

40TH ANNUAL REPORT 2013

STOVEC[®]
INDUSTRIES LIMITED

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

Products

- Rotary Printing Machines for Textiles
- Rotary Screens and Chemicals for Textile Printing
- Anilox and Screens for Graphic Printing
- Digital Ink
- Sugar Screens

Market/Customers

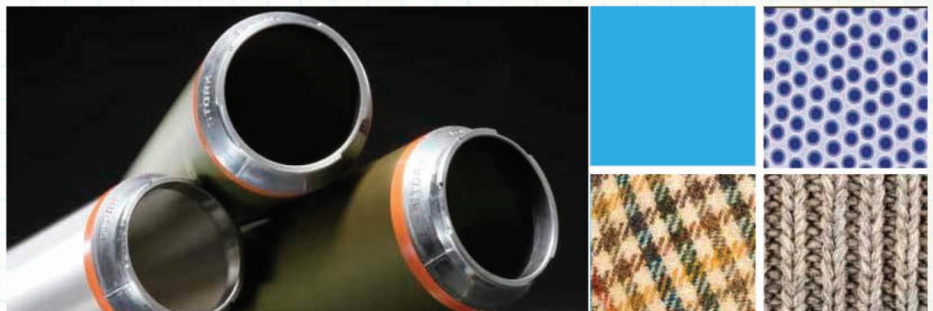
- Textile Printing and Processor
- Packaging and Label Printers and Converters
- Industrial/Security Printers
- Sugar Mills

Market Position

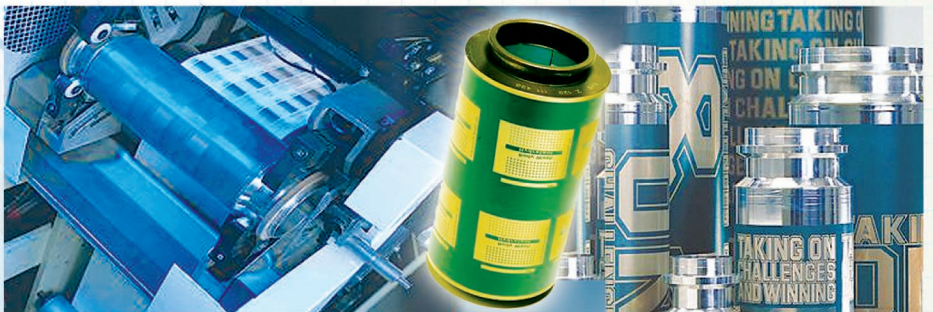
- Technology and Market Leadership in Rotary Screen and Printing Machinery



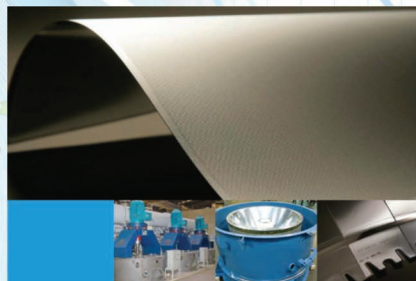
▲ Rotary Screen Printing Machine - STORMAC RDVI Gold



▲ Rotary Screens and Consumables for Textile Printing



▲ Anilox and Screens for Graphic Printing



▲ Sugar Screens



▲ Digital Textile Printing Ink

BOARD OF DIRECTORS

Mr. K. M. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mr. Aschwin N.R.M. Hollander	
Mr. Joost Smits	
CA. Girish C. Sharedalal	
Mr. Marco Philippus A. Wadia	
Mr. Shailesh Wani	Managing Director

COMPANY SECRETARY

Ms. Varsha Adhikari

AUDITORS

Price Waterhouse
Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
(Formerly Intime Spectrum Registry Ltd.)
Unit No. 303, 3rd Floor, Shoppers Plaza - V,
Opp. Municipal Market, Behind Shoppers Plaza II,
Off. C.G. Road, Ahmedabad - 380 009

BANKERS

The Axis Bank Limited
The Karur Vysya 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 40th Annual Report of your company for the year ended December 31, 2013.

We have just traversed one of the challenging year for the Company in recent times. The Global economy had another difficult year in 2013. The advanced economies below-trend growth continued, with output rising at an average annual rate of about 1%; while many emerging markets experienced a slowdown to below trend growth of 4.8 %. However, there are now clear signs of a pick-up, driven by advanced economies, in particular United States of America with growth in emerging markets expected to continue to be weak.

