuff (India) Ltd.	1,36,89,439	1,05,83,354
* Aggregate Market value of Shares as at December 31, 2017 is Rs. 12,896,472 (Previous Year Rs. 10,998,812).		
<u>(Long Term, Trade and Unquoted)</u>		
Investment in Subsidiary **		
1,000 Shares of Rs. 100/- each fully paid-up of Atul Sugar Screens Private Limited (Refer Note 1 below)	1,00,000	1,00,000
** Aggregate amount of Unquoted investment Rs. 103,000 (Previous Year Rs. 103,000)		
	1,37,92,439	1,06,86,354
Note 1 : Based on the recommendation of Audit Committee, the Board of Directors of the Company, at their meeting held on March 1, 2018, in-principle approved divestment of 100% equity investment held by the Company in Atul Sugar Screens Private Limited and have constituted a Committee of Directors to finalize the divestment. The sale value of the investment will be determined on the basis of independent valuation report.		
13) Long-term Loans and Advances		
<u>(Unsecured, Considered Good)</u>		
Balances with Government Authorities	2,56,007	2,56,007
Sundry Deposits	83,22,869	87,03,680
Advance Tax and Tax Deducted at Source [Net of Provision Rs. 656,333,589 (Previous Year Rs. 519,830,184)]	87,87,068	98,73,955
	1,73,65,944	1,88,33,642
14) Other Non-current Assets		
<u>(Unsecured, Considered Good)</u>		
Long term deposits with maturity more than 12 months	2,97,00,000	15,68,00,000
Margin Money Deposit	1,50,93,171	48,28,011
	4,47,93,171	16,16,28,011
15) Inventories		
<u>(At lower of cost and net realisable value)</u>		
Raw Materials	13,32,38,777	15,06,85,250
[Includes Goods-in-transit Rs. 2,834,294 (Previous Year Rs. 9,422,787)]		
Packing Material, Stores, Spares and Tools	1,71,23,033	1,02,09,454
Work -in-Process	5,47,29,079	5,29,15,127
Finished Goods	7,91,73,893	13,00,81,488
Traded Goods	3,25,20,604	2,42,25,887
	31,67,85,386	36,81,17,206

NOTES TO THE FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
16) Trade Receivables		
(Unsecured)		
Outstanding for a period exceeding Six Months from the date they are due for payment		
- Considered Good	60,21,264	28,75,223
- Considered Doubtful	9,59,129	56,36,900
	<u>69,80,393</u>	<u>85,12,123</u>
Others Considered Good		
- From Related Parties	6,94,03,580	5,20,69,574
- From Others	27,18,56,437	20,16,76,005
	<u>34,12,60,017</u>	<u>25,37,45,579</u>
Less: Provision for Doubtful Receivables	9,59,129	56,36,900
	<u>34,72,81,281</u>	<u>25,66,20,802</u>
17) Cash and Bank Balances		
A. Cash and Cash Equivalents :		
Cash on hand	1,53,040	2,78,950
Cheques on hand	1,15,45,390	-
Bank Balances :		
- In Current accounts	7,30,32,380	5,60,02,113
- Deposits with maturity less than 3 months	4,50,00,000	2,00,00,000
	<u>12,97,30,810</u>	<u>7,62,81,063</u>
B. Other Bank Balances		
Deposits with maturity more than 3 months but less than 12 months	21,13,00,000	15,45,00,000
Unpaid Dividend Accounts	65,70,920	54,01,730
	<u>21,78,70,920</u>	<u>15,99,01,730</u>
	<u>34,76,01,730</u>	<u>23,61,82,793</u>
18) Short-term Loans and Advances		
(Unsecured and Considered Good)		
Advances for Goods and Services	71,16,464	1,04,92,670
Prepaid Expenses	28,58,391	38,01,357
Balances with Government Authorities	3,24,22,293	4,36,41,698
	<u>4,23,97,148</u>	<u>5,79,35,725</u>
19) Other Current Assets		
Interest Accrued but not Due		
- on Deposits	59,38,733	1,23,85,342
Export Incentive Receivables	53,56,723	55,90,090
	<u>1,12,95,456</u>	<u>1,79,75,432</u>

NOTES TO THE FINANCIAL STATEMENTS

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
20) Revenue from operations		
Sales and Services	2,15,92,72,756	2,01,03,42,657
Other Operating Income :		
Commission Income	1,41,81,271	1,65,81,906
Export Incentives	48,47,052	55,90,090
	<u>2,17,83,01,079</u>	<u>2,03,25,14,653</u>
Less: Excise Duty (Refer Below Note 1)	<u>7,74,86,317</u>	<u>14,73,80,557</u>
	<u>2,10,08,14,762</u>	<u>1,88,51,34,096</u>
Note 1 : The Government of India has implemented Goods and Service Tax ("GST") from 1st July, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. Revenue for the period up to 30th June, 2017 are inclusive of excise duty; however, revenue for the period 1st July, 2017 to 31st December, 2017 are shown net of GST. Hence, the gross revenue and excise duty numbers shown above are not comparable.		
Details of Revenue from operations		
a) Sales of Goods Manufactured :		
Perforated Rotary Screens and Textile Machines	1,45,94,78,677	1,30,59,88,402
Sugar sieves and segments	18,73,61,214	14,82,25,280
Others	26,63,42,938	24,90,48,555
	<u>1,91,31,82,829</u>	<u>1,70,32,62,237</u>
b) Sales of Traded Goods :		
Perforated Rotary Screens	12,98,37,842	11,89,59,417
Others	4,54,47,516	5,94,93,453
	<u>17,52,85,358</u>	<u>17,84,52,870</u>
c) Sale of Services	1,23,46,575	34,18,989
	<u>1,23,46,575</u>	<u>34,18,989</u>
	<u>2,10,08,14,762</u>	<u>1,88,51,34,096</u>
21) Other income		
Interest on :		
- Deposits	1,89,29,517	2,41,50,048
- Others	86,748	5,92,293
	<u>1,90,16,265</u>	<u>2,47,42,341</u>
Provision for Doubtful Receivables written back (Net)	46,77,771	-
Bad Debts recovered (net written off)	<u>(2,28,491)</u>	<u>-</u>
	44,49,280	-
Provision for Warranty (Net) (Refer Note 33)	11,30,394	-
Lease rentals	1,16,05,260	1,16,05,260
Profit on Sale of Fixed Assets (Net)	16,763	-
Miscellaneous Income	22,74,798	31,29,081
	<u>3,84,92,760</u>	<u>3,94,76,682</u>

NOTES TO THE FINANCIAL STATEMENTS

		Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
22) a) Cost of Materials Consumed			
Raw Materials and Components Consumed		95,78,28,366	99,67,29,083
Packing Materials Consumed		1,88,47,293	1,63,56,974
		97,66,75,659	1,01,30,86,057
b) Details of Materials Consumed			
Nickel		29,23,81,211	25,92,77,094
Components and Hardware Items		64,88,66,046	66,91,49,787
Others		3,54,28,402	8,46,59,176
		97,66,75,659	1,01,30,86,057
c) Value of Imported and Indigenous Materials Consumed			
	in %		in %
Imported	50%	49,13,89,620	49% 49,50,89,507
Indigenous	50%	48,52,86,039	51% 51,79,96,550
Total	100%	97,66,75,659	100% 1,01,30,86,057
23) Purchase of stock-in-trade			
Perforated Rotary Screens		11,43,27,619	7,87,17,235
Others		4,14,42,145	4,83,11,050
		15,57,69,764	12,70,28,285
24) Changes in inventories of finished Goods, work-in-progress and stock-in-trade			
<u>Opening Stock</u>			
- Work-in-process	5,29,15,127		6,31,03,344
- Finished Goods	13,00,81,488		4,06,02,862
- Traded Goods	2,42,25,887		3,03,85,452
		20,72,22,502	13,40,91,658
<u>Closing Stock</u>			
- Work-in-process	5,47,29,079		5,29,15,127
- Finished Goods	7,91,73,893		13,00,81,488
- Traded Goods	3,25,20,604		2,42,25,887
		16,64,23,576	20,72,22,502
Decrease / (Increase) in Stock		4,07,98,926	(7,31,30,844)
Increase/(Decrease) in Excise Duty on Finished Goods		(1,40,89,196)	66,53,607
		2,67,09,730	(6,64,77,237)
25) A. Employee benefits expense			
Salaries, Wages and Bonus		17,24,67,227	14,26,65,062
Contribution to Provident and Other Funds		49,02,848	39,53,505
Gratuity		29,88,221	31,84,097
Welfare Expenses		1,61,70,317	1,39,36,651
		19,65,28,613	16,37,39,315

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, 2017 (₹)	Year ended December 31, 2016 (₹)
Employers' Contribution to Provident Fund and Employee's Pension Scheme*	42,87,032	35,55,798
Employers' Contribution to Employee's State Insurance*	6,11,052	3,92,023

* 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, 2017 (₹)	As at December 31, 2016 (₹)
Discount Rate (per annum)	7.67%	7.02%
Rate of increase in Compensation levels	7.00%	6.00%
Rate of Return on Plan Assets	7.67%	7.02%
Expected Weighted Average remaining working lives of employees (years)	21	21
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

a. Changes in the Present Value of Defined Benefit Obligation

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Present value of obligation at the beginning of the year	1,35,56,733	1,21,75,815
Interest Cost	9,51,683	9,94,764
Current Service Cost	14,34,385	9,66,934
Benefits Paid	(17,76,059)	(25,02,884)
Actuarial (gain) / loss on obligations	17,08,698	19,22,104
Present value of obligation at the end of the year	1,58,75,440	1,35,56,733

b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Fair value of Plan Assets at the beginning of the year	1,30,24,671	1,23,24,966
Expected Return on Plan Assets	9,14,332	10,06,950
Actuarial Gains and (Loss) on Plan Assets	1,92,213	(3,07,245)
Contributions	-	-
Benefits Paid	-	-
Fair value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671

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, 2017 (₹)	As at December 31, 2016 (₹)
Present Value of funded obligation at the end of the year	1,58,75,440	1,35,56,733
Fair Value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671
Funded Status	1,41,31,216	1,30,24,671
Present Value of unfunded Obligation at the end of the year	17,44,224	5,32,062
Unfunded Net Assets / (Liability) Recognised in Balance Sheet*	(17,44,224)	(5,32,062)

*Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

d. Amount recognised in the Balance Sheet

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Present Value of Obligation at the end of the year	(1,58,75,440)	(1,35,56,733)
Fair Value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671
Assets / (Liability) recognised in the Balance Sheet**	(17,44,224)	(5,32,062)

**Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

e. Expenses recognised in the Statement of Profit and Loss

Particulars	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
Current Service Cost	14,34,385	9,66,934
Interest Cost	9,51,683	9,94,764
Expected Return on Plan Assets	(9,14,332)	(10,06,950)
Optra Premium and other taxes	-	-
Net actuarial (gain) / loss recognised in the Year	15,16,485	22,29,349
Total Expenses recognised in the Statement of Profit and Loss	29,88,221	31,84,097

f. Experience Adjustment

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
Defined Benefit Obligation	1,58,75,440	1,35,56,733	1,21,75,815	1,25,82,674	1,01,26,636
Plan Assets	1,41,31,216	1,30,24,671	1,23,24,966	1,19,07,880	1,05,11,638
(Surplus) / Deficit	17,44,224	5,32,062	(1,49,151)	6,74,794	(3,85,002)
Experience Adjustment on plan liabilities (gain)/loss	11,79,169	9,50,754	7,52,004	9,27,959	7,83,814
Experience Adjustment on plan assets gain/(loss)	1,92,213	(3,07,245)	(2,277)	(2,27,433)	2,28,415

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, taking 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, 2017	Year ended December 31, 2016
Cash Accumulation Scheme with Life Insurance Corporation of India	91%	93%
Bank Balances	9%	7%

Details of Investments made by Life Insurance Corporation of India have not been received by the Company.

h. Expected employer's Contribution for next year is Rs. 3,585,788 (Previous Year Rs. 1,966,447) for gratuity.

