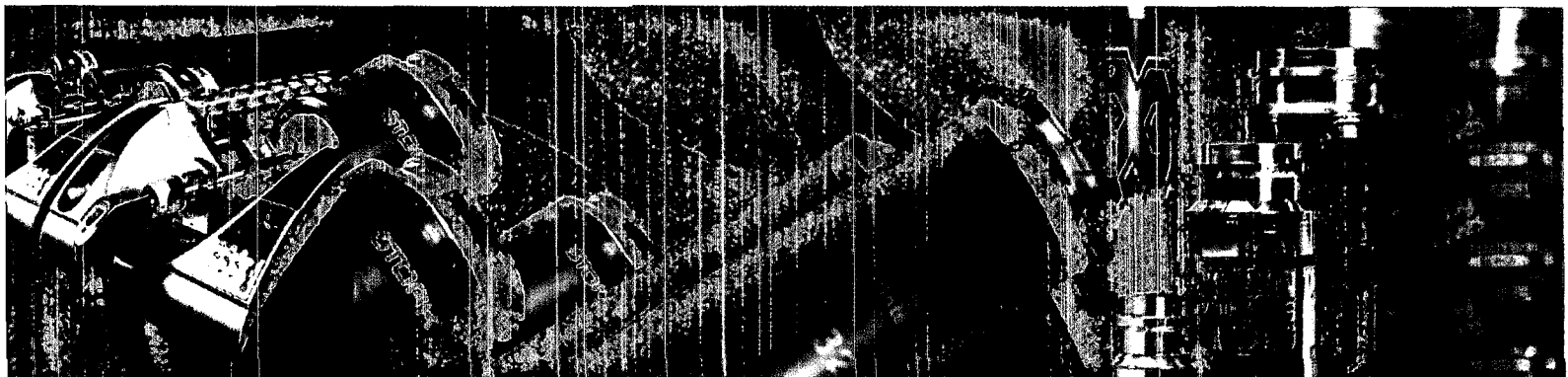


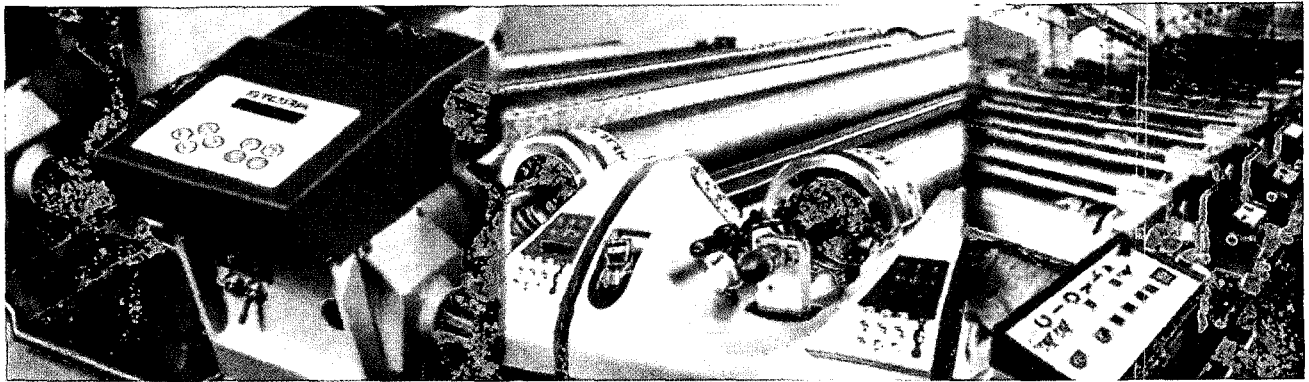
STOVEC INDUSTRIES LIMITED

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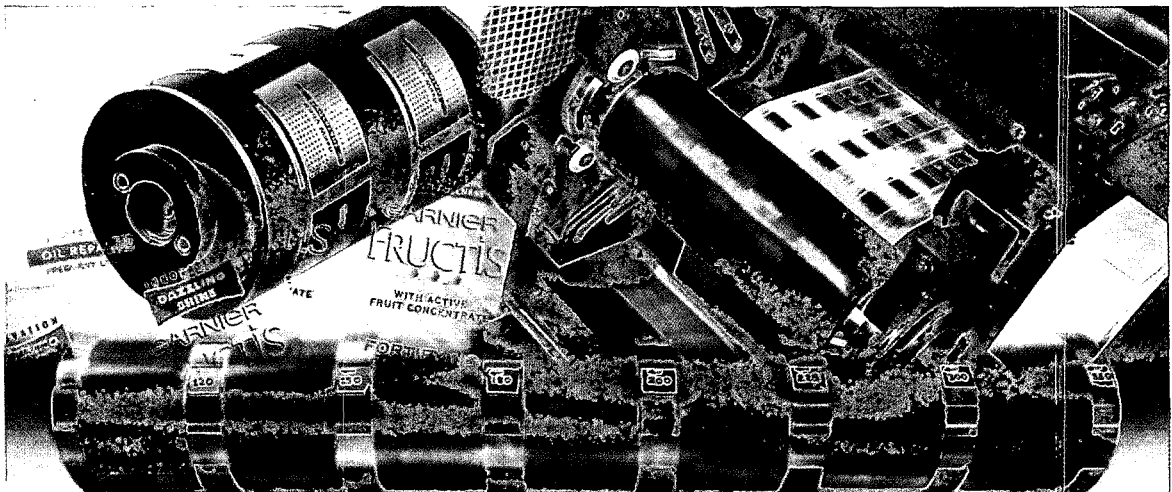
Product Range



Rotary Printing Machines for Textiles



Rotary Screens and Chemicals for Textile Printing



Anilox and Screens for Graphic Printing

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STOVEC INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. K. M. Thanawala	Chairman
Mr. Dirk W. Joustra	
Mr. Jayant C. Vakil	(Alternate Director to Mr. Henricus van de Mortel)
Mr. Girish C. Sheredalal	
Mr. Aschwin N.R.M. Hollander	
Mr. Joost Willem Smits	
Mr. Henricus van de Mortel	
Mr. Marco Philippus A. Wadia	
Mr. Prakash Bhagwati	
Mr. Ashish Kaul	Managing Director

COMPANY SECRETARY

Mr. Vishal Shah

AUDITORS

N.A. Shah Associates
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited,
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura,
Ahmedabad - 380 009.

LEGAL ADVISORS

Tyabji Dayabhai.

BANKERS

The Karur Vysya Bank Limited.

REGISTERED OFFICE AND FACTORY

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

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to present the 34th Annual Report of your Company for the year ending December 31, 2007.

In the fiscal year 2007, Indian economy witnessed a slight moderation in the GDP growth rate to 8.1%. The Indian rupee continued to strengthen against the US dollar and during last quarter of the fiscal the US economic slowdown was evident.

I am pleased to share the business results of your company which has demonstrated a moderate increase in the revenues and a substantial rise of 53% in the Profit before tax. Earnings per share have increased to Rs.10.92. Business performance improvements were driven through operating efficiencies and through margin expansion.

