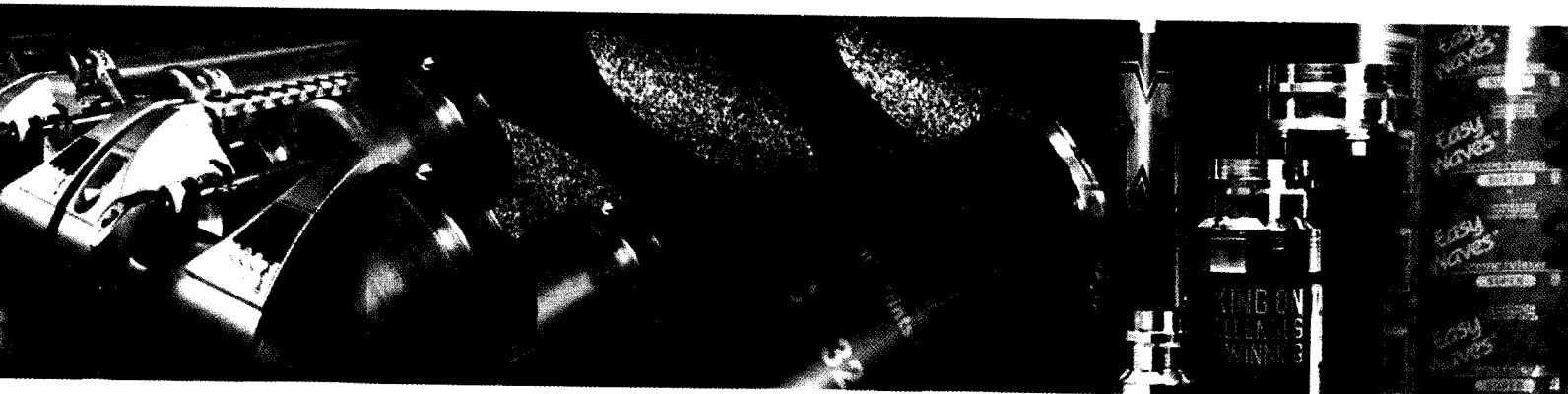


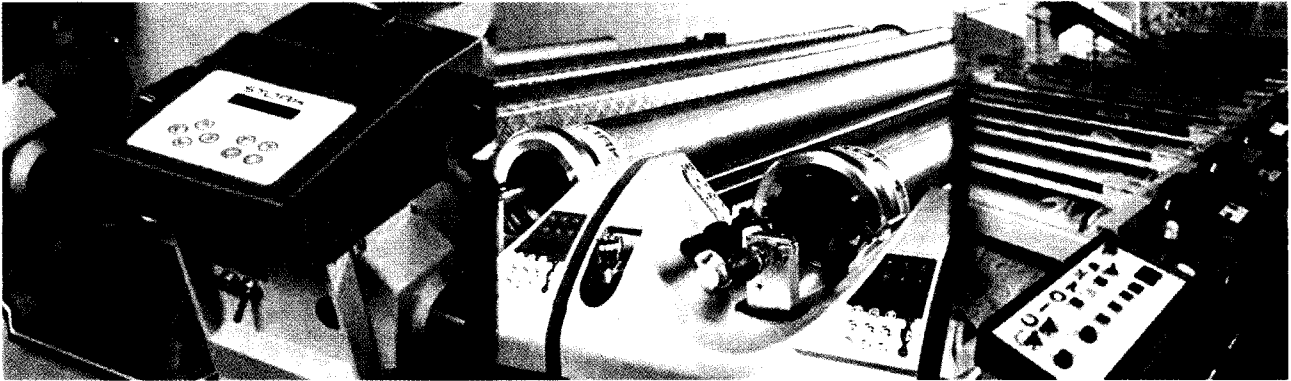
STOVEC INDUSTRIES LIMITED



35th Annual Report 2008



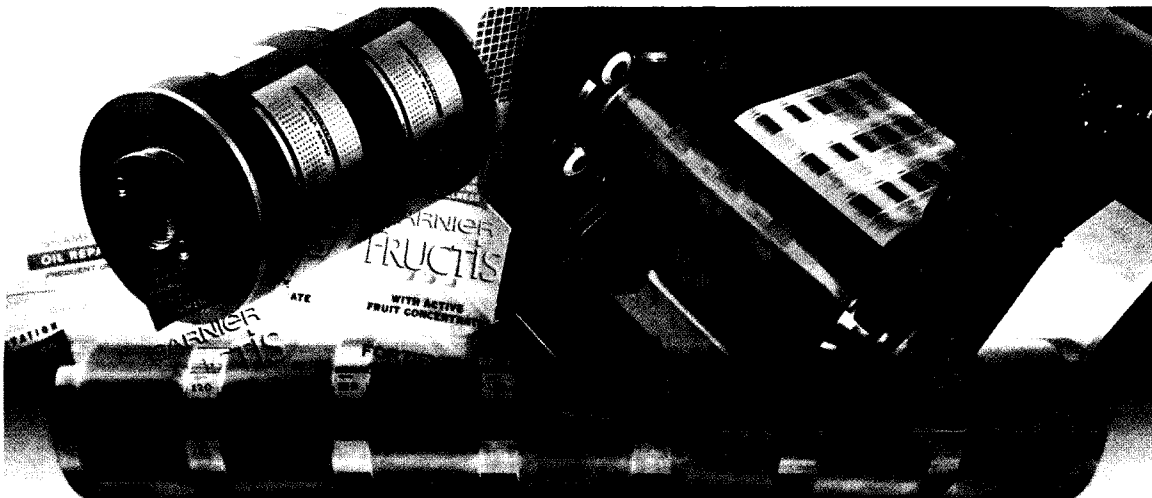
Product Range



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. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mr. Jayant C. Vakil	(Alternate Director to Mr. Henricus van de Mortel - Vacated w.e.f. June 05, 2008)
Mr. Girish C. Sharedalal	
Mr. Aschwin N.R.M. Hollander	
Mr. Joost Willem Smits	
Mr. Henricus van de Mortel	(Resigned w.e.f. July 11, 2008)
Mr. Marco Philippus A. Wadia	
Mr. Prakash Bhagwati	(Resigned w.e.f. July 04, 2008)
Mr. Ashish Kaul	Managing Director

COMPANY SECRETARY

Mr. Vishal Shah

AUDITORS

N.A. Shah Associates
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

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

BANKERS

The 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 35th Annual Report of your Company for the year ending December 31, 2008.

Second half of 2008 did witness some economic slowdown. General consumer demand in US and other developed markets contracted impacting exports from India. The inflation in India has currently come down to 2.43% and industrial production continues to drop.

Manufactured items like metals, machinery and textiles became cheaper on account of fall in demand and easing prices of inputs. In the recent budget, excise duty was reduced from 10% to 8% and service tax rate from 12% to 10%.

Your Company has had a successful year and achieved a PBT of Rs.94.365 million, an increase of 170% over last year. This includes a one time gain of sale of assets of Rs.47.613 million. The PBT increased on an operational basis by 33% over prior period. The revenues also grew by 15% and the margin levels were maintained through improved product mix. The Company during the year also participated in two big trade exhibitions. During the year the company successfully sold off an unutilized asset.