III. The liability for leave encashment as at the year end is Rs. 13,650,740 (Previous Year Rs. 10,823,712).

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
26) Finance costs		
Other Borrowing Cost	13,43,769	30,56,205
	13,43,769	30,56,205
27) Other expenses		
Consumption of Stores and Spares	1,60,00,914	1,29,86,644
Rent	20,20,160	16,81,800
Rates and Taxes	22,93,551	54,12,967
Power and Fuel	11,08,74,767	9,33,69,832
Repairs To :		
- Buildings	61,75,001	48,56,914
- Plant and Equipment	84,45,550	48,52,717
- Others	68,96,179	62,17,533
	2,15,16,730	1,59,27,164
Insurance	23,23,265	22,27,877
Auditors' Remuneration for :		
- Statutory Audit Fees	20,00,000	16,20,000
- Tax Audit Fees	4,00,000	4,56,250
- Others	7,00,000	11,75,000
- Out - of - Pocket Expenses	53,550	72,640
	31,53,550	33,23,890
Travelling and Conveyance	2,17,25,936	2,12,89,986
Royalty	3,68,27,654	2,75,35,113
Provision for Doubtful Receivables (Net)	-	50,05,326
Bad Debts written off	-	2,98,765
	-	53,04,091
Provision for Warranty (Net) (Refer Note 33)	-	1,61,62,647
Group Management Fees	3,29,34,470	52,65,393
Net Loss on Foreign Currency Transactions and Translations	31,14,761	22,95,839
Loss on Sale of Fixed Assets (Net)	-	1,53,872
Contribution towards Corporate Social Responsibility activities (Refer Note 38)	55,00,000	42,00,000
Miscellaneous Expenses	7,16,88,715	7,60,04,440
	32,99,74,473	29,31,41,555

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

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Reinstatement with backwages claimed by worker. Also, include claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit.	47,68,164	4,08,535
Disallowance of Voluntary Retirement Scheme (VRS) expenditure by tax authorities.	3,80,731	49,97,065
Capital gain on sale of assets considered as Short Term Gain by tax authorities.	43,47,988	14,44,676
Disallowance of interest on income tax by tax authorities.	1,08,391	-
Classification of Service Tax on business auxiliary services challenged by tax authorities.	4,44,777	4,44,777
Non reversal of Cenvat on input capital goods sold challenged by tax authorities.	1,04,681	26,75,620
Service Tax credit taken on Sales Commission paid disallowed by tax authorities.	10,93,900	10,93,900
Total	1,12,48,632	1,10,64,573

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

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2017 is Rs. Nil (Previous Year Rs. 33,827,217).

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

Particulars	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
Raw Materials	45,42,17,700	45,17,60,672
Components Stores and Spares	68,94,345	31,42,983
Capital Goods	2,46,00,686	25,34,946
Traded Goods	11,80,55,026	9,37,22,191

b) Expenditure in foreign currency and earnings in foreign Currency

Particulars	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
i) Expenditure in foreign currency		
Finder Fees / Commission	44,52,634	43,36,146
Erection and Commissioning charges	40,37,489	60,81,453
Management Fees	3,29,34,470	52,65,393
Bank Charges	73,786	12,97,928
Testing and Technical Expenses	-	3,03,160
Travelling Expenses	97,099	64,243
Warranty Expenses	75,75,432	80,52,615
Royalty	3,68,27,654	2,75,35,113
Others	18,07,713	5,19,818
ii) Earnings in foreign currency		
Export of goods and services calculated on F.O.B. basis	16,08,95,604	15,84,53,089
Commission Income	1,41,81,271	1,65,81,906
Others	10,01,190	1,71,897

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

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Amount remitted (Rupees)	4,59,97,087	4,30,29,533
Dividend related to financial year	December 31, 2016	December 31, 2015
Number of non-resident shareholders	1	1
Number of shares	14,83,777	14,83,777

31) Earnings per share

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit Attributable to equity shareholders	25,59,85,471	22,39,45,482
Weighted average number of equity shares (Nos.)	20,88,016	20,88,016
Nominal value of an equity share	10	10
Earnings Per Share (Basic and Diluted)	122.60	107.25

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
SPGPrints B.V.	Holding Company
SPGPrints Group B.V.	Holding Company of SPGPrints B.V.
Print II B.V.	Ultimate Holding Company
Atul Sugar Screens Private Limited	Wholly-owned Subsidiary

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

- SPGPrints Printing Systems Wuxi Co Ltd.
- SPGPrints Mexico S.A. De C.V.
- SPGPrints Austria GMBH
- Shandong Tongda Printing Systems Co. Ltd.
- Veco B.V.
- SPGPrints Brasil Ltda.

III. Key Management Personnel:

Mr. Shailesh Wani	Managing Director
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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	Year ended December	Year ended December	Year ended December	Year ended December	Year ended December	Year ended December	Year ended December
	31, 2017	31, 2016	31, 2017	31, 2016	31, 2017	31, 2016	31, 2017	31, 2016
Sale of Products								
SPGPrints B.V.	79,27,125	71,43,655	-	-	-	-	79,27,125	71,43,655
Shandong Tongda Printing Systems Co. Ltd	-	-	3,55,356	-	-	-	3,55,356	-
SPG Prints Mexico, S.A. de C.V.	-	-	51,291	-	-	-	51,291	-
Atul Sugar Screens Private Limited	12,85,67,625	10,07,17,127	-	-	-	-	12,85,67,625	10,07,17,127
Sub - Total	13,64,94,750	10,78,60,782	4,06,647	-	-	-	13,69,01,397	10,78,60,782
Sale of Services								
SPGPrints B.V.	1,28,37,025	91,247	-	-	-	-	1,28,37,025	91,247
SPGPrints Austria GMBH	-	-	-	25,16,619	-	-	-	25,16,619
Sub - Total	1,28,37,025	91,247	-	25,16,619	-	-	1,28,37,025	26,07,866
Purchase of Raw Material and Components								
SPGPrints B.V.	14,45,23,857	16,65,77,585	-	-	-	-	14,45,23,857	16,65,77,585
Veco B.V.	-	-	44,16,648	42,16,445	-	-	44,16,648	42,16,445
SPGPrints Austria GMBH	-	-	34,45,960	-	-	-	34,45,960	-
Spg Prints Brasil Ltda	-	-	4,04,79,794	5,44,42,630	-	-	4,04,79,794	5,44,42,630
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	2,29,200	5,65,562	-	-	2,29,200	5,65,562
Sub - Total	14,45,23,857	16,65,77,585	4,85,71,602	5,92,24,637	-	-	19,30,95,459	22,58,02,222
Purchase of Fixed Assets								
SPGPrints B.V.	1,79,87,488	9,11,334	-	-	-	-	1,79,87,488	9,11,334
Veco B.V.	-	-	-	8,87,189	-	-	-	8,87,189
Sub - Total	1,79,87,488	9,11,334	-	8,87,189	-	-	1,79,87,488	17,98,523
Expenses Recovered from other companies								
SPGPrints B.V.	14,71,803	7,42,971	-	-	-	-	14,71,803	7,42,971
SPGPrints Austria GMBH	-	-	17,60,799	1,59,986	-	-	17,60,799	1,59,986
Sub - Total	14,71,803	7,42,971	17,60,799	1,59,986	-	-	32,32,602	9,02,957
Remuneration								
Mr. Shailesh C Wani	-	-	-	-	1,56,13,487	1,41,41,695	1,56,13,487	1,41,41,695
Sub - Total	-	-	-	-	1,56,13,487	1,41,41,695	1,56,13,487	1,41,41,695
Purchase of Services								
SPGPrints B.V.	7,29,610	32,37,107	-	-	-	-	7,29,610	32,37,107
Spg Prints Brasil Ltda	-	-	5,68,844	16,05,257	-	-	5,68,844	16,05,257
SPG Prints Mexico S.A. De C.V	-	-	3,64,464	5,64,412	-	-	3,64,464	5,64,412
Sub - Total	7,29,610	32,37,107	9,33,308	21,69,669	-	-	16,62,918	54,06,776
Expenses Charged by other companies								
SPGPrints B.V.	4,15,85,754	55,05,859	-	-	-	-	4,15,85,754	55,05,859
Sub - Total	4,15,85,754	55,05,859	-	-	-	-	4,15,85,754	55,05,859
Commission Expense								
SPG Prints Mexico S.A. De C.V	-	-	-	13,59,000	-	-	-	13,59,000
Sub - Total	-	-	-	13,59,000	-	-	-	13,59,000
Royalty Expense								
SPGPrints B.V.	2,74,77,893	2,03,17,395	-	-	-	-	2,74,77,893	2,03,17,395
Veco B.V.	-	-	93,49,761	72,17,718	-	-	93,49,761	72,17,718
Sub - Total	2,74,77,893	2,03,17,395	93,49,761	72,17,718	-	-	3,68,27,654	2,75,35,113
Dividend Paid								
SPGPrints B.V.	4,59,97,087	4,30,29,533	-	-	-	-	4,59,97,087	4,30,29,533
Sub - Total	4,59,97,087	4,30,29,533	-	-	-	-	4,59,97,087	4,30,29,533
Commission Received								
SPGPrints B.V.	7,41,885	16,04,698	-	-	-	-	7,41,885	16,04,698
SPGPrints Austria GMBH	-	-	1,34,39,386	1,49,77,208	-	-	1,34,39,386	1,49,77,208
Sub - Total	7,41,885	16,04,698	1,34,39,386	1,49,77,208	-	-	1,41,81,271	1,65,81,906
Balance payable at the year-end								
SPGPrints B.V.	2,58,29,435	3,92,05,388	-	-	-	-	2,58,29,435	3,92,05,388
SPGPrints Printing Systems Wuxi Co Ltd.	-	-	-	14,40,763	-	-	-	14,40,763
SPG Prints Mexico S.A. De C.V	-	-	-	18,70,635	-	-	-	18,70,635
Spg Prints Brasil Ltda	-	-	5,66,716	-	-	-	5,66,716	-
Veco B.V.	-	-	93,52,877	67,15,083	-	-	93,52,877	67,15,083
Remuneration Payable to Shailesh Wani	-	-	-	-	1,98,444	1,79,333	1,98,444	1,79,333
Sub - Total	2,58,29,435	3,92,05,388	99,19,593	1,00,26,481	1,98,444	1,79,333	3,59,47,472	4,94,11,202
Balance receivable at the year-end								
SPGPrints B.V.	17,69,793	19,25,514	-	-	-	-	17,69,793	19,25,514
SPGPrints Austria GMBH	-	-	56,50,917	40,42,123	-	-	56,50,917	40,42,123
Atul Sugar Screens Private Limited	6,19,82,870	4,61,01,937	-	-	-	-	6,19,82,870	4,61,01,937
Sub - Total	6,37,52,663	4,80,27,451	56,50,917	40,42,123	-	-	6,94,03,580	5,20,69,574

