

45th ANNUAL
Report

2018

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

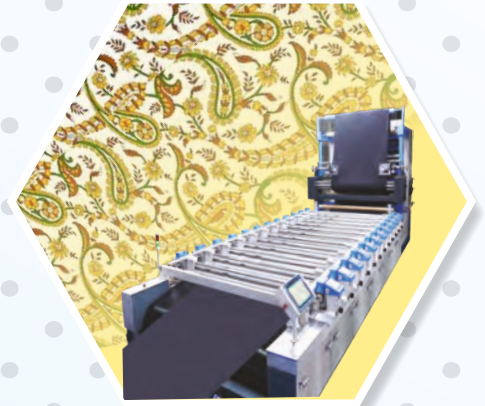
- Textile Printing and Processors
- Packaging and Label Printers and Converters
- Industrial/Security Printers

Market Position

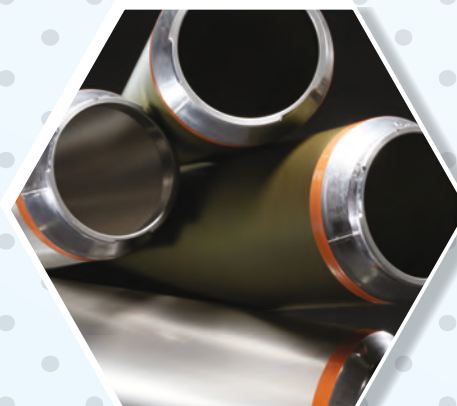
- Technology and Market Leadership in Rotary Screen and Printing Machinery



Pegasus Evo
Rotary Screen
Printing Machine



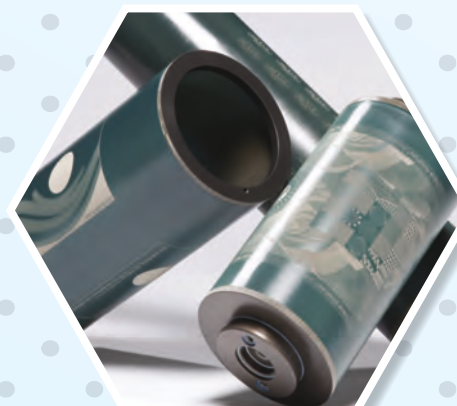
RD8 Rotary Screen
Printing Machine



Rotary Screens and
Consumables for
Textile Printing



Digital Textile
Printing Ink



Anilox and Screens
for Graphic Printing

BOARD OF DIRECTORS

Mr. K. M. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mr. Eiko Ris	(Additional Director w.e.f March 12, 2019)
Ms. Sangeeta Sachdev	(Additional Director w.e.f May 2, 2018)
Mr. Marco Philippus A. Wadia	
Mr. Shailesh Wani	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Paras Mehta

COMPANY SECRETARY

Mr. Sanjeev Singh Sengar (w.e.f. April 5, 2019)

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 45th Annual Report of your Company for the year ended December 31, 2018.

India continues to retain its tag of 'fastest growing economy in the world' and is expected to be one of the top three economic powers of the world in next two decades, backed by its strong democracy and partnerships. In 2018, India's GDP growth is estimated at 7.3% driven by strong domestic demand, improved government spending and industrial production. Weaker Private investment, tighter financial conditions, non-performing loans in the banking sector, farmers distress and global trade protectionism, still remain a concern area for the Indian economy. However, robust government spending, lower oil prices, improved measures in obtaining finances from Banks may help Indian economy to maintain its growth.

In 2018, Global growth is estimated at 3.7% due to weak momentum in later half of the year 2018. Moderate activity and heightened risks are clouding global economic growth prospects in 2019. Softening international trade and investment, elevated trade tensions, financial market pressures, is posing challenge for global economic growth. The steps to further eliminate barriers to investment, boosting human capital, promoting trade integration may help to address these challenges and improve growth.

Indian Textile Industry is gradually moving forward from low value-added products to high-end products. There is a vast scope on the horizon for India to improve its textiles production and consumption as it is expected to become a burgeoning growth sector. Indian Textile Manufacturing is quite fragmented, wherein most of its sectors are unorganized. Consolidation of unorganized textile manufacturing may help achieve more inclusive growth for textile as well as for the country. Absence of Free Trade Agreements with major economies like European Union and United States, makes Indian exports to these countries significantly more expensive compared to that from other competing countries. Early finalization of Free Trade Agreement with major economy(ies) may address the tariff disadvantage and help achieve growth in exports. Competitive lending rates, neutral duty structure, setting up of mega textile clusters is expected to make India an attractive destination for investment in textile and to further promote India's 'Make in India' program.

Since last couple of years, investment in textile industry is showing declining trend. Difficulty in obtaining finance from banks, working capital strain and soft order book position at our customer's end resulted in reduced demand for Company's Capital Products. Increased penetration of organized retail, favorable demographics, customer preference for branded clothes and rising income levels are expected to drive demand for textile industry. Ease in availing finance, continuation of technology upgradation fund scheme, conducive indirect tax structure, early finalization of free trade agreements with major economies of the world may help Indian Textile Industry to achieve its real growth momentum and thereby improving the performance of your Company.

