

# Across the Pages

## Investor Information

CIN

**L45200GJ1973PLC050790**

BSE Code

**STOVACQ**

Bloomberg Code

**STOV:IN**

Dividend Declared

**₹ 57 per share (570%)**


AGM Date

**May 6, 2022 at 02:00 PM**

AGM Venue

**Through VC/OAVM**



For more investor related information please visit 

<https://www.spgprints.com/spgprints-group/companies-agents/stovec-industries-ltd>

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#### Disclaimer

This document contains statements about expected future events and financials of Stovec Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.





# STOVEC

## Creating Value for the Stakeholders

**INCORPORATED IN 1973, STOVEC INDUSTRIES LIMITED ('THE COMPANY' OR 'STOVEC') HAS SINCE FOREVER BEEN DETERMINED TO DELIVER THE BEST-IN-CLASS PRODUCTS TO ITS CUSTOMERS. OVER A FOUR-DECADE LONG EXPOSURE IN THE TEXTILE INDUSTRY WITH EXCELLENCE IN ENGINEERING AND INNOVATION, STOVEC HAS BECOME ONE OF THE KEY INTERNATIONAL PLAYERS IN THE INDUSTRY.**

The Company has come into a technical collaboration in 1974 with SPGPrints Group which was established in 1947 and has its headquarters in Boxmeer, Netherlands. In 1953, SPGPrints entered the textile business. The Group has evolved into a pioneer in offering integrated solutions for rotary screen printing in the textile industry throughout the years.

Stovec works relentlessly towards creating long-term value for our stakeholders. The Company provides holistic textile printing solutions that fulfil the needs and expectations of the customers. We offer our employees a fair and inclusive working environment, alongside contribution to their well-being through relevant training and livelihood programs. Backed by a robust financial performance, the Company is able to deliver better returns to the associated investors.

₹ **2,333.61** Mn

**Total Revenue**  
(as on December 31, 2021)

₹ **4,651.99** Mn

**Market Capitalisation**  
(as on December 31, 2021)

**25.64%**

**Return on Capital Employed**

₹ **141.96**

**Earnings Per Share**

# FINANCIAL SNAPSHOT

## Revenue from Operations

(Net of Taxes)

(₹ in Mn)



## EBIDTA

(Before Exceptional Items)

(₹ in Mn)



## EBITDA Margin

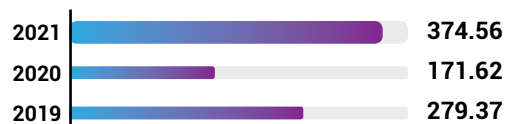
(%)



## PAT

(Before Exceptional Items)

(₹ in Mn)



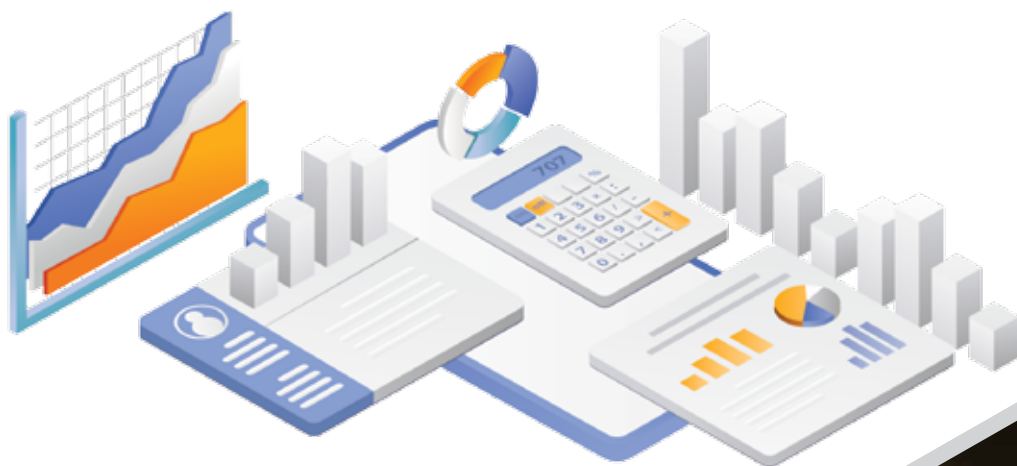
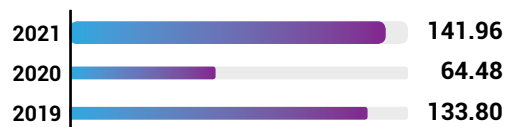
## PAT Margin