NOTES TO THE FINANCIAL STATEMENTS

33) Provision for Warranty

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

Particulars	For the year ended December 31, 2017 (₹)	For the year ended December 31, 2016 (₹)
Opening Balance	2,51,34,167	89,71,520
Additions during the Year	1,97,93,240	2,21,21,431
Deletions during the year	2,09,23,634	59,58,784
Closing Balance	2,40,03,773	2,51,34,167

34) Research and Development Expenses

Particulars	For the year ended December 31, 2017 (₹)	For the year ended December 31, 2016 (₹)
Revenue Expenditure	34,66,906	54,03,225
Total	34,66,906	54,03,225

35) Derivative Instruments and Unhedged Foreign Currency Exposures

a) Hedge of Payables:

Particulars	Purpose	Foreign Currency Denomination	Foreign Currency Amount	Amount (₹)
Forward Contract to Purchase USD	Hedge of Payables	USD	4,00,000	2,59,90,000
			-	-

b) Particulars of Unhedged Foreign Currency Exposures:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (₹)
Trade Receivables	EURO	1,55,883 (83,324)	1,19,07,933 (59,67,637)
	USD	2,27,579 (4,858)	1,45,49,150 (3,30,101)
Short-term Loans and Advances	EURO	124 (7,310)	9,472 (5,23,577)
	USD	- (11,544)	- (7,84,415)
Trade Payables	EURO	4,91,353 (6,07,072)	3,75,34,433 (4,34,78,480)
	USD	42,996 (1,02,354)	27,48,734 (69,54,967)
Other Current Liabilities	EURO	952 (70,000)	72,723 (50,13,400)
	USD	1,155 (8,687)	73,844 (5,90,275)

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

NOTES TO THE FINANCIAL STATEMENTS

36) Segment Reporting

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2017					For the year ended December 31, 2016				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue										
External Sales and Services (Net)	1,76,94,20,083	9,71,70,322	23,42,24,357	-	2,10,08,14,762	1,60,80,91,924	8,75,82,875	18,94,59,297	-	1,88,51,34,096
Total Revenue	1,76,94,20,083	9,71,70,322	23,42,24,357	-	2,10,08,14,762	1,60,80,91,924	8,75,82,875	18,94,59,297	-	1,88,51,34,096
Results										
Segment result	39,91,23,757	4,46,19,710	96,12,309	-	45,33,55,776	33,52,52,227	3,44,86,505	(1,00,76,640)	-	35,96,60,092
Interest Income net of expense	(3,79,600)	-	(31,032)	1,80,83,128	1,76,72,496	(16,05,984)	-	(12,760)	2,33,04,880	2,16,86,136
Unallocated Expenditure net of unallocated income	-	-	-	(7,85,29,966)	(7,85,29,966)	-	-	-	(4,15,63,133)	(4,15,63,133)
Profit before tax	39,87,44,157	4,46,19,710	95,81,277	(6,04,46,838)	39,24,98,306	33,36,46,243	3,44,86,505	(1,00,91,400)	(1,82,58,253)	33,97,83,095
Other Information										
Segment Assets	76,18,13,441	3,14,14,501	20,75,02,120	51,74,22,645	1,51,81,52,707	65,29,03,470	3,35,82,081	22,28,98,802	51,24,67,451	1,42,18,51,804
Segment Liabilities	21,14,32,355	71,47,159	78,59,746	18,10,03,626	40,74,42,886	32,63,46,246	53,17,757	1,46,84,537	22,07,78,914	56,71,27,454
Capital Expenditure	10,47,63,344	-	18,46,584	3,64,69,429	14,30,79,357	7,72,80,039	15,36,969	12,96,125	1,04,75,770	9,05,88,903
Depreciation	2,27,46,953	18,21,604	2,78,61,594	73,77,057	5,98,07,208	1,67,59,017	17,07,836	2,77,51,782	50,34,868	5,12,53,503

b) Information of Geographical Segments:

Particulars	December 31, 2017			December 31, 2016		
	India	Outside India	Total	India	Outside India	Total
Revenue for the year ended	1,92,57,37,887	17,50,76,875	2,10,08,14,762	1,71,00,99,101	17,50,34,995	1,88,51,34,096
Carrying amount of segment assets as at	1,49,16,86,152	2,64,66,555	1,51,81,52,707	1,41,42,46,074	76,05,730	1,42,18,51,804
Capital Expenditure incurred during the year ended	14,30,79,357	-	14,30,79,357	9,05,88,903	-	9,05,88,903

NOTES TO THE FINANCIAL STATEMENTS

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, Lacquer & Auxiliary Chemicals, Rotary Screen Printing Machine, Engraving Equipment, Components and Spares, Digital Ink
Graphics Product	Anilox Rollers, Rotamesh screens and RotaPlate
Galvanic	Galvano consumables

37) Leases

Operating Lease : As a Lessor

The Company has given Land and Building on operating lease. This lease arrangement is for a period of 7 years and it is non-cancellable. This lease is renewable for the further period on mutually agreeable terms:

The future minimum lease payments to be received are as follows:

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Not later than one year	58,02,630	1,16,05,260
Later than one year and not later than five years	-	58,02,630
Later than five years	-	-

Operating Lease : As a Lessee

The Company has entered into cancellable lease agreements for premises for a period of one year. The lease rentals aggregating Rs. 1,682,160 (Previous Year Rs. 1,681,800) have been included under the head "Other Expenses" Note 27 "Rent" of Statement of Profit and Loss.

38) Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
(a) Gross amount required to be spent by the company	54,71,942	41,82,197
(b) Amount spent :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	55,00,000	42,00,000

39) Board of Directors have recommended the final dividend of Rs. 36 per equity share having face value of Rs. 10 each (360 %) for the financial year ended December 31, 2017, subject to approval of the Members.

40) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes forming part of the financial statements.

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

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

Sd/-
Paras Mehta
Chief Financial Officer

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

Sd/-
Varsha Adhikari
Company Secretary

Place : Ahmedabad
Date : March 1, 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STOVEC INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **STOVEC INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st December, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st December, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Group for the year ended 31st December, 2016 prepared in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013

included in these consolidated financial statements have been audited by predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 23rd February, 2017 expressed an unmodified opinion.

Our opinion on the consolidated financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st December, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st December, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's report of the Holding company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

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

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

Place: Ahmedabad
Date: March 1, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of Stovec Industries Limited (hereinafter referred to as "the Holding Company"), as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sd/-

Kartikeya Raval

(Partner)

(Membership No. 106189)

Place: Ahmedabad

Date: March 1, 2018

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

	Note	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
<u>EQUITY AND LIABILITIES</u>			
Shareholders' funds			
Share capital	4	20,880,160	20,880,160
Reserves and surplus	5	1,14,74,88,115	87,82,66,878
		<u>1,16,83,68,275</u>	<u>89,91,47,038</u>
Non-current liabilities			
Deferred tax liabilities (Net)	6	89,02,425	87,56,014
Other long-term liabilities	7	67,64,223	1,14,25,067
Long-term provisions	8	1,08,11,068	86,83,466
		<u>2,64,77,716</u>	<u>2,88,64,547</u>
Current liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	9	18,48,904	27,28,634
- total outstanding dues of creditors other than micro enterprises and small enterprises	9	29,44,70,150	26,96,05,829
Other current liabilities	10	7,93,92,139	18,00,25,274
Short-term provisions	11	2,87,60,996	10,58,02,085
		<u>40,44,72,189</u>	<u>55,81,61,822</u>
		<u>1,59,93,18,180</u>	<u>1,48,61,73,407</u>
<u>ASSETS</u>			
Non-current assets			
Fixed Assets			
Tangible assets	12	34,72,34,251	19,42,76,593
Intangible assets	12	2,68,29,203	4,22,77,914
Capital work-in-progress		48,33,871	5,99,04,999
		<u>37,88,97,325</u>	<u>29,64,59,506</u>
Non-current investments	13	1,36,92,439	1,05,86,354
Long-term loans and advances	14	1,75,26,379	1,93,89,948
Other non-current assets	15	4,75,89,299	16,39,24,139
		<u>45,77,05,442</u>	<u>49,03,59,947</u>
Current assets			
Inventories	16	33,64,61,262	38,33,60,285
Trade receivables	17	32,09,17,475	24,91,89,356
Cash and Bank Balances	18	41,57,48,158	27,03,64,764
Short-term loans and advances	19	5,51,50,917	7,39,91,723
Other current assets	20	1,33,34,926	1,89,07,332
		<u>1,14,16,12,738</u>	<u>99,58,13,460</u>
		<u>1,59,93,18,180</u>	<u>1,48,61,73,407</u>
Statement of significant accounting policies	3		

