

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
STOVEC INDUSTRIES LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **STOVEC INDUSTRIES LIMITED** ("the Company"), for the quarter ended March 31, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



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

Kartikeya Raval

Kartikeya Raval
(Membership No. 106189)
UDIN: 20106189AAAA DT 8769

Place: Ahmedabad
Date: June 04, 2020

STOVEC INDUSTRIES LIMITED					
Regd. Office: N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad - 382 405, Gujarat, India.					
Website: www.stovec.com, e-mail: secretariat@stovec.com, CIN: L45200GJ1973PLC050790, Tel: +91(0)79- 6167 2300, Fax: +91(0)79- 2571 0406					
Statement of Unaudited Financial Results for the Quarter Ended March 31, 2020					
(Rs. in Million)					
Sr. No.	Particulars	Current 3 months ended 31/03/2020	Preceding 3 months ended 31/12/2019	Previous corresponding 3 months ended 31/03/2019	Previous year ended 31/12/2019
		(Unaudited)	(Audited) (Refer Note 3)	(Unaudited)	(Audited)
I	Revenue from operations	420.519	504.160	372.270	1,937.049
II	Other Income	14.118	8.813	28.586	54.845
III	Total Income (I + II)	434.637	512.973	400.856	1,991.894
IV	Expenses				
	a) Cost of materials consumed	253.162	226.780	228.304	937.410
	b) Purchase of stock-in-trade	6.506	2.368	22.466	60.493
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(44.207)	35.834	(80.715)	(41.875)
	d) Employee benefits expense	60.830	58.901	47.760	213.139
	e) Finance costs	0.328	0.527	0.166	1.925
	f) Depreciation and amortisation expense	10.926	10.989	11.100	44.095
	g) Other expenses	88.252	104.819	73.623	404.552
	Total Expenses	375.797	438.018	302.704	1,619.739
V	Profit Before Exceptional Items and Tax (III - IV)	58.840	74.955	98.152	372.155
VI	Exceptional Items	-	-	-	-
VII	Profit Before Tax (V + VI)	58.840	74.955	98.152	372.155
VIII	Tax expense				
	a) Current Tax	13.413	21.208	26.351	96.240
	b) Deferred Tax	(0.626)	(2.167)	1.755	(3.453)
IX	Net Profit for the period (VII - VIII)	46.053	55.914	70.046	279.368
X	Other Comprehensive Income ("OCI")				
	Items that will not be reclassified to profit or loss				
	(i) Remeasurements of the defined benefit plans	(2.113)	(1.988)	(0.741)	(4.211)
	(ii) Equity instruments through other comprehensive income	(2.631)	(0.943)	(1.030)	(4.068)
	Income tax relating to items that will not be reclassified to profit or loss	1.194	0.738	0.516	2.084
XI	Total Comprehensive Income for the period (IX + X)	42.503	53.721	68.791	273.173
XII	Paid - Up Equity Share Capital @ Rs.10 face value	20.880	20.880	20.880	20.880
XIII	Other Equity (excluding revaluation reserves) as at balance sheet date				1,326.533
XIV	Earnings Per Share of Rs. 10 each (not annualised):				
	a) Basic (Rs.)	22.06	26.78	33.55	133.80
	b) Diluted (Rs.)	22.06	26.78	33.55	133.80



1	The above financial results were reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on June 4, 2020.
2	<p>The World Health Organisation (WHO) declared the novel Coronavirus (COVID-19) outbreak a global pandemic on March 11, 2020. Consequent to this, Government had declared lockdown on March 23, 2020 and therefore, the Company had to suspend its operations temporarily. COVID-19 has impacted the normal business operations of the Company by way of interruption in production, supply chain disruption, closure of production facilities etc. during the lock-down period. However, production and supply of goods has recommenced in phased manner from May 20, 2020. The Company has also taken necessary precautions to ensure the health, safety and wellbeing of all employees as well as put in place SOPs and guidelines as per state government directives to prevent the spread of COVID-19.</p> <p>As a result of shutdown, the Company's revenue and profits for the current quarter are comparatively lower. Further, the Company has also considered the possible effects that may result on account of COVID-19 and has made detailed assessment of its liquidity position for the FY 2020, including recoverability and carrying values of its assets comprising Property, Plant and Equipment, Trade receivables, Inventory and Investments. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the pandemic, the Company has at the date of approval of these financial results, used external and internal sources of information/indicators to estimate the future performance of the Company. Based on the current estimates, the Company has made additional provisions against trade receivables, and the management has concluded that there are no other material adjustments required in the financial results. Given the uncertainties because of COVID-19, the final impact on the company's assets in future may differ from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business. The COVID 19 pandemic is hitting hard all economies of the world including India. In India, we had almost 2 months of lockdown. In all probability, COVID 19 disruption is likely to affect Company's revenue, results & cash position going forward.</p>
3	The figures for the quarter ended 31st December, 2019 are balancing figures between the audited figures in respect of full financial year and the published year to date figures up to the third quarter.
4	The Company has aligned its policy of Leases with Ind AS 116 "Leases" which is effective from January 1, 2020. The same did not have any material impact on retained earnings as on January 1, 2020 and in the financial results during the period.
5	The Company had acquired the Service and Spare Parts Business relating to Rotary Printing Equipment ("said business") on 9th May, 2019 from SPGPrints B.V. (Parent Company). The operational revenues and cost of operations of the current period for the said business is included in the "Textile Machinery and Consumables" segment of the Company. As the said business was acquired in quarter ended June 30, 2019, the results of Quarter ended March 31, 2020 is not comparable to that extent with the financial results of the quarter ended March 31, 2019.
6	<p>The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108) read with SEBI circular dated July 5, 2016. Segment composition is as follows:</p> <p>a) "Textile Machinery and Consumables" segment includes Perforated Rotary Screens, Laquer & Auxiliary Chemicals, Digital Ink, Rotary Screen Printing Machine, Engraving</p> <p>b) "Graphics Consumables" segment includes Anilox Rollers, Rotamash screens and RolaPlate.</p> <p>c) "Galvanic" Segment includes Galvano Consumables.</p> <p>The Company uses same set of assets for the sales made in India and outside India. The expenses incurred for sales to be made in India and outside are Common. Hence, the Company has included the details related to revenue, carrying amount of segment assets and capital expenditure incurred during the period as a part of geographical information.</p>