In 2018, Your Company achieved standalone revenue from operations of Rs. 1930.16 Million (Previous year Rs.2175.69 Million), a decline of about 13% in revenue in comparison to previous year. This is mainly due to decline in sales of Company's Capital Products. Despite challenging business environment and decline in revenue, your Company with the quality products in hand and strong sales force, has achieved the standalone Operational Profit (excluding gain arising out of sale of Company's galvanic business) of Rs. 410.46 Million (Previous year Rs. 393.96 Million), a growth of about 4% in comparison to previous year. In 2018, the consolidated revenue from operations and consolidated Profit before tax stood at Rs. 1948.04 Million and Rs. 414 Million respectively.

I am confident that with the quality products in hand, increased market penetration, various programs for cost reduction of company's product without compromising the quality, disciplined credit control system, our customer centric and focused approach and with highly engaged and committed work-force, your Company will maintain and reinforce its strong position across its markets.

In conclusion, on behalf of the entire Board of Directors of Stovec Industries Ltd., I would like to sincerely thank our valued customers and other stakeholders for their continued confidence, support, co-operation and understanding. I would also like to thank our dedicated employees for their inexorable commitment and passion towards the Company that gives impetus for continuous improvement and growth.

Warm regards,

K. M. Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the FORTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED (CIN: L45200GJ1973PLC050790) will be held on Thursday, 9th day of May, 2019 at 11:00 a.m. at the registered office of the Company, 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, 2018, 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, 2018 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 partially modify the resolution related to appointment of Statutory Auditors and if thought fit, to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013, as amended by the Companies (Amendment) Act 2017, effective from May 7, 2018, the consent of the members of the Company be and is hereby accorded to delete the requirement of seeking ratification of appointment of Statutory Auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) at every Annual General Meeting, from the resolution passed at the 43rd Annual General Meeting of the Company held on May 11, 2017."

SPECIAL BUSINESS:

5. **Appointment of Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) as a Director of the Company**

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

"RESOLVED THAT Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379) who was appointed by the Board of Directors as an Additional Director w.e.f. May 2, 2018 to hold office upto the date of 45th Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, 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 her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **Appointment of Mr. Eiko Ris (DIN: 07428696) as a Director of the Company**

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

"RESOLVED THAT Mr. Eiko Ris (DIN: 07428696) who was appointed by the Board of Directors as an Additional Director w.e.f. March 12, 2019 to hold office upto the date of 45th Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, 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 appointed as a Director of the Company, liable to retire by rotation."

7. **Re-appointment of Mr. Shailesh Wani (DIN: 06474766) as a Managing Director of the Company**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof for the time being in force), and as recommended by the Nomination and Remuneration Committee and subject to such other approval as may be necessary, the consent of the Members of the Company, be and is hereby accorded for the re-appointment and remuneration payable to Mr. Shailesh Wani (DIN: 06474766), as the Managing Director of the Company, with effect from October 1, 2019, for a period of 3 (three) years, on the terms and conditions including those relating to remuneration as set out in the Agreement executed with the Managing Director and as mentioned in the explanatory statement attached to this notice, with liberty to the Board of Directors or a Committee thereof to alter and/or vary the terms and conditions of said re-appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani."

"RESOLVED FURTHER THAT subject to such statutory approvals as may be necessary, consent of the Members of the Company, be and is hereby accorded to pay gross remuneration (including variable pay) not exceeding Rs. 20 Million (Rupees Twenty Million only) per annum to Mr. Shailesh Wani, Managing Director, during the tenure of his employment till 30th September, 2022, with liberty to the Board of Directors or a Committee thereof to alter and/or vary, increase, enhance or widen the scope of said remuneration in accordance with Schedule V and other applicable provisions, if any, of the Act (including any amendment, modification, variation or re-enactment thereof) and in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani."

"RESOLVED FURTHER THAT the said remuneration shall be payable to Mr. Shailesh Wani as and by way of minimum remuneration and irrespective of, whether the Company has inadequate or no profit in any financial year."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary and as it may in its sole and absolute discretion deem fit, to give effect to this resolution."

8. Approval of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2019

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, 2019, 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. 1,25,000/- (Rupees One Lakh Twenty Five 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."

9. Approval for Related Party Transaction(s) with M/s SPGPrints B.V. for the financial year 2019 and 2020

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

"RESOLVED THAT pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to the Board of Directors (including Committee(s) of the Board), to enter into material contract(s)/ arrangement(s)/ transaction(s) for a period of 2 (two) financial years i.e. from January 1, 2019 to December 31, 2020, with M/s SPGPrints B.V., the Holding Company of the Company, (a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations), for purchase of raw materials and components, which are commercial transactions as detailed in the explanatory statement attached to this Notice."

"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 necessary, proper or expedient for the purpose of giving effect to this resolution."

10. Approval for Material Related Party Transaction relating to Acquisition of Service and Spare Parts Business for rotary printing equipment from M/s SPGPrints B.V.