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered AccountantsSd/-
Kartikeya Raval
PartnerPlace : Ahmedabad
Date : March 1, 2018For and on behalf of the Board of Directors
Stovec Industries LimitedSd/-
K. M. Thanawalla
Chairman
(DIN: 00201749)Sd/-
Paras Mehta
Chief Financial OfficerPlace : Ahmedabad
Date : March 1, 2018Sd/-
Shailesh Wani
Managing Director
(DIN: 06474766)Sd/-
Varsha Adhikari
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
<u>INCOME</u>			
Revenue from operations (gross)	21	2,20,99,89,921	2,11,10,83,387
Less: Excise Duty		8,03,29,078	16,46,49,225
Revenue from operations (net)		2,12,96,60,843	1,94,64,34,162
Other Income	22	4,06,78,225	4,02,09,275
		2,17,03,39,068	1,98,66,43,437
<u>EXPENDITURE</u>			
Cost of materials consumed	23	95,10,58,397	1,00,81,30,206
Purchase of stock-in-trade	24	15,57,69,764	12,70,28,285
Changes in Inventories of Finished Goods, Work-in-Progress and stock-in-trade	25	3,07,36,842	(6,68,77,146)
Employee benefits expense	26	20,37,43,134	16,95,76,339
Finance costs	27	16,02,773	35,96,953
Depreciation and amortisation expense	12	6,05,15,019	5,20,13,543
Other expenses	28	35,29,25,393	31,53,24,981
Total expenses		1,75,63,51,322	1,60,87,93,161
Profit Before Tax		41,39,87,746	37,78,50,276
<u>Tax Expenses</u>			
- Current Tax		14,55,25,957	13,30,26,513
- (Excess) / Short provision of income tax of earlier years (Net)		(9,05,860)	3,76,362
- Deferred Tax		1,46,412	(50,01,461)
		14,47,66,509	12,84,01,414
Profit for the year		26,92,21,237	24,94,48,862
Earnings Per Share (Refer Note 30)			
Basic and Diluted Earnings Per Share (in ₹)		128.94	119.47

Statement of significant accounting policies 3

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

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

Place : Ahmedabad
Date : March 1, 2018

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

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

Sd/-
Paras Mehta
Chief Financial Officer

Place : Ahmedabad
Date : March 1, 2018

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

Sd/-
Varsha Adhikari
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	41,39,87,746	37,78,50,276
<u>Adjustments for:</u>		
Depreciation / Amortisation	6,05,15,019	5,20,13,543
Finance Cost	16,02,773	35,96,953
Interest Income	(2,12,58,175)	(2,54,18,917)
Unrealised Foreign Exchange Loss	8,50,250	90,558
Loss / (Gain) on sale of assets	(16,763)	1,53,872
Provision for Other Liabilities	24,18,463	20,63,927
Provision for doubtful trade and other receivables, loans and advances	-	50,05,326
Provision for Warranty	-	1,61,62,647
Liabilities / Provisions no longer required written back	(55,07,027)	-
Operating Profit Before Working Capital Changes	45,25,92,286	43,15,18,185
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) / Decrease In Inventories	4,68,99,023	(8,20,44,805)
(Increase) / Decrease In Other non-current assets	(95,24,904)	(6,90,256)
(Increase) / Decrease In Long term loans and advances	2,82,856	(6,14,041)
(Increase) / Decrease In Trade receivables	(6,88,79,945)	3,24,20,790
(Increase) / Decrease In Short term Loans and Advances	1,88,40,806	(94,21,194)
(Increase) In Other current assets	(3,97,925)	(63,63,023)
(Decrease) / Increase In Trade and Other Payables	(6,23,11,260)	5,34,18,591
Cash Generated From Operations	37,75,00,937	41,82,24,247
Direct Taxes Refund / (Paid) (Net)	(14,30,39,384)	(14,12,77,454)
A. Net Cash From Operating Activities	23,44,61,553	27,69,46,793
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(16,10,40,122)	(7,33,98,249)
Proceeds from Sale of Fixed Assets	3,20,599	3,26,709
Purchase of Non-Current Investments	(31,06,085)	(1,05,83,354)
Investment in Fixed Deposits	5,03,57,424	(13,05,25,872)
Interest Income	2,72,28,506	1,98,63,039
B. Net Cash Generated / (Used In) Investing Activities	(8,62,39,678)	(19,43,17,727)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid	(6,47,28,496)	(6,05,52,464)
Dividend Tax Paid	(1,31,78,722)	(1,23,28,482)
Interest Expense	(16,02,773)	(35,96,953)
C. Net Cash (Used In) Financing Activities	(7,95,09,991)	(7,64,77,899)
Net Increase in cash and cash equivalents (A+B+C)	6,87,11,884	61,51,167
Cash and Cash Equivalents as at the beginning of the year	10,44,63,034	9,83,11,867
Add : Cash and Cash Equivalents transfer upon acquisition of Subsidiary	-	-
Cash and Cash Equivalents as at the end of the year	17,31,74,918	10,44,63,034
Cash and Cash Equivalents at the end of the year comprise :		
Cash on hand	1,69,638	3,53,359
Cheques on hand	1,15,45,390	-
Bank Balances :		
- In Current Accounts	8,99,59,890	6,91,09,675
- Deposits with maturity less than 3 months	7,15,00,000	3,50,00,000
Cash and Cash Equivalents (Refer Note 18)	17,31,74,918	10,44,63,034

Note :

- 1 The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements".

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sd/-
Kartikeya Raval
Partner

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

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

Sd/-
Paras Mehta
Chief Financial Officer

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

Sd/-
Varsha Adhikari
Company Secretary

Place : Ahmedabad
Date : March 1, 2018

Place : Ahmedabad
Date : March 1, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Group Information:

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

The Consolidated Financial Statements of the Company comprise the financial statements of the holding company Stovec Industries Limited and its subsidiary as mentioned in 2 (e) below (together referred to as "Group").

2) Principles of Consolidation:

- a) The Consolidated Financial Statements include the Financial Statements of Stovec Industries Limited, the parent Company and its wholly owned subsidiary company viz., Atul Sugar Screens Private Limited.
- b) The Consolidated Financial Statements are prepared in accordance with Accounting Standard – 21 'Consolidated Financial Statements'.
- c) The Financial Statements of the parent Company and its subsidiary company have been combined on a line-by-line basis by adding together values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and resulting unrealized profits or losses.
- d) The Consolidated Financial Statements are prepared by using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as Standalone Financial Statements of the parent Company.
- e) The Subsidiary company which is included in the Consolidation and the Company's holdings therein are as under:

Name of the Company	Ownership in %	Country of Incorporation
Atul Sugar Screens Private Limited	100	India

The financial statements of the Subsidiary are drawn upto the same reporting date as that of the Company i.e. 31st December 2017.

3) Statement of significant accounting policies

a) Basis of preparation of financial statements

The consolidated financial statements of the Company and its Subsidiary have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c) Inventories

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

- i) Cost of raw materials, packing materials, stores, spares and tools 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.
- iii) Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

f) Revenue Recognition

i) Sale of Goods and Services

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

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

Cost incurred during the pendency of the contract is carried forward as job in progress at lower of cost and net realisable amounts.

ii) Other Revenue

Commission income is recognised and accounted on accrual basis.

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

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

Lease rental income is recognised on accrual basis.

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

g) Depreciation / Amortisation

Tangible Assets

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

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

Intangible Assets

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

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

h) Fixed Assets

Tangible Assets

Fixed assets are stated at historical cost less depreciation / amortisation and impairment losses, if any. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

i) Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on settlement / restatement of all monetary items are recognised in the Statement of Profit and Loss.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

j) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Cost of investments includes acquisition charges such as brokerage, fees and duties.

k) Employee Benefits

i) Short Term Employee Benefits:

The employees of the Group are entitled to leave encashment as per the leave policy of the Group. 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 Group has Defined Contribution plans for post employment benefits namely Provident Fund. The Group contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution. The Group 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 Group's fixed contributions to these funds are charged to Statement of Profit and Loss.

Defined Benefit Plans

The Group has Defined Benefit Plan comprising of Gratuity and Leave Encashment. The Group 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.

l) Research and Development Expenditure

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

m) Segment reporting

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

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

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

n) Operating Leases

As a lessee:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As a lessor:

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

o) Earnings Per Share

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

p) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year for each of the entities in the Group as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

q) 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.

r) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

s) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past events, 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 for (i) when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or (ii) a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
4) Share Capital		
Authorised:		
2,900,000 (December 31, 2016: 2,900,000)		
Equity Shares of ₹ 10/- each	2,90,00,000	2,90,00,000
10,000 (December 31, 2016: 10,000)		
Preference Shares of ₹ 100/- each	10,00,000	10,00,000
	3,00,00,000	3,00,00,000
Issued, Subscribed and Paid-up:		
2,088,016 (December 31, 2016: 2,088,016)		
Equity Shares of ₹ 10/- each fully paid-up	2,08,80,160	2,08,80,160
	2,08,80,160	2,08,80,160

a) Reconciliation of number of shares

Particulars	For the year ended December 31, 2017		For the year ended December 31, 2016	
	(No. of Shares)	(₹)	(No. of Shares)	(₹)
Balance at the beginning of the year	20,88,016	2,08,80,160	20,88,016	2,08,80,160
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	20,88,016	2,08,80,160	20,88,016	2,08,80,160

b) Rights, preferences and restrictions attached to shares

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

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

1,483,777 (December 31, 2016: 1,483,777)		
Equity shares of ₹ 10/- each fully paid up are held by SPGPrints B.V., The Netherlands, the Holding Company.	1,48,37,770	1,48,37,770

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
5) Reserves and Surplus		
Capital Reserve	3,46,115	3,46,115
Capital Redemption Reserve	3,50,000	3,50,000
Securities Premium Account	7,96,18,502	7,96,18,502
General Reserve		
At the beginning and at the end of the year	18,27,46,416	18,27,46,416
Surplus in Statement of Profit and Loss		
At the beginning of the year	61,52,05,845	44,36,64,201
Add : Profit for the year	26,92,21,237	24,94,48,862
	88,44,27,082	69,31,13,063
Less : Appropriations		
Proposed Dividend	-	6,47,28,496
Tax on Proposed Dividend	-	1,31,78,722
	-	7,79,07,218
At the end of the year	88,44,27,082	61,52,05,845
	1,14,74,88,115	87,82,66,878
6) Deferred Tax Liabilities (Net)		
Deferred tax liability		
(a) Depreciation	2,40,20,591	2,18,47,946
	2,40,20,591	2,18,47,946
Deferred tax assets		
(a) Provision for doubtful debts	3,31,935	19,50,818
(b) Provision for contingency	34,43,674	32,37,767
(c) Other timing differences allowable on payment basis	1,13,42,557	79,03,347
	1,51,18,166	1,30,91,932
	89,02,425	87,56,014
7) Other Long-term Liabilities		
Security Deposits	31,67,959	26,85,846
Other Indirect Tax Liabilities [Net off paid under protest Rs. Nil (Previous year Rs. 4,029,470)]	-	19,24,140
Other Liabilities	35,96,264	68,15,081
	67,64,223	1,14,25,067
8) Long-term Provisions		
Provision for Leave Encashment (Refer Note 26B III)	1,08,11,068	86,83,466
	1,08,11,068	86,83,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
9) Trade Payables		
a) Micro, Small and Medium Enterprises	18,48,904	27,28,634
b) Others	29,44,70,150	26,96,05,829
	29,63,19,054	27,23,34,463

The information below 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, 2017 (₹)	Year ended December 31, 2016 (₹)
a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	8,54,552	17,34,592
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	9,94,352	9,94,042
c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	1,91,515
d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	5,55,266	5,31,501
g) Further interest remaining due and payable for earlier years.	9,94,352	9,93,419

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
10) Other Current Liabilities		
Advances from Customers	2,50,79,848	10,65,53,915
Unpaid Dividend (See note below)	65,70,920	54,01,730
Statutory dues [including Provident Fund, Tax deducted at Source and net off paid under protest Rs. 4,029,470 (Previous year Rs. Nil)]	4,77,41,371	5,02,86,181
Creditors for Capital Goods	-	1,77,83,448

Note:

There is no amount due and outstanding as at December 31, 2017 to be credited to Investor Education and Protection Fund.