The strengthening of Indian rupee against the US dollar had a negative impact on exports. Textile export sector witnessed a decline in both revenues as well as margins. Your company has done well despite these headwinds.

The new manufacturing facility for rotary printing machines is operational and the technology transfer programs of your company were executed within time and budgets. The consumable business continues to be stable and remains a focus product category.

The enhanced operating efficiencies and new factory and product lines are expected to drive profitable growth in '08 and onwards.

On behalf of the Board of Directors and management team and employees, I wish to thank all stakeholders, corporate partners and friends for their continued support. We look forward to your continued support and patronage.

With warm regards,

K.M. Thanawala
Chairman

STOVEC INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the members of Stovec Industries Limited will be held on Thursday, the 5th day of June, 2008 at 10.00 a.m. at the Registered Office of the Company, at N.I.D.C. Nr.Lambha Village, Post Narol, Ahmedabad, Gujarat, India, to transact the following business.

ORDINARY BUSINESS:**Item No.1**

To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2007, the Profit and Loss Account for the period ended on that date and the Directors' and Auditors' Report thereon.

Item No.2

To declare dividend on equity shares.

Item No.3

To appoint Directors in place of Mr.K.M.Thanawala, Mr.Dirk Joustra, Mr.Aschwin Hollander, Mr.Henricus van de Mortel, Mr.Joost Willem Smits, Mr.Girish Sharedalal, Mr.Marco Wadia, Mr.Prakash Bhagwati, who retire at the 34th Annual General Meeting under Article 132 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

Item No.4

To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions with or without modifications.