(%)



## Earnings Per Share

(₹)



# PEGASUS EVO UNIVERSAL REPEAT

## NEW FEATURE DEVELOPMENT

**SINCE 1974, STOVEC HAS PROVIDED ROTARY SCREENS & MACHINES TO TEXTILE PRINTING INDUSTRY. PEGASUS EVO, SPGPRINTS' NEW GENERATION ROTARY SCREEN-PRINTING MACHINE, IS A FIRST IN QUALITY AND PERFORMANCE. IT HAS BECOME THE INDUSTRY STANDARD IN TEXTILE PRINTING. PERFECTION DROVE THE INNOVATION, WHICH ADHERED TO THE ETHIC.**

Our engineering team constantly endeavours to improve product quality, process upgradation to achieve highest level of efficiency to obtain customer delight. With new innovations coming in the fashion industry, it is necessary for us to always remain technologically advanced and at the same time highly price competitive. Hence, there was a need to develop the 'universal repeat' option for the existing machine design.

In view of above, the engineering team has developed universal repeat functionality in existing Pegasus EVO machine which is cost-effective solution with sustainable printing performance and compatible with the existing Pegasus EVO model. The main goal of universal repeat was to use only one cassette for all repeats and enable the customer to use all types of ending.

### Benefits of having a 'Universal Repeat' option

Reduction in machine cost to the customer.

Cost-effective or economical solution where customer require higher repeats.

Single screen head for all repeat size printing, Less parts, Less maintenance.

Can be installed on earlier Stovec supplied Pegasus EVO machines.

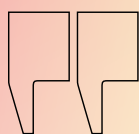
Standardisation, less inventory both at our and customer end.

Less variety of spare part requirement.





## WORDS FROM THE CHAIRMAN



**STOVEC IS RESPONDING SWIFTLY TO CHANGES IN THE ECONOMIC ENVIRONMENT, ENHANCING OUR CORPORATE VALUE BY TAPPING GROWTH OPPORTUNITIES. WITH THE GROWING ECONOMY, THE COMPANY IS WELL FOCUSED TOWARDS CREATING LONG-TERM VALUE FOR ALL STAKEHOLDERS, INCLUDING CUSTOMERS, EMPLOYEES, SUPPLIERS, LOCAL COMMUNITIES, AND SHAREHOLDERS.**



### **Dear Shareholders,**

With great pride and privilege, I present to you all the 48<sup>th</sup> Annual Report of Stovec Industries Limited, for the fiscal year 2021.

The year 2021 was a year of recovery, reopening and reflation. The first half of CY 2021 was dominated by the second wave of the pandemic, supply chain disruptions and restricted operations. But the second half included significant support in the form of initiatives by the Governments and Central banks, alongside other regulatory authorities. Even though the pandemic's paralysing effect lasted for about six months, the first did make us stronger and smarter in managing our lives and business operations. Thereon the overall Global economic recovery recorded the fastest rate of progress post-recession. However, the rising geo-political tensions are contributing to inflation and negatively impacting further growth of the economy.

The Indian economy showed a robust growth during the year. In the first quarter of FY 2021, it grew by 20.1%, supported by growing consumer demand and a lower base effect. However, second wave created a havoc,

resulting in higher death rate. A faster vaccination drive alongside partial lockdowns helped the people, and the economy to remain progressive. Loosening monetary policies and lower interest rates helped the economy in maintaining a steady pace of growth. Rising crude oil prices and its cascading effect on higher inflation remained a growing concern, increasing the fiscal deficit. However, the continued consumer confidence resulted in higher GST collections during the year.