	7,93,92,139	18,00,25,274
11) Short-term Provisions		
Employee Benefits (Refer Note 26B)		
- Provision for Gratuity	17,44,224	5,32,062
- Provision for Leave Encashment	30,12,999	22,28,638
Provision for Warranty (Refer Note 32)	2,40,03,773	2,51,34,167
Proposed Dividend	-	6,47,28,496
Tax on Proposed Dividend	-	1,31,78,722
	2,87,60,996	10,58,02,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) Fixed Assets

Particulars		Gross Block (At Cost)				Depreciation / Amortisation				Net Block
	As at December 31, 2016	Additions during the year	Deletions during the year	As at December 31, 2017	Upto December 31, 2016	For the year	On Deletions	As at December 31, 2017	As at December 31, 2017	
Tangible Assets										
Own Assets										
Land- Freehold (Refer Note 1 below)	3,03,323	-	-	3,03,323	-	-	-	-	3,03,323	
Buildings	4,11,30,197	6,40,64,183	3,88,947	10,48,05,433	1,67,25,392	27,75,578	3,70,291	1,91,30,679	8,56,74,754	
Plant and Equipment	27,78,36,317	10,85,84,862	8,31,653	38,55,89,526	13,08,05,882	3,33,21,911	6,47,925	16,34,79,868	22,21,09,658	
Computers	1,77,87,089	30,42,738	4,76,656	2,03,53,171	96,14,124	27,43,656	4,42,150	1,19,15,630	84,37,541	
Furniture and Fixtures	1,40,57,549	97,28,398	5,87,144	2,31,98,803	1,10,81,480	13,35,383	5,67,654	1,18,49,209	1,13,49,594	
Office Equipments, Air Conditioners and Cooler etc.	74,68,447	92,48,656	8,64,532	1,58,52,571	39,09,879	15,00,140	8,17,076	45,92,943	1,12,59,628	
Vehicles	54,84,294	12,23,298	-	67,07,592	32,83,739	4,33,552	-	37,17,291	29,90,301	
Assets given on Operating Lease										
Land- Freehold (Refer Note 1 below)	1,65,737	-	-	1,65,737	-	-	-	-	1,65,737	
Buildings	1,95,20,044	-	-	1,95,20,044	1,40,55,908	5,20,421	-	1,45,76,329	49,43,715	
Sub-Total (A)	38,37,52,997	19,58,92,135	31,48,932	57,64,96,200	18,94,76,404	4,26,30,641	28,45,096	22,92,61,949	34,72,34,251	
Intangible Assets										
Goodwill	1,05,000	-	-	1,05,000	1,05,000	-	-	1,05,000	-	
Trademark	3,93,84,800	-	-	3,93,84,800	2,04,12,337	78,76,960	-	2,82,89,297	1,10,95,503	
Technical/Commercial Know-how and Non-compete Fees	6,54,15,836	-	-	6,54,15,836	4,59,99,190	80,62,160	-	5,40,61,350	1,13,54,486	
Computer Software	1,43,44,465	24,35,667	-	1,67,80,132	1,04,55,660	19,45,258	-	1,24,00,918	43,79,214	
Sub-Total (B)	11,92,50,101	24,35,667	-	12,16,85,768	7,69,72,187	1,78,84,378	-	9,48,56,565	2,68,29,203	
Total (A+B)	50,30,03,098	19,83,27,802	31,48,932	69,81,81,968	26,64,48,591	6,05,15,019	28,45,096	32,41,18,514	37,40,63,454	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) Fixed Assets

Particulars	Gross Block (At Cost)					Depreciation / Amortisation			Net Block	
	As at December 31, 2015	Additions during the year	Deletions during the year	As at December 31, 2016	Upto December 31, 2015	For the year	On Deletions	As at December 31, 2016	As at December 31, 2016	
Tangible Assets										
Own Assets										
Land- Freehold (Refer Note 1 below)	3,03,323	-	-	3,03,323	-	-	-	-	-	3,03,323
Buildings	4,02,25,094	9,05,103	-	4,11,30,197	1,52,39,446	14,85,946	-	1,67,25,392	2,44,04,805	
Plant and Equipment	25,89,48,840	2,19,23,032	30,35,555	27,78,36,317	10,54,40,693	2,81,13,499	27,48,310	13,08,05,882	14,70,30,435	
Computers	1,29,10,495	49,23,949	47,355	1,77,87,089	76,02,908	20,56,202	44,987	96,14,123	81,72,966	
Furniture and Fixtures	1,38,98,549	1,59,000	-	1,40,57,549	98,74,939	12,06,542	-	1,10,81,481	29,76,068	
Office Equipments, Air Conditioners and Cooler etc.	60,98,532	21,00,576	7,30,661	74,68,447	38,34,530	6,15,042	5,39,693	39,09,879	35,58,568	
Vehicles	54,84,294	-	-	54,84,294	28,81,635	4,02,104	-	32,83,739	22,00,555	
Assets given on Operating Lease										
Land- Freehold (Refer Note 1 below)	1,65,737	-	-	1,65,737	-	-	-	-	1,65,737	
Buildings	1,95,20,044	-	-	1,95,20,044	1,35,34,063	5,21,845	-	1,40,55,908	54,64,136	
Sub-Total (A)	35,75,54,908	3,00,11,660	38,13,571	38,37,52,997	15,84,08,214	3,44,01,180	33,32,990	18,94,76,404	19,42,76,593	
Intangible Assets										
Goodwill	1,05,000	-	-	1,05,000	1,05,000	-	-	1,05,000	-	
Trademark	3,93,84,800	-	-	3,93,84,800	1,25,35,377	78,76,960	-	2,04,12,337	1,89,72,463	
Technical/Commercial Know-how and Non-compete Fees	6,54,15,836	-	-	6,54,15,836	3,79,36,146	80,63,044	-	4,59,99,190	1,94,16,646	
Computer Software	1,09,35,689	34,08,776	-	1,43,44,465	87,83,301	16,72,359	-	1,04,55,660	38,88,805	
Sub-Total (B)	11,58,41,325	34,08,776	-	11,92,50,101	5,93,59,824	1,76,12,363	-	7,69,72,187	4,22,77,914	
Total (A+B)	47,33,96,233	3,34,20,436	38,13,571	50,30,03,098	21,77,68,038	5,20,13,543	33,32,990	26,64,48,591	23,65,54,507	

Note :

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
13) Non-current Investments		
(Long Term, Non Trade and Unquoted)		
Investment in Equity Shares*		
30 Shares (Previous Year 30 Shares) of Rs. 100/- each fully paid-up of Gujarat Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
*Aggregate amount of Unquoted investment Rs. 3,000 (Previous Year Rs. 3,000)		
(Long Term, Trade and Quoted)		
Investment in Equity Shares **		
173,107 Shares (Previous Year 134,872) of Re. 1/- each fully paid-up of Jaysynth Dyestuff (India) Ltd.	1,36,89,439	1,05,83,354
** Aggregate Market value of Shares as at December 31, 2017 is Rs. 12,896,472 (Previous Year Rs. 10,998,812).		
	1,36,92,439	1,05,86,354
14) Long-term Loans and Advances		
(Unsecured, Considered Good)		
Balances with Government Authorities	2,36,090	2,56,007
Sundry Deposits	88,69,983	91,32,922
Advance Tax and Tax Deducted at Source [Net of Provision Rs. 689,121,979 (Previous Year Rs. 544,224,748)]	84,20,306	1,00,01,019
	1,75,26,379	1,93,89,948
15) Other Non-current Assets		
(Unsecured, Considered Good)		
Margin Money Deposit	1,51,43,171	56,18,267
Long term deposits with banks with maturity period more than 12 months	3,24,46,128	15,83,05,872
	4,75,89,299	16,39,24,139
16) Inventories		
(At lower of cost and net realisable value)		
Raw Materials	15,83,10,109	16,72,37,703
[Includes Goods-in-transit Rs. 2,834,294 (Previous Year Rs. 9,422,787)]		
Packing Material, Stores, Spares and Tools	1,71,99,572	1,02,87,271
Work -in-Process	5,47,29,079	5,29,15,127
Finished Goods	7,37,01,898	12,86,94,297
Traded Goods	3,25,20,604	2,42,25,887
	33,64,61,262	38,33,60,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
17) Trade Receivables		
(Unsecured)		
Outstanding for a period exceeding Six Months from the date they are due for payment		
- Considered Good	66,47,619	29,98,990
- Considered Doubtful	13,14,114	59,19,238
	<u>79,61,733</u>	<u>89,18,228</u>
Others Considered Good		
- From Related Parties	74,20,710	59,67,637
- From Others	30,68,49,146	24,02,22,729
	<u>31,42,69,856</u>	<u>24,61,90,366</u>
Less: Provision for Doubtful Receivables	13,14,114	59,19,238
	<u>32,09,17,475</u>	<u>24,91,89,356</u>
18) Cash and Bank Balances		
A. Cash and Cash Equivalents :		
Cash on hand	1,69,638	3,53,359
Cheques on hand	1,15,45,390	-
Bank Balances :		
- In Current Accounts	8,99,59,890	6,91,09,675
- Deposits with maturity less than 3 months	7,15,00,000	3,50,00,000
	<u>17,31,74,918</u>	<u>10,44,63,034</u>
B. Other Bank Balances		
Deposits with maturity more than 3 months but less than 12 months	23,60,02,320	16,05,00,000
Unpaid Dividend Accounts	65,70,920	54,01,730
	<u>24,25,73,240</u>	<u>16,59,01,730</u>
	<u>41,57,48,158</u>	<u>27,03,64,764</u>
19) Short-term Loans and Advances		
(Unsecured and Considered Good)		
Advances for Goods and Services	1,01,68,019	1,36,45,033
Prepaid Expenses	28,85,178	38,07,210
Balance with Government Authorities	4,20,97,720	5,65,39,480
	<u>5,51,50,917</u>	<u>7,39,91,723</u>
20) Other Current Assets		
Interest Accrued but not Due		
- on Deposits	65,73,978	1,25,44,309
Export Incentives Receivables	67,60,948	63,63,023
	<u>1,33,34,926</u>	<u>1,89,07,332</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
21) Revenue from operations		
Sales and Services	2,18,99,19,097	2,08,77,64,588
Other Operating Income :		
Commission Income	1,41,81,271	1,65,81,906
Export Incentives	58,89,553	67,36,893
	2,20,99,89,921	2,11,10,83,387
Less: Excise Duty (Refer Below Note 1)	8,03,29,078	16,46,49,225
	2,12,96,60,843	1,94,64,34,162

Note 1 : The Government of India has implemented Goods and Service Tax ("GST") from 1st July, 2017 replacing Excise Duty, Service Tax and various other indirect taxes. Revenue for the period up to 30th June, 2017 are inclusive of excise duty; however, revenue for the period 1st July, 2017 to 31st December, 2017 are shown net of GST. Hence, the gross revenue and excise duty numbers shown above are not comparable.