The general outlook for the economy in 2009 continues to be uncertain. Your Company's management team continues to be proactively focusing on aggressive cost reductions, improving operational efficiencies and enhancing customer service delivery. This should help the Company to continue to maintain its current position.

On behalf of the Board of Directors and the management team and employees, I wish to thank Mr. Prakash Bhagwati, Mr. Jayant Vakil and Mr. Henricus van de Mortel, the retiring Directors of the Company for their support and contribution in making Stovec a success. I also 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.Thanawalla

Chairman

STOVEC INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Members of Stovec Industries Limited will be held on Wednesday, the 22nd day of April, 2009 at 11.00 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, 2008, 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 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.

Regd. Office:

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

By Order of the Board

Date : January 30, 2009

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 16th April, 2009 to 22nd April, 2009 (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 2001-2002 are requested to claim their unclaimed dividend before 18th August, 2009. 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 23rd April, 2009 to the members so entitled, whose names appear in the register of members as on 22nd April, 2009, 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.

(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 Link Intime India Pvt. Ltd. (Formerly 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. 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.
7. 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.
8. 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.
9. 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.
10. 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.

STOVEC INDUSTRIES LIMITED**Director's Report:**

Your Directors are pleased to present the Thirty Fifth Annual Report and the Audited Accounts of the Company for the period ended 31st December, 2008.

