37TH ANNUAL REPORT 2010

STOVEC
INDUSTRIES LIMITED

STOVEC
INDUSTRIES LIMITED

ISO 9001
BUREAU VERITAS
Certification
Excluding Design

COMPANY PROFILE

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 Printing Machine for Textiles

Rotary Screens and Consumables for Textile Printing

Anilox and Screens for Graphic Printing

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. Ashish Kaul	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.)
211, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura,
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.

CONTENTS

Notice	4-6
Directors' Report	7-11
Corporate Governance Report	12-19
Management Discussion and Analysis Report	20-20
Certificates	21-22
Auditors' Report	23-25
Balance Sheet	26-26
Profit & Loss Account	27-27
Cash Flow Statement	28-28
Schedules and Notes to Accounts	29-49
Balance Sheet Abstract	50-50

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It gives me immense pleasure to present the 37th Annual Report of your company for the year ended December 31, 2010.

Global markets have improved over the last few years and emerging markets have been growing faster than the developed markets. The recent announcements in the Indian Union Budget give a positive outlook of the domestic economy. On the other hand the rising prices of Cotton has been hurting the textiles business. Recent natural disaster in Japan has created some softness in to the global market sentiment.

The Company has had another successful year and achieved a Profit before Tax of Rs. 107.91 million as compared to Rs. 97.38 million of previous year. Improvement in profitability was driven through Volume growth and improved product mix. During the year your company has entered into the new business of Sugar Screens and this has a good business potential in coming years.

Your Company management team continues to focus on efficient execution of existing programs and also plans to build up on the recently introduced product lines from our Parent Companies portfolio of products. This in turn will help the company to maintain and improve its current market and financial position.

I thank all stakeholders, corporate partners and friends for their continued support. We look forward to your continued support and patronage.

With warm regards,

K.M.Thanawalla
Chairman

NOTICE

NOTICE is hereby given that the THIRTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF STOVEC INDUSTRIES LIMITED will be held on Wednesday, the 11th day of May, 2011 at 3.15 p.m. at the Registered Office of the company at N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad, Gujarat, India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended December 31, 2010 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of CA. Girish Sharedalal, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint a Director in place of Mr. Marco Wadia, who retires by rotation and being eligible offer himself for re-appointment.
5. To 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.

Notes:

1. **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.
2. 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 Rs. 186,728/- being unclaimed dividend amount for the financial year 2002-03 to the Investor Education and Protection Fund of the Central Government. Share holders who have not claimed their dividend for the financial year 2003-04 are requested to claim their unclaimed dividend before August 10, 2011. The Company shall thereafter as mentioned above transfer the unclaimed amount to the Investor Education and Protection Fund and no claim shall lie against the Company for the said amount of unclaimed dividend so transferred. It may be noted that unpaid dividend for the financial year 2003-04 is due for transfer to the Investor Education and Protection Fund on September 2, 2011.
3. Register of Members and Share Transfer Book shall remain closed from Thursday, May 5, 2011 to Wednesday, May 11, 2011 (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 12, 2011 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, 2011.
   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, 2011.
4. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
5. 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 contact the Company's Registrar and Transfer Agent.

6. 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), 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009.

7. Pursuant to clause 49 of the listing agreement, the particulars of Directors seeking re-appointment at the meeting are annexed.

8. 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.

9. **In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform the Registrar & Share Transfer Agents about their PINCODE immediately.**

10. Non-resident Indian Shareholders are requested to inform the Share Transfer Agents immediately about:

    (*a*) any change in their residential status upon return to India for permanent Settlement.

    (*b*) particulars of NRI Account with a Bank in India, if not furnished earlier.

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.

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.
Date : February 24, 2011
Place : Mumbai

By **Order of the Board of Directors**

Varsha Adhikari
Company Secretary

Details of Directors seeking 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	**CA. Girish C. Sharedalal**	**Mr. Marco Wadia**
Date of Birth	05.10.1932	30.01.1956
Date of Appointment	26.09.1989	21.05.1999
Expertise in specific functional areas	Finance	Law
Qualifications	Chartered Accountant	B.A (Hons), L.L.B
Details of shares held in the company	24	2150
List of companies in which outside directorship held as on 31.12.2010 (excluding Private Co's & Foreign Co's)	The Ruby Mills Ltd. F D C Ltd. Kotak Mahindra Trustee Co. Ltd.	GMAC Financial Services Ltd. Chambal Fertilisers & Chemicals Ltd. Johnson & Johnson Ltd. Jost's Engineering Co. Ltd. Paradeep Phosphates Ltd. Simon India Limited Zuari Industries Ltd. Zuari Maroc Phosphates Ltd. Adventz Infraworld India Ltd.
Chairman / Member of the * Committees of other companies as on 31.12.2010	F D C Ltd. Kotak Mahindra Trustee Co. Ltd.	Zuari Industries Ltd. Chambal Fertilisers and Chemicals Ltd. GMAC Financial Services Ltd. Johnson & Johnson Ltd. Simon India Limited

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

DIRECTOR'S REPORT

Your Directors are pleased to present the Thirty Seventh Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st December, 2010.