Details of Revenue from operations

a) Sales of Goods Manufactured :		
Perforated Rotary Screens and Textile Machines	1,46,05,21,179	1,30,59,88,402
Sugar sieves and segments	21,51,64,794	20,95,25,346
Other Manufacturing Scrap	26,63,42,938	24,90,48,555
	1,94,20,28,911	1,76,45,62,303
b) Sales of Traded Goods :		
Perforated Rotary Screens	12,98,37,842	11,89,59,417
Others	4,54,47,515	5,94,93,453
	17,52,85,357	17,84,52,870
c) Sale of Services	1,23,46,575	34,18,989
	1,23,46,575	34,18,989
	2,12,96,60,843	1,94,64,34,162

22) Other income

Interest on :		
- Deposits	2,11,71,427	2,48,26,624
- Others	86,748	5,92,293
	2,12,58,175	2,54,18,917
Provision for Doubtful Receivables written back (Net)	46,05,124	-
Bad Debts written off	(2,28,491)	-
	43,76,633	-
Provision for Warranty (Net) (Refer Note 32)	11,30,394	-
Lease Rentals	1,16,05,260	1,16,05,260
Profit on Sale of Fixed Assets (Net)	16,763	-
Miscellaneous Income	22,91,000	31,85,098
	4,06,78,225	4,02,09,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
23) Cost of Materials Consumed		
Raw Materials and Components Consumed	93,14,05,539	99,10,65,364
Packing Materials Consumed	1,96,52,858	1,70,64,842
	95,10,58,397	1,00,81,30,206
24) Purchase of stock-in-trade		
Perforated Rotary Screens	11,43,27,619	7,87,17,235
Others	4,14,42,145	4,83,11,050
	15,57,69,764	12,70,28,285
25) Changes in inventories of finished Goods, work-in-progress and stock-in-trade		
<u>Opening Stock</u>		
- Work-in-process	5,29,15,127	6,31,03,344
- Finished Goods	12,86,94,297	3,84,90,824
- Traded Goods	2,42,25,887	3,07,70,013
	20,58,35,311	13,23,64,181
<u>Closing Stock</u>		
- Work-in-process	5,47,29,079	5,29,15,127
- Finished Goods	7,37,01,898	12,86,94,297
- Traded Goods	3,25,20,604	2,42,25,887
	16,09,51,581	20,58,35,311
Decrease / (Increase) in Stock	4,48,83,730	(7,34,71,130)
Increase/(Decrease) in Excise Duty on Finished Goods	(1,41,46,888)	65,93,984
	3,07,36,842	(6,68,77,146)
26) Employee benefits expense		
Salaries, Wages and Bonus	17,87,10,215	14,78,76,508
Contribution to Provident and Other Funds	50,04,608	39,53,505
Gratuity	29,88,221	31,84,097
Welfare Expenses	1,70,40,090	1,45,62,229
	20,37,43,134	16,95,76,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**26) 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, 2017 (₹)	Year ended December 31, 2016 (₹)
Employers' Contribution to Provident Fund and Employee's Pension Scheme*	43,88,792	35,55,798
Employers' Contribution to Employee's State Insurance*	6,11,052	3,92,023

* Included in Contribution to Provident and Other Funds Note 26A

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, 2017 (₹)	As at December 31, 2016 (₹)
Discount Rate (per annum)	7.67%	7.02%
Rate of increase in Compensation levels	7.00%	6.00%
Rate of Return on Plan Assets	7.67%	7.02%
Expected Weighted Average remaining working lives of employees (years)	21	21
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.

a. Changes in the Present Value of Defined Benefit Obligation

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Present value of obligation at the beginning of the year	1,35,56,733	1,21,75,815
Interest Cost	9,51,683	9,94,764
Current Service Cost	14,34,385	9,66,934
Benefits Paid	(17,76,059)	(25,02,884)
Actuarial (gain) / loss on obligations	17,08,698	19,22,104
Present value of obligation at the end of the year	1,58,75,440	1,35,56,733

b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Fair value of Plan Assets at the beginning of the year	1,30,24,671	1,23,24,966
Expected Return on Plan Assets	9,14,332	10,06,950
Actuarial Gains and (Loss) on Plan Assets	1,92,213	(3,07,245)
Contributions	-	-
Benefits Paid	-	-
Fair value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Present Value of funded obligation at the end of the year	1,58,75,440	1,35,56,733
Fair Value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671
Funded Status	1,41,31,216	1,30,24,671
Present Value of unfunded Obligation at the end of the year	17,44,224	5,32,062
Unfunded Net Assets / (Liability) Recognised in Balance Sheet*	(17,44,224)	(5,32,062)

*Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

d. Amount recognised in the Balance Sheet

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Present Value of Obligation at the end of the year	(1,58,75,440)	(1,35,56,733)
Fair Value of Plan Assets at the end of the year	1,41,31,216	1,30,24,671
Assets / (Liability) recognised in the Balance Sheet**	(17,44,224)	(5,32,062)

**Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.

e. Expenses recognised in the Statement of Profit and Loss

Particulars	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
Current Service Cost	14,34,385	9,66,934
Interest Cost	9,51,683	9,94,764
Expected Return on Plan Assets	(9,14,332)	(10,06,950)
Optra Premium and other taxes	-	-
Net actuarial (gain) / loss recognised in the Year	15,16,485	22,29,349
Total Expenses recognised in the Statement of Profit and Loss	29,88,221	31,84,097

f. Experience Adjustment

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
Defined Benefit Obligation	1,58,75,440	1,35,56,733	1,21,75,815	1,25,82,674	1,01,26,636
Plan Assets	1,41,31,216	1,30,24,671	1,23,24,966	1,19,07,880	1,05,11,638
(Surplus) / Deficit	17,44,224	5,32,062	(1,49,151)	6,74,794	(3,85,002)
Experience Adjustment on plan liabilities (gain)/loss	11,79,169	9,50,754	7,52,004	9,27,959	7,83,814
Experience Adjustment on plan assets gain/(loss)	1,92,213	(3,07,245)	(2,277)	(2,27,433)	2,28,415

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 CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Cash Accumulation Scheme with Life Insurance Corporation of India	91%	93%
Bank Balances	9%	7%

Details of Investments made by Life Insurance Corporation of India have not been received by the Company.

h. Expected employer's Contribution for next year is Rs. 3,585,788 (Previous Year Rs. 1,966,447) for gratuity.

III. The liability for leave encashment as at the year end is Rs. 13,824,067 (Previous Year Rs. 10,912,104).

	Year ended December 31, 2017 (₹)	Year ended December 31, 2016 (₹)
27) Finance costs		
Other Borrowing Costs	16,02,773	35,96,953
	16,02,773	35,96,953
28) Other expenses		
Consumption of Stores and Spares	1,60,00,914	1,29,86,644
Rent	26,66,960	22,79,600
Rates and Taxes	26,07,254	57,82,028
Power and Fuel	11,10,38,367	9,35,13,282
Repairs To :		
- Buildings	61,75,001	48,56,914
- Plant and Equipment	84,45,550	48,52,717
- Others	72,86,302	64,78,176
	2,19,06,853	1,61,87,807
Insurance	25,09,807	24,55,138
Auditors' Remuneration for :		
- Statutory Audit Fees	22,00,000	18,20,000
- Tax Audit Fees	4,00,000	5,11,995
- Others	7,00,000	12,75,000
- Out - of - Pocket Expenses	67,200	80,640
	33,67,200	36,87,635
Travelling and Conveyance	2,25,13,388	2,19,09,422
Royalty	3,68,27,654	2,75,35,113
Provision for Doubtful Receivables (Net)	-	50,78,792
Bad Debts written off	-	2,98,765
	-	53,77,557
Provision for Warranty (Net)	-	1,61,62,647
Group Management Fees	3,29,34,470	52,65,393
Net Loss on Foreign Currency Transactions and Translations	32,60,915	24,96,171
Loss on Sale of Fixed Assets (Net)	-	1,53,872
Contribution towards Corporate Social Responsibility activities	55,00,000	42,00,000
Miscellaneous Expenses	9,17,91,611	9,53,32,672
	35,29,25,393	31,53,24,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**29) a) Contingent Liabilities not provided for in respect of:**

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Reinstatement with backwages claimed by worker. Also, include claim filed by employees for claiming Voluntary Retirement Scheme (VRS) benefit.	47,68,164	4,08,535
Disallowance of Voluntary Retirement Scheme (VRS) expenditure by tax authorities.	3,80,731	49,97,065
Capital gain on sale of assets considered as Short Term Gain by tax authorities.	43,47,988	14,44,676
Disallowance of interest on income tax by tax authorities.	1,08,391	-
Classification of Service Tax on business auxiliary services challenged by tax authorities.	4,44,777	4,44,777
Non reversal of Cenvat on input capital goods sold challenged by tax authorities.	1,04,681	26,75,620
Service Tax credit taken on Sales Commission paid disallowed by tax authorities.	10,93,900	10,93,900
Total	1,12,48,632	1,10,64,573

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

b) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at December 31, 2017 is Rs. Nil (Previous Year Rs. 33,827,217).

30) Earnings per share

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit Attributable to equity shareholders	26,92,21,237	24,94,48,862
Weighted average number of equity shares (Nos.)	20,88,016	20,88,016
Nominal value of an equity share	10	10
Earnings Per Share (Basic and Diluted)	128.94	119.47

31) Related party disclosure:

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

I. Parties where control exists:

Related Party	Relationship
SPGPrints B.V.	Holding Company
SPGPrints Group B.V.	Holding Company of SPGPrints B.V.
Print II B.V.	Ultimate Holding Company

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

- SPGPrints Printing Systems Wuxi Co Ltd.
- SPGPrints Mexico S.A. De C.V.
- SPGPrints Austria GMBH
- Shandong Tongda Printing Systems Co. Ltd.
- Veco B.V.
- SPGPrints Brasil Ltda.