### End-user Industry

The Textile Industry has showcased a strong recovery post pandemic. According to the Ministry of Textiles, the Indian textile sector grew by 41% in the first three quarters of FY 2022 as compared to the corresponding quarters of FY 2021. The Textile Industry witnesses a trade surplus at all times – with exports outnumbering its imports. In FY 2021, the textile exports slowed down, disrupting the supply chain and demand.

With several Government measures and prompted optimism, the sector is now expected to rise to \$300 Bn by 2025-26, showcasing a growth of 300% in the next two years.

For the Technical Textiles segment, there has been a significant turnaround. In terms of value, technical textiles imports were ₹ 1,058 crore higher than exports in FY 2020, while exports were ₹ 2,998 crore higher than imports in FY 2021.

### Stellar Performance

As the economy and industry showcased a robust growth, the Company has also managed to clock better financial metrics. We attribute these results to our strong business model and the tremendous hard work of our employees. They helped us weather this crisis and drive through with a swift performance. Despite the hard-hitting second wave of the pandemic, higher inflation, and supply chain disruption, we achieved high revenues, EBITDA levels and even better margins during the year. We accredit this to improving of our operating leverage and increase in volume offtake, coupled with higher price realisations.

### Let us consider some of the highlights of our Financial Performance in 2021:-

- ▶ Revenue from Operations stood at ₹ 2,333.61 Mn in

FY 2021, rising from ₹ 1,510.23 Mn in the FY 2020 – recording a growth of 54.52%

- ▶ EBITDA for FY 2021 stood at ₹ 463.07 Mn, 158.22% higher growth than the previous year
- ▶ Net Profit was recorded at ₹ 296.41 Mn in FY 2021, witnessing an increase of 120.17% over the previous year
- ▶ Return on Capital Employed was clocked in at 25.64%, witnessing a 159.18% increase over the previous year

### Outlook

The Company has set itself on a brighter path and is well-prepared to grab the growing opportunities in near future. Anticipating continued demand from retailers and consumers, the Company remains well-poised to accomplish the next phase of growth. Moving ahead with prudent strategies and resources, its goal is to continue delivering sustainable value, contributing to the larger vision of development. The key focus remains towards improving and expanding the value-added products' share consistently.

### Conclusion

The Group's management teams, and employees stood out as Stovec's key strengths once more. The relationships with our external stakeholders – including customers, shareholders, suppliers and industry regulators – are critical to the sustainability of the business. Thereby, I recognise their efforts and thank them for their continued support and association with Stovec.

I extend my heartfelt gratitude to all our employees for their commitment and hard work during the year. Your ongoing efforts are appreciated and highly recognised in facilitating the Company's growth, from strength to strength, as a leading player in the textile and graphic printing market.

Best Wishes,

**K. M. Thanawalla**  
Chairman



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

## Our CSR Philosophy

The Corporate Social Responsibility (CSR) program at Stovec aims to build a dynamic relationship between the Company and society, including the environment. Embracing its role as a responsible Corporate Citizen, Stovec believes an organisation must maintain highest standards of business behaviour toward its employees, customers, and society in which it operates.

## Our CSR Initiative

During the year, the Company continued its CSR activity through skill development training programmes. The training programme was meant for the freshers as well as designed to upskill the personnel, aiding them in getting employment and increased earnings. The Company continued to engage its Ahmedabad Textile Industry's Research Association (ATIRA) in the skill development programmes. It was a one-month training programme, organised at various industrial units. This technical skill training was designed for Rotary Printing within the area of wet processing for textiles.