Item No.5 - SPECIAL RESOLUTION

"RESOLVED THAT in terms of the provisions of Sections 294, 294A and 294AA as also other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of the Central Government, the Company do hereby approve the appointment of A.T.E. Enterprises Private Limited as the Sole Selling Agents for a period of five years effective from June 1, 2008 for the sale of and/or dealing in its capital goods manufactured or dealt with by the company on the terms and conditions set out in the agreement, placed before the meeting, duly initialed by the Chairman for the purpose of identification, subject however, to such changes or modifications as may be required by the Government of India, while giving its approval."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to accept the modifications to the said agreement as may be required by the Government of India".

Item No. 6 - SPECIAL RESOLUTION

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

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions including any amendments thereof, read with Schedule XIII of the Companies Act, 1956 as amended up to date, and all guide lines for managerial remuneration issued by the Central Government from time to time and as recommended by the Remuneration Committee and subject to the approval of Central Government and subject to such other approvals as may be necessary and in furtherance to and in partial modification of the resolution passed at the 33rd Annual General Meeting of the Company held on 27th July, 2007, in respect of the

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appointment and payment of minimum remuneration to Mr. Ashish Kaul, Managing Director of the Company, approval of the Company be and is hereby accorded to increase in the over all ceiling limits of the remuneration payable to the Managing Director not exceeding Rs.9 million per annum, on yearly basis (Basis - Calendar Year) for three years, commencing from 1st January 2009, subject to the contract being renewed at least for another period of 22 months from 1st March 2010 i.e. upto 31st December 2011, and further the Company approves with liberty to the Board of Directors of the Company to increase or revise the remuneration payable to the Managing Director within the above overall ceiling limit of Rs.9 million, which shall be inclusive of any commission, all perquisites and allowances or reimbursements or any other remuneration or benefits and on such terms and conditions, as decided by the Board of Directors from time to time."

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

Regd. Office:

N.I.D.C. Nr.Village Lambha,
Post Narol,
Ahmedabad, Gujarat

Date: May 5, 2008

By Order of the Board

Vishal Shah

Company Secretary

Notes :-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before scheduled time of the meeting blank proxy form is enclosed.
2. Register of Members and Share Transfer Book shall remain closed from 30th May, 2008 to 5th June, 2008 (both days inclusive).
3. Pursuant to the provisions of section 205A(5) of the Companies Act, 1956, and Section 205C as amended by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to Investor Education and Protection Fund established by the Central Government. Share holders who have not claimed their dividend warrants for the financial year 2000 - 2001 are requested to claim their unclaimed dividend before 31st August, 2008. The Company shall thereafter as mentioned above transfer the unclaimed amount to the Investor Education and Protection Fund and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred.
4. The dividend, if declared, will be paid on or after 6th June, 2008 to the members so entitled, whose names appear in the register of members as on 5th of June, 2008, being the date of Annual General Meeting of the Company. In respect of shares held in electronic form, the dividend will be paid to those beneficial owners whose names appear in the statement furnished by the depositories for the purpose.

STOVEC INDUSTRIES LIMITED**(a) Members are requested to notify immediately any change of address:**

- (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
- (ii) to Intime Spectrum Registry Ltd., 211, Sudarshan Complex, Nr.Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009, being the Share Transfer Agents of the Company in respect of their physical share folios.

(b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform the Share Transfer Agents about their PINCODE immediately as above.

5. Non-resident Indian Shareholders are requested to inform the Share Transfer Agents immediately about :
 - (a) any change in their residential status upon return to India for permanent settlement.
 - (b) particulars of NRE Account with a Bank in India, if not furnished earlier.
6. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 1.00 p.m.
7. 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.
8. 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.
9. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/ investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE755D01015. In case of any query/difficulty in any matter relating thereto the same may be addressed to the Share Transfer Agents.
10. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B as prescribed is attached herewith.
11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

Explanatory Statement pursuant to the section 174(2) of the Companies Act, 1956:**Item No. 5**

The Board has at its meeting held on April 18, 2008 appointed A.T.E. Enterprises Private Limited, as the Sole Selling Agent of the Company for sale of its capital goods "Rotary printing machines" w.e.f. June 1, 2008.

Members may approve the appointment of A.T.E. Enterprises Private Limited as Sole Selling Agents in General Meeting, subject to the approval of the Central Government as required under the Companies Act, 1956. A.T.E. Enterprises Private Limited does not hold any shares in Stovec Industries Limited.