For the first time in twenty years, India is witnessing two successive years of sub 5 % growth in F.Y. 2013-14. Even F.Y. 2014-15 offers the prospect of no more than 6 % growth, as other than agriculture and export growth all sectors of the economy remain depressed. Rarely has India seen a slowdown of such length and depth. Understandable, therefore, that all hopes are pinned on the results of the on-going General Elections. The International Monetary Fund believes, as per their latest report that the Indian economy will recover this fiscal year, enabled by a stronger world economy, improving export competitiveness and policies encouraging investments.

The Indian Textile Industry operated at around the same level of output as in 2012-13. Average capacity utilization hovered around 78 % with approximately 32 % reporting utilization higher than the previous year. Very few went in for capacity expansion due to: Rising cost of capital, Steep and frequent changes in raw material and final product prices, Shortage in power and high power tariff and subdued demand. The Government of India has extended the Textile Up-gradation Fund Scheme (TUFS) for 2013 -14 and further continuation of the scheme will positively impact the company's business particularly for printing machinery.

Despite this difficult environment, your company combined the strengths arrived out of our product portfolio and operational excellence to achieve a 5.7 % growth in revenue from operations of ₹ 772.76 million (previous year ₹ 730.90 million) and an outstanding profit before tax of ₹ 151.18 million (previous year ₹ 107.03 million). Going ahead, I am certain that Team Stovec will carry on its legacy by creating new benchmarks in delivering quality products, operational excellence and cost efficiencies to further strengthen its market position.

I take this opportunity to welcome our new Managing Director, Shailesh Wani who brings with him rich experience of about 25 years in Sales, Marketing and Operations Management and wish him all the success. I am sure our company will grow and touch new peaks of success under his leadership.

The Board joins me in expressing our deep appreciation to the stakeholders: employees, management team & all our partners for their support & co-operation and understanding.

With Warm Regards,

K. M. Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the FORTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED will be held on Tuesday, the 13th day of May, 2014 at 11 a.m. at the registered office of the Company at N.I.D.C., Near Lambha Village, Post: Narol, Ahmedabad – 382 405, Gujarat, India, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended December 31, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditor's thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Marco Wadia, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. K.M. Thanawalla, who retires by rotation and being eligible offer himself for re-appointment.
5. To re-appoint auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. Appointment of Mr. Shailesh Wani as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**

"RESOLVED THAT Mr. Shailesh Wani who was appointed by the Board of Directors as an Additional Director w.e.f. October 1, 2013 and who holds office upto the date of this Annual General Meeting of the Company, in terms of Section 161 of the Companies Act, 2013, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director be and is hereby elected and appointed as a Director of the Company and shall not be liable to retire by rotation."

7. Appointment of Mr. Shailesh Wani as a Managing Director of the Company

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Special Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and Ministry of Corporate Affairs (MCA) General Circular No. 46/2011 dated: 14th July, 2011 and all other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 and all amendments or re-enactments thereof, the Company hereby approves, the appointment of and the remuneration payable to Mr. Shailesh Wani as a Managing Director of the Company for a period of 3 (three) years with effect from October 1, 2013; upon the terms and conditions including those relating to remuneration as set out in the agreement executed with the Managing Director, with liberty to the Board of Directors or a Committee thereof to alter and/or vary the terms and conditions of the said appointment and remuneration in such manner as may be agreed to between the Board of Directors and Mr. Shailesh Wani and subject to such statutory approvals as may be necessary."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, in accordance with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 or any amendment or re-enactment made hereafter."

"RESOLVED FURTHER THAT the said remuneration as contained in the agreement executed with Managing Director, 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 expedient to give effect to this 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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing Proxy as per the format included in the Annual Report 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, as applicable, issued by the member organization. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of Board Resolution authorizing their representative(s) to attend and vote in their behalf at the Meeting.
3. Pursuant to Sections 205A (5) and 205C of the Companies Act, 1956, 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. The Company during the year has transferred a sum of ₹ 129,092/- being unclaimed dividend amount for the financial year 2005-06 to the Investor Education and Protection Fund of the Central Government. Share holders who have not claimed their dividend for the financial year 2006-07 are requested to claim their unclaimed dividend before August 10, 2014. The Company shall thereafter as mentioned above process to transfer the unclaimed dividend 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. Register of Members and Share Transfer Book shall remain closed from May 7, 2014 to May 13, 2014 (both days inclusive). If the dividend on equity shares, as recommended by the Board of Directors is declared at the Annual General Meeting, payment of such dividend will be paid on or after May 14, 2014 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 6, 2014.
 - 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 6, 2014.
5. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
6. **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).** NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to submit their Bank Particulars in the ECS Mandate form, the format of which is annexed at the end of this Annual Report, to the Company's Registrar and Transfer Agent and Members holding shares in Dematerialized form and wish to avail this facility are requested to submit Bank particulars to their Depository Participant, so that future dividend can be directly credited to their bank account. **Members are requested to avail NECS facility as it is quick and much convenient way of getting dividend directly in your bank account.**
7. 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. 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** (Formerly known as Intime Spectrum Registry Limited), Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G. Road, Ahmedabad – 380 009.

