

43rd ANNUAL  
Report 2016

2016

**STOVEC**<sup>®</sup>  
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

### 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



Pegasus Evo  
Rotary Screen  
Printing Machine



RD8 Rotary Screen  
Printing Machine



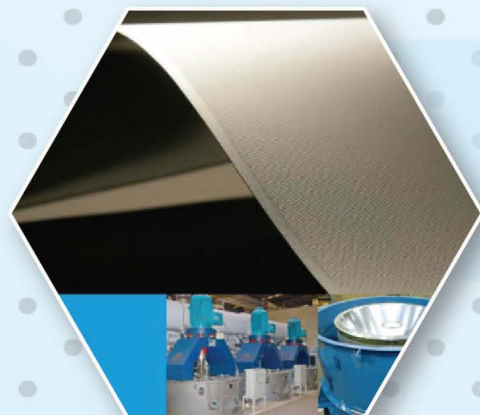
Rotary Screens and  
Consumables for  
Textile Printing



Digital Textile  
Printing Ink



Anilox and Screens  
for Graphic Printing



Sugar Screens



**BOARD OF DIRECTORS**

Mr. K. M. Thanawalla	Chairman
Mr. Dirk W. Joustra	
Mr. Eiko Ris	
Mrs. Everdina Herma Slijkhuis	
Mr. Marco Philippus A. Wadia	
Mr. Shailesh Wani	Managing Director

**CHIEF FINANCIAL OFFICER**

Mr. Paras Mehta

**COMPANY SECRETARY**

Mrs. Varsha Adhikari

**STATUTORY AUDITOR**

Price Waterhouse  
Chartered Accountants

**REGISTRAR & SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
5<sup>th</sup> 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.

**CONTENTS**

Letter from Chairman	2-2
Notice	3-12
Director's Report	13-47
Independent Auditor's Report on the Standalone Financial Statements	48-53
Standalone Financial Statements	54-79
Independent Auditor's Report on the Consolidated Financial Statements	80-83
Consolidated Financial Statements	84-105

## LETTER FROM CHAIRMAN



Dear Shareholders,

It is my privilege to present the 43<sup>rd</sup> Annual Report of your Company for the year ended December 31, 2016.

India still stands out as a promising emerging economy and is expected to remain the fastest growing large economy, as it benefits from strong private consumption and gradual introduction of significant domestic reforms by the Government. Despite increase in oil prices, rising fiscal deficits, impaired commercial bank's balance sheet especially public sector banks and high non-performing bank loans, the India's economic growth in 2017 is estimated to still be a robust 7.2 percent, with continued solid agricultural output.

On the Global front, stalling global trade, weak investment and heightened policy uncertainty have depressed world economic activity in 2016. After a lackluster outturn in 2016, world economic growth and growth in number of emerging economies and developing economies is expected to pick up pace in 2017. As per International Monetary Fund world GDP is expected to grow at 3.4 % in 2017 from 3.1 % in 2016. However, US Federal Reserve stance to increase policy rates more than once in 2017, uncertainty in crude oil prices and protectionist measures in several parts of the world may impact the world economic growth.

In 2017, Investment demand in India is expected to improve, helped by monetary easing, government efforts towards infrastructure investments and public-private partnerships and the implementation of domestic reforms such as the introduction of the Goods and Services Tax (GST) Bill. The Government of India's decision to further incentivize Garmenting Units by way of additional incentive over and above Capital Investment Subsidy under Amended Textile Upgradation Fund Scheme (ATUFS) is expected to give a boost to employment generation and increased production capacity and exports in the textile sector. Government plans to set up apparel parks, Free trade with ASEAN countries and proposed agreement with European Union may help boost exports of Indian textiles.

In financial year 2016, your Company moved forward strongly, Sustained the performance and attained double digit growth in revenue. Your Company achieved standalone revenue from operations of Rs. 1,885.13 Million (Previous year Rs.1,567.02 Million), which marks growth of about 20 % in comparison to prior year. The increase in revenue is contributed by growth in sales of almost all product lines and more particularly Rotary Screen Printing Machine and Nickel Perforated Rotary Screens. The Standalone Profit before Tax stood at Rs. 339.78 Million (Previous year Rs. 310.66 Million). The consolidated revenue from operations stood at Rs. 1946.43 Million (Previous year Rs. 1621.98 Million), an impressive increase of about 20 % in the consolidated revenue. The consolidated Profit before Tax for the financial year 2016 stood at Rs. 377.85 Million (Previous year Rs. 331.79 Million).

The progress we made in streamlining our production infrastructure and extending our reach and customer service while reducing cost with our cost leadership initiatives has helped Company to maintain its growth trajectory. Our focused approach, customer relationship building, value add to customer's business with our quality products, highly engaged and dedicated work-force allowed us to maintain and reinforce our strong position across our markets.

In conclusion, I would like to sincerely thank our Customers, Stakeholders, Suppliers and other business partners for their continued support, co-operation, commitment and understanding. I would also like to thank our dedicated employees for their tremendous efforts and passion that enables continuous improvement and growth.