None of the Directors are concerned or interested in the resolution.

The copy of the agreement with sole selling agent will be available for inspection at the Registered Office of the Company on any working day during 11.00 am to 1.00 pm.

Item No.6

Mr. Ashish Kaul was appointed as the Managing Director of the Company with effect from 1st March, 2007 for a period of 3 (three) years and his terms of appointment and remuneration were approved by the members of the Company at the Annual General Meeting held on 27th July, 2007.

That, a proposal was sent by the holding company, Stork Prints B.V., The Netherlands (hereinafter referred to as "Stork" for brevity), to the Company's Remuneration Committee, to increase the over all limits of the Managing Director's Remuneration as per Stork's Standard Remuneration Policy which is uniform globally.

That the Company's Remuneration Committee has approved the increase in the Managing Director's Remuneration, not exceeding Rs.9 million per year with effect from 1st January, 2009 prospectively.

That any forecast in the matter of any increase in the remuneration payable in future i.e. effective from 1st January, 2009, to the executives coming under the Stork's umbrella will be based on certain factors as under and also upon Stork's Standard Policy which is uniform globally:

- a. Inflation rate in the country i.e. presently "India",
- b. Job market situation,
- c. Outcome of performance review of the Executive, (Targets achieved),

That Stork can take into account all such factors only after end of December 2008 and once the accounts are completed and audited i.e. in April 2009.

That keeping in view the above matter and facts and on the recommendations of the Company's Remuneration Committee with the Board of Directors at their meeting held on 18th April, 2008 have approved the proposal to fix an overall ceiling limit of Rs.9 million effective from 1st January, 2009, payable on Yearly basis (Basis - Calendar Year) to Mr.Ashish Kaul subject to its approval by the Central Government is obtained for a period of three years commencing from 1st January 2009, subject to the contract being renewed at least for another period of 22 months from 1st March 2010 i.e. upto 31st December 2011.

Revised remuneration package as mentioned above cannot be ascertained and hence the same cannot be reproduced hereunder but as a matter of Good Corporate Governance, it is hereby stated that as per Stork's Remuneration Policy a remuneration of its executive includes fixed and variable components as under:

- i) fixed component which is 70% of the remuneration, inclusive of perquisites and allowances; and
- ii) variable component is 30% of the remuneration.

STOVEC INDUSTRIES LIMITED

This Statement may also be construed as an abstract of variation in terms and conditions of appointment of Managing Director in terms of Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval. Mr. Ashish Kaul does not hold any shares in the Company.

None of the Directors except Mr. Ashish Kaul is concerned or interested in the aforesaid resolution.

Additional information relevant for the approval for increase in the over all limits of remuneration payable to Mr. Ashish Kaul, as per Notification dated 16th January 2002 issued by the Department of Company Affairs.

I. General Information:

- | | |
|--|--|
| 1) Nature of Industry | Manufacturing of Nickel Perforated Rotary Screens and Machinery for textile printings, at its factory situated at N.I.D.C. Nr.Lambha Village, Post: Narol, Ahmedabad, Gujarat. |
| 2) Date of Commencement of commercial production | The commercial production has already begun in respect of all the items. The Company is not a new company. |
| 3) Financial performance for the year ended 31.12.2007 | Turnover : Rs.302.270 million
Operating Profit : Rs. 29.356 million
Net Profit Before Tax : Rs. 35.005 million
Debt Equity : -
Current Ratio : 1.93
Net Worth : Rs.252.133 million |
| 4) Export Performance | For the year ended 31.03.07 the Company has achieved export turnover FOB value of Rs.68.01 million, |
| 5) Foreign Investment or Collaboration | a) Stork Prints B.V., The Netherlands are the NRI Promoters of the Company holding 51% of the equity share capital.
b) The Plant was established in technical collaboration with, the holding company as above. |

II. Information about the appointee:**1. Background details :**

Mr. Ashish Kaul was appointed as Managing Director of the Company with effect from 1st March, 2007 for a period of 3 (three) years. He has over 16 years of management experience in operation, supply chain management and sales. He has been member on various Management and Executive committees for over 6 years.

Mr.Ashish Kaul holds a degree of B.E. (Electronics) from Bangalore University and also holds degree in M.B.A. (Finance) from MDI, Gurgaon.