### The training features:

Multiple batches – containing 20 people in each batch

Comprehensively designed and a hands-on learning experience

Includes both theory and practical session for better understanding of the processes

Post-training evaluation sessions were conducted to assess the trainees' level of skill development and gauge the efficacy and outcome of the programme

Also took into account Recognition of Previous Learning (RPL)





# CORPORATE INFORMATION

## Board of Directors

### Chairman & Independent Director

Mr. Khurshed M. Thanawalla

### Non-executive Non-independent Directors

Mr. Garrett Forde (w.e.f. February 26, 2021)

Mr. Dirk W. Joustra (ceased w.e.f. February 26, 2021)

Mr. Eiko Ris

### Independent Directors

Mr. Marco Wadia

Mrs. Kiran Dhingra

### Managing Director

Mr. Shailesh Wani

## Chief Financial Officer

Mr. Paras Mehta

## Company Secretary & Compliance Officer

Mr. Sanjeev Singh Sengar

## Statutory Auditor

SRBC & CO LLP

Chartered Accountants

## Secretarial Auditor

Sandip Sheth & Associates

Company Secretaries, Ahmedabad

## Registrar & Share Transfer Agents

Link Intime India Private Limited

5th Floor, 506 to 508,

Amarnath Business Centre: I (ABC-I);

Besides Gala Business Center;

Near St. Xavier's College Corner;

Off. C.G. Road, Navrangpura;

Ahmedabad: 380 009, Gujarat

Phone: +91 79 26465179/86/87

Fax: +91 79 26465179

Email: ahmedabad@linkintime.co.in

## Bankers to the Company

Axis Bank Limited

Citibank N.A

HDFC Bank Limited

## Registered Office and Factory

N.I.D.C., near Lambha Village;

Post: Narol, Ahmedabad: 382 405, Gujarat, India

## Investor's Help-desk

Email: secretarial@stovec.com

Phone no: +91 79 6157 2300

# MANAGEMENT DISCUSSION AND ANALYSIS



After a long battle against the COVID19 virus and its new strains, the world economy is now in its revival stage. The global economy recorded a robust growth of 5.9% in 2021, following a contraction of 3.3% in 2020.

## Global Economic Overview

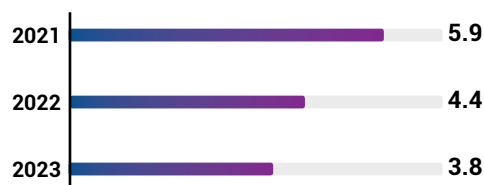
After a long battle against the COVID19 virus and its new strains, the world economy is now in its revival stage. The global economy recorded a robust growth of 5.9% in 2021, following a contraction of 3.3% in 2020. Effective policies, vaccination drives, timely interest rate redressal and relaxation of the lockdowns by Government worldwide boosted demand in various segments of the economy, bringing it back on track. The pace of progress achieved since, has been the highest among the last 80 years. Despite major setbacks, the world adapted to the circumstances and gained higher resilience.

H1 2021 saw the world moving towards better economic conditions. However, there were several interruptions to this progression. Global supply chain disruptions and fuel price rise in H2 2021 caused a downward trend in the economy. With the spread of new variant of the COVID19 virus strain, countries reimposed mobility restrictions, impacting transborder & internal trading of commodities, and the overall economic production run.

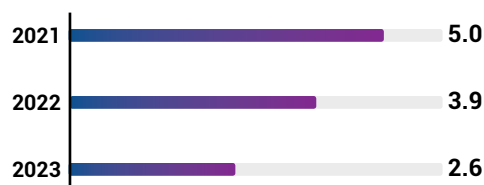
## World Economic Outlook Update January

### GROWTH PROJECTIONS

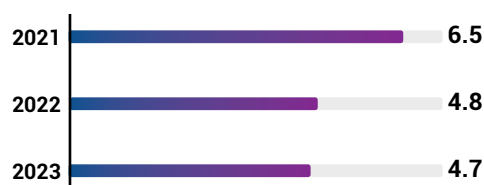
#### Global Economy (%)



#### Advanced Economies (%)



#### Emerging Market & Developing Economics (%)



(Source: IMF)