With Warm Regards,

**K. M. Thanawalla**  
Chairman

## NOTICE

**NOTICE** is hereby given that the FORTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED (CIN: L45200GJ1973PLC050790) will be held on Thursday, 11<sup>th</sup> day of May, 2017 at 11:00 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
  - a) the Audited Financial Statements of the Company for the financial year ended December 31, 2016, 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, 2016 and the Report of the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Eiko Ris (DIN: 07428696), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**

**"RESOLVED THAT** pursuant to the provision of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), be and is hereby appointed as Statutory Auditors of the Company in place of retiring auditor M/s Price Waterhouse, Chartered Accountants (Firm Registration No. 301112E), [who have shown their unwillingness to be re-appointed], to hold office as such from the conclusion of 43<sup>rd</sup> Annual General Meeting (subject to ratification of their appointment by Members at every Annual General Meeting to be held after 43<sup>rd</sup> Annual General Meeting) until the conclusion of 48<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2022, to examine and audit the accounts of the Company at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors."

**"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 considered necessary, desirable or expedient to give effect to this resolution."

### **SPECIAL BUSINESS:**

#### **5. Payment of Commission to Independent Directors of the Company**

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

**"RESOLVED THAT** pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to the payment of Commission to Independent Directors, on annual basis, in addition to sitting fees and reimbursement of expenses incurred for attending the meetings of the Board of Directors of the Company and its Committee(s) thereof, within the overall ceiling of 1% (one percent) per annum or such other percentage as may be specified by the Act from time to time in this regards, of the net profits of the Company (computed in the manner provided in Section 198 of the Act or as may be prescribed by the Act or Rules framed thereunder from time to time) for each financial year, for a period of three financial years commencing from January 1, 2017, with powers to the Board of Director's or its Committee(s) thereof, to decide from time to time the percentage of net profit for each financial year be paid as Commission to Independent Directors, within the above referred overall ceiling of Commission."

**"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 considered necessary, desirable or expedient to give effect to this resolution."

**6. Payment of remuneration to M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), the Cost Auditors of the Company for the financial year 2017**

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, 2017, in respect of products/activities of the Company covered under the Companies (Cost Records and Audit) Amendment Rules, 2014/2016, be paid a remuneration of Rs. 1,10,000/- (Rupees One Lakh Ten Thousand Only) per annum plus applicable Service Tax/Goods & Service Tax (as may be applicable) 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."

**7. Approval of Related Party Transactions with M/s SPGPrints B.V. for the financial year 2016**

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

**"RESOLVED THAT** pursuant to the provisions of 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 with respect to related party transaction(s) entered during the financial year 2016 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(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."

**8. Approval of Related Party Transactions with M/s SPGPrints B.V. for the financial year 2017 and 2018**

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

**"RESOLVED THAT** pursuant to the provisions of 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, 2017 to December 31, 2018, 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(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."

**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 representatives 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. 8,39,040/- being unclaimed dividend amount for the financial year 2008 to the Investor Education and Protection Fund of the Central Government. The shareholders who have not claimed their dividend for the financial year 2009 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](http://www.stovec.com) and Ministry of Corporate Affairs website at [www.mca.gov.in](http://www.mca.gov.in).

Financial Year	Final Dividend/Interim Dividend	Tentative Date for transfer to IEPF
2009	Final Dividend	4 <sup>th</sup> May, 2017
2010	Final Dividend	14 <sup>th</sup> June, 2018
2011	Final Dividend	8 <sup>th</sup> June, 2019
2012	Final Dividend	17 <sup>th</sup> July, 2020
2013	Final Dividend	15 <sup>th</sup> June, 2021
2014	Final Dividend	7 <sup>th</sup> June, 2022
2015	Final Dividend	28 <sup>th</sup> June, 2023

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 an IEPF suspense account. The Company has sent 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 IEPF suspense Account 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 5, 2017 to May 11, 2017 (both days inclusive). If the final dividend on equity shares, as recommended by the Board of Directors is declared at the 43<sup>rd</sup> Annual General Meeting, payment of such dividend will be made on or after May 18, 2017 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 4, 2017.
  - 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 4, 2017.
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). **It is in Members interest to avail NECS facility as it is quick and much convenient way of getting dividend directly in your bank account.** Members

desirous of availing NECS 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 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**, 5<sup>th</sup> 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 re-appointment at the 43<sup>rd</sup> 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. **Green Initiative:**

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](mailto:ahmedabad@linkintime.co.in) or [secretarial@stovec.com](mailto: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 2016 together with Notice of the 43<sup>rd</sup> Annual General Meeting, Attendance Slip, Proxy Form and Route Map will also be available on the website of the Company viz. [www.stovec.com](http://www.stovec.com) for their download.

12. 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 2016 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 2016 and this Notice of 43<sup>rd</sup> 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.
13. 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 43<sup>rd</sup> Annual General Meeting of the Company.
14. 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.
15. 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.