8. Pursuant to clause 49 of the listing agreement, the particulars of Directors seeking appointment/re-appointment at the meeting are annexed.
9. As per Securities and Exchange Board of India (SEBI) Circular, 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.
10. Electronic copy of Annual Report for the financial year 2013 is being sent to all the members whose e-mail address is registered with the Company/Depository Participant(s). 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 year 2013 will also be available on the website of the Company viz. www.stovec.com.
11. 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. upto the date of the 40th Annual General Meeting of the company.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.

Regd. Office:

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

By **Order of the Board of Directors**

Date : February 25, 2014
Place : Mumbai

Varsha Adhikari
Company Secretary

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Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the company (Pursuant to Clause 49 of the listing agreement with the Stock Exchanges)

Name of Director	Mr. Marco Wadia	Mr. K.M. Thanawalla	Mr. Shailesh Wani
Date of Birth	30.01.1956	24.12.1942	02.02.1968
Date of Appointment	21.05.1999	28.01.2005	01.10.2013
Expertise in specific functional areas	Law	Marketing and General Management	Sales, Marketing and Operations Management
Qualifications	B.A. (Hons), L.L.B	He is a commerce graduate from the Bombay University. He is a fellow of The Institute of Chartered Secretaries & Administrators, London. He is also an Associate of The Textile Institute, U.K. and of The British Institute of Management.	He holds Bachelor's degree in Engineering and has done M.P.T. from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from The Institute of Cost Accountants of India.
Details of shares held in the company	2,150	Nil	Nil
List of companies in which outside directorship held as on 31.12.2013 (excluding Private Companies & Foreign Companies)	Zuari Agro Chemicals Ltd. Chambal Fertilizers & Chemicals Ltd. Gobind Sugar Mills Ltd. Johnson & Johnson Ltd. Jost's Engineering Co. Ltd. Paradeep Phosphates Ltd. Simon India Ltd. Zuari Global Ltd. Zuari Maroc Phosphates Ltd. Adventz Infraworld India Ltd.	Mandhana Industries Ltd. Varun Shipping Company Ltd. Varun Gas Infrastructure Ltd.	None
Chairman/Member of the *Committees of other companies as on 31.12.2013	Zuari Agro Chemicals Ltd. Chambal Fertilizers & Chemicals Ltd. Johnson & Johnson Ltd. Simon India Ltd. Zuari Global Ltd. Gobind Sugar Mills Ltd.	Mandhana Industries Ltd. Varun Shipping Company Ltd.	None

* The Committee includes the Audit Committee and the Investor Grievance Committee only.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned under item no. 6 & 7 of the accompanying Notice dated: February 25, 2014.

Item No. 6

The Board of Directors of the Company vide resolution passed by Circulation on September 10, 2013 has appointed Mr. Shailesh Wani as an Additional Director and subject to approval of Members also as a Managing Director of the Company w.e.f. October 1, 2013. Under Section 161 of the Companies Act, 2013, Mr. Shailesh Wani ceases to hold office at this Annual General Meeting but is eligible for appointment as Director. The notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. Shailesh Wani's appointment as a Director and the Members approval is sought for the said proposal vide Resolution at Item No. 6.

Mr. Shailesh Wani is not related to any Director of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Shailesh Wani, are interested in the Resolution.

Item No. 7

Mr. Shailesh Wani has been appointed as a Managing Director of the Company w.e.f. October 1, 2013 for a period of 3 (three) years subject to approval of Members in the General Meeting. Pursuant to Section 302 of the Companies Act, 1956, an abstract dated: September 26, 2013, of the terms of appointment of Mr. Shailesh Wani as a Managing Director together with Memorandum of Interest has been sent to the Members of the Company within stipulated time.