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

"RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any, of the Companies Act 2013, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), and other applicable laws for the time being in force, approval of the Members of the Company be and is hereby accorded to the

Board of Directors of the Company to enter into material contract(s)/ arrangement(s)/ transaction(s) with SPGPrints B.V., the Holding Company of the Company, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for acquiring the Service and Spare parts Business for rotary printing equipment worldwide, which includes, designs and drawings, customer and supplier database and other related assets, each of which forms an integral part of the Service and Spare Parts Business, on such terms and conditions, as the Board of Directors may deem fit, at a total consideration of EURO 2.49 Million (equivalent to approx. INR 199 Million), based on valuation report of an Independent Valuer at arm's length basis."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid 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 representative(s) 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. 4,82,133/- being unclaimed dividend amount for the financial year 2010 to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2011 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
2011	Final Dividend	June 8, 2019
2012	Final Dividend	July 17, 2020
2013	Final Dividend	June 15, 2021
2014	Final Dividend	June 7, 2022
2015	Final Dividend	June 28, 2023
2016	Final Dividend	June 13, 2024
2017	Final Dividend	June 3, 2025

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 May 2, 2019 to May 9, 2019 (both days inclusive).** If the final dividend on equity shares, as recommended by the Board of Directors is declared at the 45th Annual General Meeting, payment of such dividend will be made on or after May 16, 2019 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 May 1, 2019.
 - 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 May 1, 2019.
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 45th 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. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, securities of listed company can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, members are advised to dematerialize shares held by them in physical form.
12. 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 2018 together with the Notice of 45th 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.

13. 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 2018 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 2018 and this Notice of 45th 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.
14. 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 45th Annual General Meeting of the Company.
15. 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.
16. 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.
17. 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.

18. 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 remote 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 6157 2300, Fax: +91 (0) 79 2571 0406,
E-mail: secretarial@stovec.com,
Website: www.stovec.com

By Order of the Board of Directors

Sd/-
Sanjeev Singh Sengar
Company Secretary
Membership No. FCS 7835

Date : April 5, 2019

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 10 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 Ms. Sangeeta Puneet Singh Sachdev (DIN: 08118379), aged 49 years, as an Additional Director on the Board of Directors of the Company with effect from May 2, 2018. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act"), Ms. Sachdev holds office of Additional Director up to the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act, from a Member signifying his intention to propose the appointment of Ms. Sachdev as a Director of the Company. Ms. Sangeeta Sachdev has done Bachelors in Commerce from H.R. College of Commerce & Economics, Bombay and is an Associate in Applied Science (Textile Surface Design Major) from Fashion Institute of Technology, New York. She has also done Diploma in Business Management from Sydenham Institute of Management, Bombay. She has been working with SPGPrints America Inc since September 2003 and has been designated as Managing Director of SPGPrints America Inc since 2016. She has a rich experience of more than 29 years in Textile Design, Sales & Marketing. Brief Profile of Ms. Sachdev is provided in this Notice. The Board of Directors is confident that her 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.

Ms. Sachdev is not a Member of any Committees of the Board of Directors of the Company.

Ms. Sachdev is not related to any Directors or Key Managerial Personnel of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof except Ms. Sachdev, 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 based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Eiko Ris (DIN: 07428696), aged 60 years, as an Additional Director on the Board of Directors of the Company with effect from March 12, 2019. Pursuant to Section 161(1) of the Companies Act, 2013 ("the Act"), Mr. Eiko Ris holds office of Additional Director up to the date of this Annual General Meeting and is eligible for appointment as a Director. The Company has received a notice pursuant to Section 160 of the Act, from a Member signifying his intention to propose the appointment of Mr. Eiko Ris as a Director of the Company. Mr. Eiko Ris holds the degree of MSc (RA) from the Netherlands Institute of Register Accounts, The Netherlands. He is a Chief Financial Officer and a Member of Executive Board of SPGPrints B.V., the Holding Company of the Company, since 2016. He has a rich experience of more than 39 years in finance. Brief profile of Mr. Eiko Ris 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. 6 of this Notice for the approval of Members.

Mr. Eiko Ris is a Member of Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. Ris is not related to any Directors or Key Managerial Personnel of the Company.

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

Item No. 7

Mr. Shailesh Wani, aged 51 years, was first appointed as a Managing Director of the Company w.e.f. October 1, 2013 for a period of 3 (three) years and his term of appointment and remuneration including payment of variable pay were approved in the Annual General Meeting of the Company held on May 13, 2014. Based on his performance, the Board of Directors had re-appointed him as a Managing Director of the Company for a further period of 3 (three) years w.e.f. October 1, 2016. The present tenure of Mr. Shailesh Wani, Managing Director is expiring on September 30, 2019. Based on the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors at its meeting held on February 14, 2019, subject to the approval of Members have approved the re-appointment and remuneration payable to Mr. Shailesh Wani, Managing Director, for a further period of 3 (three) years w.e.f. October 1, 2019. The Board of Directors is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Shailesh Wani's service and recommend the resolution at Item No. 7 of this notice for the approval of Members.