16. 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. 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 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 3041 2300, Fax: +91 (0) 79 2571 0406,  
E-mail: [secretarial@stovec.com](mailto:secretarial@stovec.com),  
Website: [www.stovec.com](http://www.stovec.com)

**By Order of the Board of Directors**

Sd/-  
Varsha Adhikari  
**Company Secretary**  
**Membership No. A17604**

**Date: March 25, 2017**

**Place: Mumbai**

**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 Ordinary Business at Item No. 4 and Special Business at Item No. 5 to 8 of the Notice is annexed hereto and forms part of this Notice.

**Item No. 4**

M/s Price Waterhouse, Chartered Accountants, were appointed as Statutory Auditors of the Company in the 36<sup>th</sup> Annual General Meeting of the Company held on March 30, 2010. Thereafter due to commencement of Companies Act, 2013, they were re-appointed in terms of Section 139 of the Companies Act, 2013 for a consecutive term of 5 years from the conclusion of 41<sup>st</sup> Annual General Meeting till the conclusion of 46<sup>th</sup> Annual General Meeting to be held in the calendar year 2020 (subject to ratification of their re-appointment by Members at every subsequent Annual General Meeting). The re-appointment of Statutory Auditor's was lastly ratified in the 42<sup>nd</sup> Annual General Meeting. M/s Price Waterhouse, Chartered Accountants have intimated the Company showing their unwillingness for ratification of their re-appointment in the forthcoming Annual General Meeting.

On recommendation of Audit Committee, the Board of Directors in its meeting held on February 23, 2017, subject to the approval of Members, has appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as the Statutory Auditors of the Company in place of retiring auditors M/s Price Waterhouse, Chartered Accountants, to hold office as such from the conclusion of 43<sup>rd</sup> Annual General Meeting (subject to ratification of their appointment by Members at every Annual General Meeting to be held after 43<sup>rd</sup> Annual General Meeting) until the conclusion of 48<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2022, to examine and audit the accounts of the Company at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.

The Board accordingly recommends the resolution at Item No. 4 of this Notice for the approval of Members. None of the Directors, Key Managerial Personnel and relatives thereof, are in any way concerned or interested, financially or otherwise, in the resolution at Item No. 4 of this Notice.

Although not mandatorily required to be given, the above Explanatory Statement is given as a part of good Corporate Governance Practice.

**Item No. 5**

In terms of Section 197 of the Act, the approval of the Members is not required for the payment of commission to the non-executive directors up to 1% of the net profits of the Company. However, as per Regulation 17(6)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to Non-executive Directors' (including Independent Director's) compensation and disclosures, all fees / compensation, payable to non-executive directors requires approval of the Members by means of an ordinary resolution.

Dynamic business environment and good corporate governance requires the Independent Directors to play a more pro-active role alongwith greater involvement in Board's decision making process. The Board of Director's in its meeting held on March 25, 2017, subject to the approval of Members in General Meeting, have decided to remunerate the Independent Directors by way of Commission and accordingly approval of Members is hereby sought by way of an Ordinary resolution for the payment of Commission to Independent Directors for a period of three financial years commencing from January 1, 2017, as set out at Item No. 5 of this Notice. The Commission shall be in addition to the payment of sitting fees and reimbursement of expenses incurred for attending the meetings of the Board of Directors of the Company and its Committee(s) thereof.

The Board of Directors recommends the resolution at Item No. 5 of this Notice for the approval of Members.

Mr. K.M. Thanawalla and Mr. Marco Wadia, Independent Directors and their relatives are deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of the remuneration that may be received by them. None of the other Directors, Key Managerial Personnel and relatives thereof, are in anyway concerned or interested, financially or otherwise, in the resolution at Item No. 5 of this Notice.

**Item No. 6**

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s Dalwadi & Associates, Cost Accountants (Firm Registration No. 000338), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending December 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly consent of the Members is sought by way of an ordinary resolution as set out at Item No. 6 of this Notice, for ratification of the remuneration amounting to Rs. 1,10,000/- plus applicable service tax/goods and service tax and out of pocket expenses, if any, payable to the Cost Auditors for Cost Audit for the financial year ending on December 31, 2017, in respect of products/ activities of the Company covered under the Companies (Cost Records and Audit) Amendment Rules, 2014/2016.

The Board accordingly recommends the resolution at Item No. 6 of this Notice for the approval of Members.

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

**Item No. 7 & 8**

SPGPrints B.V. ("SPGPrints"), based out at Netherlands, is a global leader in the textile and graphics printing market and known for its quality products. In order to meet the quality standards prescribed by SPGPrints and considering the business needs in India, Company needs to import certain raw materials and components from SPGPrints. As per Regulation 23 of Listing Regulations (effective from December 1, 2015) transactions with a related party shall be considered material if the transaction / transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company and shall require approval of the shareholders through resolution in General Meeting. Accordingly transactions entered during the financial year 2016 with M/s SPGPrints B.V. (a 'Related Party' as defined under Section 2 (76) of Companies Act, 2013 and Regulation 2 (zb) of the Listing Regulations) as set out at Item No. 7 of this Notice, has been placed before the Members for their approval by way of Ordinary Resolution.