III. Key Management Personnel:**In Stovec Industries Limited**

Mr. Shailesh Wani	Managing Director
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In Atul Sugar Screens Private Limited

Mr. Sandeep Khot	Executive Director
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(IV) Transactions with related parties

(₹)

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
Sale of Products								
SPGPrints B.V.	79,27,125	71,43,655	-	-	-	-	79,27,125	71,43,655
Shandong Tongda Printing Systems Co. Ltd	-	-	3,55,356	-	-	-	3,55,356	-
SPG Prints Mexico, S.A. de C.V.	-	-	51,291	-	-	-	51,291	-
Sub - Total	79,27,125	71,43,655	4,06,647	-	-	-	83,33,772	71,43,655
Sale of Services								
SPGPrints B.V.	1,28,37,025	91,247	-	-	-	-	1,28,37,025	91,247
SPGPrints Austria GMBH	-	-	-	25,16,619	-	-	-	25,16,619
Sub - Total	1,28,37,025	91,247	-	25,16,619	-	-	1,28,37,025	26,07,866
Purchase of Raw Material and Components								
SPGPrints B.V.	14,45,23,857	16,65,77,585	-	-	-	-	14,45,23,857	16,65,77,585
Veco B.V.	-	-	44,16,648	42,16,445	-	-	44,16,648	42,16,445
Spg Prints Brasil Ltda	-	-	4,04,79,794	5,44,42,630	-	-	4,04,79,794	5,44,42,630
SPGPrints Austria GMBH	-	-	34,45,960	-	-	-	34,45,960	-
SPGPrints Printing Systems	-	-	-	-	-	-	-	-
Wuxi Co Ltd.	-	-	2,29,200	5,65,562	-	-	2,29,200	5,65,562
Sub - Total	14,45,23,857	16,65,77,585	4,85,71,602	5,92,24,637	-	-	19,30,95,459	22,58,02,222
Purchase of Fixed Assets								
SPGPrints B.V.	1,79,87,488	9,11,334	-	-	-	-	1,79,87,488	9,11,334
Veco B.V.	-	-	-	8,87,189	-	-	-	8,87,189
Sub - Total	1,79,87,488	9,11,334	-	8,87,189	-	-	1,79,87,488	17,98,523
Expenses Recovered from other companies								
SPGPrints B.V.	14,71,803	7,42,971	-	-	-	-	14,71,803	7,42,971
SPGPrints Austria GMBH	-	-	17,60,799	1,59,986	-	-	17,60,799	1,59,986
Sub - Total	14,71,803	7,42,971	17,60,799	1,59,986	-	-	32,32,602	9,02,957
Remuneration								
Mr. Shailesh C Wani	-	-	-	-	1,56,13,487	1,41,41,695	1,56,13,487	1,41,41,695
Mr. Sandeep Khot	-	-	-	-	22,63,247	18,85,215	22,63,247	18,85,215
Sub - Total	-	-	-	-	1,78,76,734	1,60,26,910	1,78,76,734	1,60,26,910
Purchase of Services								
SPGPrints B.V.	7,29,610	32,37,107	-	-	-	-	7,29,610	32,37,107
SPGPrints Printing Systems	-	-	-	-	-	-	-	-
Wuxi Co Ltd.	-	-	5,68,844	16,05,257	-	-	5,68,844	16,05,257
SPG Prints Mexico S.A. De C.V	-	-	3,64,464	5,64,412	-	-	3,64,464	5,64,412
Sub - Total	7,29,610	32,37,107	9,33,308	21,69,669	-	-	16,62,918	54,06,776
Expenses Charged by other companies								
SPGPrints B.V.	4,15,85,754	55,05,859	-	-	-	-	4,15,85,754	55,05,859
Sub - Total	4,15,85,754	55,05,859	-	-	-	-	4,15,85,754	55,05,859
Commission Expense								
SPG Prints Mexico S.A. De C.V	-	-	-	13,59,000	-	-	-	13,59,000
Sub - Total	-	-	-	13,59,000	-	-	-	13,59,000
Royalty Expense								
SPGPrints B.V.	2,74,77,893	2,03,17,528	-	-	-	-	2,74,77,893	2,03,17,528
Veco B.V.	-	-	93,49,761	72,17,718	-	-	93,49,761	72,17,718
Sub - Total	2,74,77,893	2,03,17,528	93,49,761	72,17,718	-	-	3,68,27,654	2,75,35,246
Dividend Paid								
SPGPrints B.V.	4,59,97,087	4,30,29,533	-	-	-	-	4,59,97,087	4,30,29,533
Sub - Total	4,59,97,087	4,30,29,533	-	-	-	-	4,59,97,087	4,30,29,533
Commission Received								
SPGPrints B.V.	7,41,885	16,04,698	-	-	-	-	7,41,885	16,04,698
SPGPrints Austria GMBH	-	-	1,34,39,386	1,49,77,208	-	-	1,34,39,386	1,49,77,208
Sub - Total	7,41,885	16,04,698	1,34,39,386	1,49,77,208	-	-	1,41,81,271	1,65,81,906
Balance payable at the year-end								
SPGPrints B.V.	2,58,29,435	3,92,05,388	-	-	-	-	2,58,29,435	3,92,05,388
SPGPrints Printing Systems	-	-	-	-	-	-	-	-
Wuxi Co Ltd.	-	-	-	14,40,763	-	-	-	14,40,763
SPG Prints Mexico S.A. De C.V	-	-	-	18,70,635	-	-	-	18,70,635
Spg Prints Brasil Ltda	-	-	5,66,716	-	-	-	5,66,716	-
Veco B.V.	-	-	93,52,877	67,15,083	-	-	93,52,877	67,15,083
Remuneration Payable to Shailesh Wani	-	-	-	-	1,98,444	1,79,333	1,98,444	1,79,333
Remuneration Payable to Sandeep Khot	-	-	-	-	1,11,348	97,482	1,11,348	97,482
Sub - Total	2,58,29,435	3,92,05,388	99,19,593	1,00,26,481	3,09,792	2,76,815	3,60,58,820	4,95,08,684
Balance receivable at the year-end								
SPGPrints B.V.	17,69,793	19,25,514	-	-	-	-	17,69,793	19,25,514
SPGPrints Austria GMBH	-	-	56,50,917	40,42,123	-	-	56,50,917	40,42,123
Sub - Total	17,69,793	19,25,514	56,50,917	40,42,123	-	-	74,20,710	59,67,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32) Provision for Warranty

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

Particulars	For the year ended December 31, 2017 (₹)	For the year ended December 31, 2016 (₹)
Opening Balance	2,51,34,167	89,71,520
Additions during the Year	1,97,93,240	2,21,21,431
Deletions during the Year	2,09,23,634	59,58,784
Closing Balance	2,40,03,773	2,51,34,167

33) Research and Development Expenses

Particulars	For the year ended December 31, 2017 (₹)	For the year ended December 31, 2016 (₹)
Revenue Expenditure	34,66,906	54,03,225
Total	34,66,906	54,03,225

34) Derivative Instruments and Unhedged Foreign Currency Exposures

a) Hedge of Payables:

Particulars	Purpose	Foreign Currency Denomination	Foreign Currency Amount	Amount (₹)
Forward Contract to Purchase USD	Hedge of Payables	USD	4,00,000	2,59,90,000
			-	-

b) Particulars of Unhedged Foreign Currency Exposures:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (₹)
Trade Receivables	EURO	1,68,723 (85,124)	1,28,88,781 (60,96,553)
	USD	2,81,913 (90,729)	1,80,22,723 (61,65,016)
Short-term Loans and Advances	EURO	124 (7,310)	9,472 (5,23,577)
	USD	- (11,544)	- (7,84,415)
Trade Payables	EURO	4,91,353 (6,07,072)	3,75,34,433 (4,34,78,480)
	USD	42,996 (1,02,354)	27,48,734 (69,54,967)
Other Current Liabilities	EURO	952 (70,000)	72,723 (50,13,400)
	USD	6,999 (8,791)	4,47,451 (5,97,342)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35) Segment Reporting

a) Information about primary business segments

(₹)

Particulars	For the year ended December 31, 2017					For the year ended December 31, 2016				
	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total	Textile Consumables and Textile Machinery	Graphics Product	Galvanic	Unallocated	Total
Revenue										
External Sales and Services (Net)	1,76,94,20,083	9,71,70,322	26,30,70,438	-	2,12,96,60,843	1,60,80,91,924	8,75,82,875	25,07,59,363	-	1,94,64,34,162
Total Revenue	1,76,94,20,083	9,71,70,322	26,30,70,438	-	2,12,96,60,843	1,60,80,91,924	8,75,82,875	25,07,59,363	-	1,94,64,34,162
Results										
Segment result	39,91,23,757	4,46,19,710	2,91,18,843	-	47,28,62,310	33,52,52,227	3,44,86,505	2,78,52,713	-	39,75,91,445
Interest Income net of expense	(3,79,600)	-	19,51,874	1,80,83,128	1,96,55,402	(16,05,984)	-	1,23,068	2,33,04,880	2,18,21,964
Unallocated Expenditure net of unallocated income										
Profit before tax	39,87,44,157	4,46,19,710	3,10,70,717	(7,85,29,966)	41,39,87,746	33,36,46,243	3,44,86,505	2,79,75,781	(4,15,63,133)	37,78,50,276
Other Information										
Segment Assets	76,18,13,441	3,14,14,501	28,86,67,594	51,74,22,644	1,59,93,18,180	65,29,03,470	3,35,82,081	28,45,99,570	51,50,88,286	1,48,61,73,407
Segment Liabilities	21,14,32,355	71,47,159	3,13,66,766	18,10,03,625	43,09,49,905	32,63,46,246	53,17,757	3,19,62,617	22,33,99,749	58,70,26,369
Capital Expenditure	10,47,63,344	-	18,46,584	3,66,46,746	14,32,56,674	7,72,80,039	15,36,969	12,96,125	1,05,58,840	9,06,71,973
Depreciation	2,27,46,953	18,21,604	2,78,61,594	80,84,868	6,05,15,019	1,67,59,017	17,07,836	2,77,51,782	57,94,908	5,20,13,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Information of Geographical Segments:

Particulars	December 31, 2017			December 31, 2016		
	India	Outside India	Total	India	Outside India	Total
Revenue for the year ended	1,90,85,79,088	22,10,81,755	2,12,96,60,843	1,71,02,42,735	23,61,91,427	1,94,64,34,162
Carrying amount of segment assets as at	1,56,84,06,676	3,09,11,504	1,59,93,18,180	1,47,39,11,838	1,22,61,569	1,48,61,73,407
Capital Expenditure incurred during the year ended	14,32,56,674	-	14,32,56,674	9,06,71,973	-	9,06,71,973

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, Lacquer & Auxiliary Chemicals, Rotary Screen Printing Machine, Engraving Equipment, Components and Spares, Digital Ink
Graphics Product	Anilox Rollers, Rotamesh screens and RotaPlate
Galvanic	Galvano consumables

36) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Scheduel III to the Companies Act, 2013.