1. Financial results:

Particulars	Current Year 31.12.2008 (12 months) Amt. in Rs.	Previous Year 31.12.2007 (9 months) Amt. in Rs.
Sales & Services	461,217,603	302,270,192
Other Income	23,052,080	12,547,858
(a) Total Income:	484,269,683	314,818,050
(b) Total Expenditure:	425,082,620	273,345,406
(c) Gross Profit from Operations :	59,187,063	41,472,644
Before Interest, Depreciation and Amortisation Charges: (c) = (a) - (b)		
Less: Interest	215,821	581,257
Gross Operational Profit after Interest but before Depreciation and Amortisation	58,971,242	40,891,387
Less: Depreciation & Amortisation Charges	12,220,097	5,886,103
Operational Profit	46,751,145	35,005,284
Profit on sale of Land & Building	47,613,807	-
Total Profit before tax	94,364,952	35,005,284
Less: Current Tax	23,724,445	12,192,540
Deferred Tax	3,712,669	(189,600)
Wealth Tax	-	10,000
Fringe Benefit Tax	948,296	675,402
Excess provision for taxes for earlier years (Net of Deferred Tax)	(188,773)	(484,292)
Profit after tax	66,168,315	22,801,234
Add: Surplus brought forward from last year	45,683,685	38,699,650
Profit available for appropriation:	111,852,000	61,500,884
Dividend on equity shares	41,760,320	6,681,652
Tax on Distributed Profits	7,097,167	1,135,547
Amount transferred to General Reserves	7,000,000	8,000,000
Balance carried to Balance Sheet	55,994,513	45,683,685

2. Dividend:

In view of the above results, your Directors recommend payment of final dividend of Rs.20.00 per share for the accounting year ending on December 31, 2008. The total dividend of Rs.20.00 per share includes normal dividend of Rs.4.00 per share and a one time special dividend of Rs.16.00 per share, taking into account the income derived from sale of assets.

3. Performance Overview:

Stovec achieved a PBT of Rs.94.365 million which reflects an increase of 170% over prior period. This includes a one time gain of sale of assets of Rs.47.613 million. On an operational basis the PBT for the year grew by 33% over prior period to Rs.46.751 million. Revenues witnessed a growth of 15% and the margin levels were maintained caused by a change in the product mix. The consumable revenues were flat in value terms but reflected a volume growth of 18% despite tough markets. Operating efficiencies continued to be enhanced and on the market side we participated in two big trade exhibitions. EPS has gone up to 31.69 from 10.92 in the prior period. The balance sheet reflects strong improvement in the working capital and the Company continues to have a strong cash reserves.

4. Corporate Governance:

As per the Schedule of Implementation mentioned by Stock Exchanges of Mumbai and Ahmedabad, the Company does not come under the mandatory requirement of Corporate Governance.

5. Fixed Deposits:

For the year ending December 31, 2008, the Company has not accepted any deposits from the Public falling within the purview of section 58A of the Companies Act, 1956 and rules made there under.

6. Directors:

During the year Mr. Prakash Bhagwati, former Managing Director of the Company and Mr. Henricus van de Mortel have resigned from the Board of Directors of the Company. Mr. Jayant Vakil, Alternate Director to Mr. Henricus van de Mortel, also vacated his office during the year.

7. Sale of assets:

During the year the Company sold unused land and building of its Industrial Machinery division and the profit on sale of the said assets was Rs.47.613 million.

8. Directors Responsibility Statement:

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

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

STOVEC INDUSTRIES LIMITED

9. Auditors:

The Company's Statutory Auditors N.A.Shah Associates retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends appointment of N.A.Shah Associates as the Statutory Auditors of the Company from the conclusion of the 35th Annual General Meeting until the conclusion of the following Annual General Meeting.

Members are requested to appoint N.A.Shah Associates, as Statutory Auditors of the Company to hold the office till next Annual General Meeting. Members are also requested to please authorize the Board to fix their remuneration.

10. Particulars with respect to conservation of energy etc.

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

11. Particulars of Employees:

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

12. Acknowledgement:

We wish to thank Stork Prints B.V. and other shareholders, our valued employees and customers, our bankers, suppliers and other stakeholders for their contributions, cooperation and confidence reposed in the Board of Directors.

For and on behalf of the Board

Place : Mumbai

Date : January 30, 2009

K.M.Thanawalla

Chairman