ABSTRACT OF TERMS AND CONDITIONS OF APPOINTMENT AND REMUNERATION OF MR. SHAILESH WANI, MANAGING DIRECTOR OF THE COMPANY:

- i. Mr. Shailesh Wani has been appointed as a Managing Director at a gross remuneration of ₹ 70,05,276/- p.a. plus variable pay based on the targets achieved. He shall also be entitled to family health insurance of ₹ 5,50,000/-.
- ii. The appointment shall be for a period of 3 (three) years w.e.f. October 1, 2013.
- iii. Mr. Shailesh Wani is appointed as a Managing Director of the Company and as such he shall have substantial powers of Management of the Company. He shall perform duties and exercise such powers subject to the superintendence, control and direction of the Board of Directors of the Company.
- iv. The Company has entered into agreement with Mr. Shailesh Wani for his appointment as a Managing Director, which may be terminated by either party by giving other party six months' written notice.
- v. Mr. Shailesh Wani's appointment is by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283 (1) (l) of the Companies Act, 1956.

Statement containing information required to be given under Schedule XIII as required by Notification No. G.S.R. 36(E) dated 16th January 2002 issued by the Department of Company Affairs.**I. General Information:**

- | | |
|--|--|
| 1) Nature of Industry | Manufacturing of Nickel Perforated Rotary Screens, Machinery and Components for Textile printings, Anilox Rollers, Sugar Screens and Rotamash Screens at its factory situated at N.I.D.C. Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat. |
| 2) Date of Commencement of commercial production | N.A. |
| 3) Financial Performance for the financial year ended 31.12.2013 | Turnover : ₹ 768.60 Million
Profit Before Tax : ₹ 151.18 Million
Current Ratio : 3.27
Net Worth : ₹ 504.13 Million |
| 4) Export Performance | For the year ended 31.12.2013, the Company has achieved export turnover of FOB value of ₹ 81.41 Million. |
| 5) Foreign Investment or Collaboration | a) SPGPrints B.V., The Netherlands (Formerly known as Stork Prints B.V.) are the Promoters of the Company holding 71% 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. Shailesh Wani has around 25 years of experience in Sales, Marketing and Operations Management.
- Mr. Shailesh Wani holds a Bachelor's degree in Engineering and has done M.P.T. from IIM, Bangalore. He has also done post-graduation in Cost Accounting (ICWA) from The Institute of Cost Accountants of India.
- Prior to joining Stovec he was working with Thermax SPX Energy Technologies Ltd as a Chief Executive Officer.

2. Past Remuneration:

Remuneration of Mr. Shailesh Wani is as under:

For the period	Gross Remuneration* (₹)
01.01.2013 to 30.09.2013	4.88 Million

* The above remuneration is as received and includes provident fund, gratuity, leave encashment and variable pay. It also includes the above benefits received by him for the prior period at the time of leaving the services of his previous employer.

3. Recognition or Awards:

Mr. Shailesh Wani is a Gold Medalist from IIM, Bangalore in M.P.T.

4. Job Profile and his suitability:

As a Managing Director, Mr. Shailesh Wani is responsible for the day to day Management of the Company and assisted by Senior Executives of the Company. He is working under the superintendence and control of Board of Directors. Mr. Shailesh Wani has multi-functional experience in Sales, Marketing and Operations Management which will help the Company to further grow under his leadership in the years to come.

5. Remuneration proposed :

- As mentioned in the abstract of remuneration given in the preceding paras.

6. Comparative Remuneration, Profile with respect of industry:

- The remuneration is commensurate with the Industry Standards. Looking into the responsibilities of Mr. Shailesh Wani, the remuneration is appropriate.

7. Pecuniary Relationship:

- Mr. Shailesh Wani is not related to any Directors or Promoters of the Company.

III. Other Information:

1. Reason for inadequacy of Profits & steps taken or proposed to be taken for improvement and expected increase in productivity and profitability:

The profits of the Company are in line with the current industrial scenario and are reasonable, but since the remuneration to Mr. Shailesh Wani, as mentioned here above do not fulfill the terms of the provisions of Sections 198, 269, 309 of the Companies Act, 1956 read with Schedule XIII of the said Act and other applicable provisions, if any, of the Companies Act, 1956/Companies Act, 2013 and are exceeding the limits prescribed there under, the Company is seeking approval of Members of the Company by way of Special Resolution.

IV. Disclosures:

(1) Remuneration Package:

The Remuneration package of Mr. Shailesh Wani has been disclosed above.

Mr. Shailesh Wani is not related to any Director of the Company.

None of the Directors, Key Managerial Personnel and relatives thereof other than Mr. Shailesh Wani, are interested in the Resolution.

Members approval is sought for the said proposal vide Resolution at Item No. 7.

The above may also be regarded as abstract under Section 302 of the Companies Act, 1956.