Name of the Company	Net Assets		Share in Profit or Loss	
	As % of Consolidated net assets	Amount (₹)	As % of Consolidated profit or loss	Amount (₹)
Parent				
Stovec Industries Limited	95%	1,10,49,43,019	94%	25,20,16,976
Subsidiary				
Atul Sugar Screens Private Ltd.	5%	6,34,25,256	6%	1,72,04,261
Total	100%	1,16,83,68,275	100%	26,92,21,237

37) Leases

Operating Lease : As a Lessor

The Company has given Land and Building on operating lease. This lease arrangement is for a period of 7 years and it is non-cancellable. This lease is renewable for the further period on mutually agreeable terms:

The future minimum lease payments to be received are as follows:

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
Not later than one year	58,02,630	1,16,05,260
Later than one year and not later than five years	-	58,02,630
Later than five years	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Operating Lease : As a Lessee**

The Group has entered into cancellable lease agreements for premises for a period of one to three years. The lease rentals aggregating Rs. 2,328,960 (Previous Year Rs. 2,279,600) have been included under the head "Other Expenses" Note 28 "Rent" of Statement of Profit and Loss.

38) Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	As at December 31, 2017 (₹)	As at December 31, 2016 (₹)
(a) Gross amount required to be spent by the Group	54,71,942	41,82,197
(b) Amount spent :		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	55,00,000	42,00,000

- 39)** Board of Directors have recommended the final dividend of Rs. 36 per equity share having face value of Rs. 10 each (360 %) for the financial year ended December 31, 2017, subject to approval of the Members.
- 40)** Based on the recommendation of Audit Committee, the Board of Directors of the Company, at their meeting held on March 1, 2018, in-principle approved divestment of 100% equity investment held by the Company in Atul Sugar Screens Private Limited and have constituted a Committee of Directors to finalize the divestment. The sale value of the investment will be determined on the basis of independent valuation report.
- 41)** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes forming part of the financial statements.

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

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

Sd/-
Paras Mehta
Chief Financial Officer

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

Sd/-
Varsha Adhikari
Company Secretary

Place : Ahmedabad
Date : March 1, 2018

Form No. SH-13**Nomination Form**

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

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

I/We _____ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following person(s) in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) Particulars of the Securities (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

(2) Particulars of Nominee/s

- (a) Name : _____
- (b) Date of Birth : _____
- (c) Father's/Mother's/Spouse Name : _____
- (d) Occupation : _____
- (e) Nationality : _____
- (f) Address : _____
- (g) E-mail id : _____
- (h) Relationship with the security holder : _____

(3) In case Nominee is a Minor

- (a) Date of birth : _____
- (b) Date of attaining majority : _____
- (c) Name of guardian : _____
- (d) Address of guardian : _____

(4) Particulars of Nominee in case minor nominee dies before attaining age of majority

- (a) Name : _____
- (b) Date of Birth : _____
- (c) Father's/Mother's/Spouse's Name : _____
- (d) Occupation : _____
- (e) Nationality : _____
- (f) Address : _____
- (g) E-mail id : _____
- (h) Relationship with the security holder : _____
- (i) Relationship with the minor nominee : _____

Name and Address of the Shareholder(s): _____

Signature of the Shareholder(s) _____

Name and Address of Witnesses: _____

Signature of Witnesses: _____

BANK ACCOUNT PARTICULARS / ECS / NACH MANDATE FORM

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

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

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

Particulars of Bank Account :

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

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

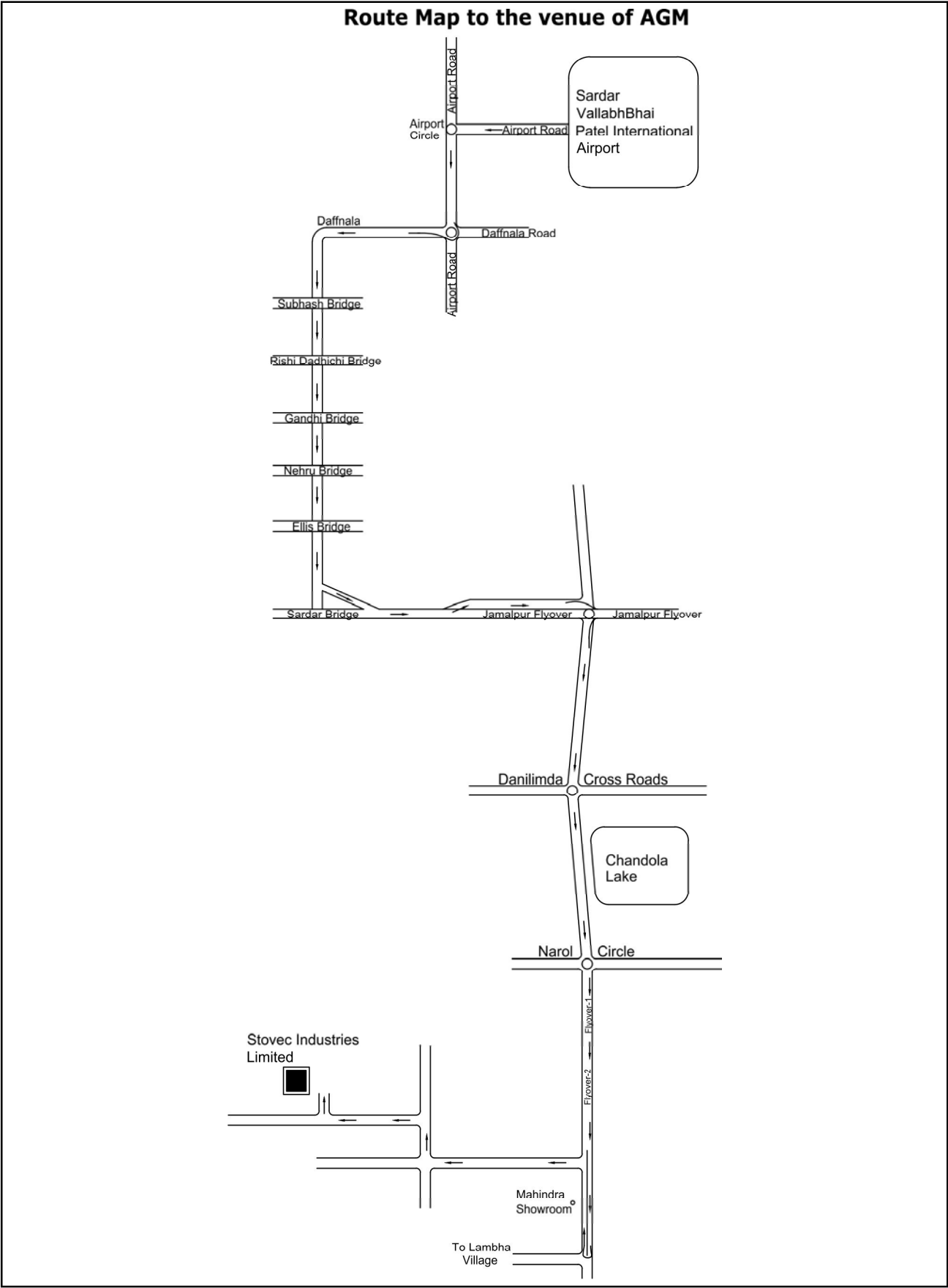
Mail to :

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

.....
 (Signature of the Shareholder)

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

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



STOVEC INDUSTRIES LIMITED

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

Tel: +91 (0) 79 3041 2300, Fax: +91 (0) 79 2571 0406, E-mail: secretarial@stovec.com,

CIN.: L45200GJ1973PLC050790 Website: www.stovec.com

ATTENDANCE SLIP

44TH ANNUAL GENERAL MEETING, WEDNESDAY, 2ND DAY OF MAY, 2018 AT 11.00 A.M.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE VENUE OF MEETING

DP ID & CLIENT ID/FOLIO NO.	
NO. OF SHARES	
NAME AND ADDRESS OF THE REGISTERED MEMBERS	

I hereby record my presence at the 44th Annual General Meeting of the Company to be held on Wednesday, 2nd May, 2018 at 11.00 a.m. at the Registered Office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India.

Full name of the Proxy, if attending the Meeting:

Signature of the Member / Joint Member / Proxy attending the Meeting : _____

EVSN (Electronic Voting Sequence Number)	SEQUENCE NUMBER
180402001	

- Please refer 44th AGM Notice for instructions on remote e-voting.
- Remote e-voting facility is available during the following period:

Date and time of Commencement of Remote e-voting	April 28, 2018 @ 9:00 hours (IST)
Date and time of end of Remote e-voting	May 1, 2018 @ 17:00 hours (IST)

STOVEC INDUSTRIES LIMITED

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

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44TH ANNUAL GENERAL MEETING, WEDNESDAY, 2ND DAY OF MAY, 2018 AT 11:00 A.M.

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L45200GJ1973PLC050790
Name of the Company	Stovec Industries Limited
Registered Office	N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India
Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No. / Client Id	
DP ID	

I/We, being the holder(s) of _____ equity shares of Stovec Industries Limited, hereby appoint

- Name : _____ E-mail Id : _____
Address: _____

Signature: _____ or failing him/her
- Name : _____ E-mail Id : _____
Address: _____

Signature: _____ or failing him/her
- Name : _____ E-mail Id : _____
Address: _____

Signature: _____

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 44th Annual General Meeting of the Company to be held on Wednesday, 2nd day of May, 2018, at 11:00 a.m. at the registered office of the Company at N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below :

Sr. No.	Particulars	Optional*	
		For	Against
	ORDINARY BUSINESS		
1.	To receive, consider and adopt :		
	a) the Audited Financial Statements of the Company for the financial year ended December 31, 2017, together with the Report of the Board of Directors and the Auditor's thereon; and		
	b) the Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2017 and the Report of the Auditors thereon.		
2.	To declare dividend on Equity Shares.		
3.	To appoint a Director in place of Mr. Dirk Wim Joustra (DIN: 00481154), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Ratification of appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W / W-100018), as Statutory Auditors of the Company.		
	SPECIAL BUSINESS		
5.	Appointment of Mr. Guillaume Cornelis Gerardus Roncken (DIN: 07973914) as a Director of the Company.		
6.	Payment of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2018.		

Signed _____ this day of _____ 2018

Affix One
Rupee
Revenue
Stamp

Signature of Proxy holder(s)

Signature of Member(s)
across Revenue Stamp

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the 44th Annual General Meeting.
- A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



▲ Stovec's impressive presence at International Textile Machinery & Accessories Exhibition 2017, Gandhinagar.





STOVEC®
INDUSTRIES LIMITED



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