1. FINANCIAL RESULTS:

Particulars		Current Year 31.12.2010 Amt. in Rs.		Previous Year 31.12.2009 Amt. in Rs.
Sales & Services (Net)	591,527,796		464,222,314	
Other Income	20,307,916		58,159,856	
(a) Total Income:		611,835,712		522,382,170
(b) Total Expenditure:		492,358,535		407,419,185
(c) Gross Profit: Before Interest, Depreciation & Amortisation Charges: (c) = (a) – (b)		**119,477,177**		**114,962,985**
Less: Interest		716,343		814,717
Gross Profit after Interest but before Depreciation and Amortisation Charges		**118,760,834**		**114,148,268**
Less: Depreciation & Amortisation Charges.		10,846,854		16,762,497
Operational Profit / Profit Before Tax		**107,913,980**		**97,385,771**
Less: Current Tax	22,774,447		43,983,822	
Deferred tax	13,186,815		(12,710,363)	
Fringe Benefit Tax	—		193,006	
(Excess)/Short provision for taxes for earlier years (Net of Deferred Tax).	(197,433)	35,763,829	412,607	31,879,072
Profit After Tax		**72,150,151**		**65,506,699**
Add: Profit brought forward from previous year		89,251,031		55,994,513
Profit available for appropriation		**161,401,182**		**121,501,212**
Dividend on equity shares		**21,506,565**		**21,924,168**
Tax on Dividend		**3,655,041**		**3,726,013**
Amount transferred to General Reserves.		**7,300,000**		**6,600,000**
Profit carried forward to Balance Sheet		**128,939,576**		**89,251,031**

2. DIVIDEND:

Considering the company's financial performance, the Directors have recommended payment of dividend of Rs. 10.30/- per share for the year ended on December 31, 2010.

3. PERFORMANCE OVERVIEW:

During the year under review, your company has shown remarkable performance in all the segments in which it operates. In particular there is a significant increase of 21.62 % in sales of Textile Consumables & Textile Machinery over the sales of previous year.

Your Company has had a successful year and achieved a net turnover of Rs. 591.53 million, a growth of 27.42 % in comparison to prior year. The company has achieved Profit before Tax of Rs. 107.91 million, which marks an increase of 10.81 % over last year.

4. NEW PRODUCT:

During the year under review, the company has commenced manufacturing of 'Sugar Screens' which is used by sugar industry and hopeful to generate good business in years to come.

5. AUDITORS REPORT:

The observation made in the Auditors report are self explanatory and therefore need not require any comments under section 217(3) of the companies act, 1956.

6. FIXED DEPOSITS :

For the year ending December 31, 2010, the Company has not accepted any deposits from the public falling within the purview of section 58A & 58AA of the Companies Act, 1956 and rules made there under.

7. CORPORATE GOVERNANCE:

A separate Report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by Clause 49 of the listing agreement forms part of the Annual Report along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement.

8. DIRECTORS:

During the year there has been no change in the Board of Directors of the Company. However pursuant to Section 255 and 256 of the companies act, 1956, CA. Girish C. Sharedalal and Mr. Marco Wadia, retires by rotation in the forthcoming Annual General Meeting of the company and being eligible offer themselves for re-appointment.

9. DIRECTORS RESPONSIBILITY STATEMENT:

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

a) in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;

b) the accounting policies selected had been applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the Profit or Loss of the company for that period;

c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

d) the annual accounts had been prepared on a going concern basis.

10. AUDITORS:

The Company's Statutory Auditors M/s. Price Waterhouse, Chartered Accountants, (Firm Registration No. 301112E) retires at the forthcoming Annual General Meeting and have shown their willingness to continue as statutory auditors of the company. The Board recommends appointment of M/s. Price Waterhouse as the Statutory Auditors of the Company from the conclusion of the 37^{h} Annual General Meeting until the conclusion of the next Annual General Meeting of the company.

Members are requested to please re-appoint M/s. Price Waterhouse, Chartered Accountants and authorize the Board to fix their remuneration.

11. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY ETC.:

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

12. PARTICULARS OF EMPLOYEES:

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

13. ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors

Place : Mumbai **K.M.Thanawalla**
Date : February 24, 2011 **Chairman**

Annexure - I

Annexure to the Director's Report

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ending 31st December, 2010.

(I) Conservation of energy:

a) Energy conservation is an on-going process. The following are steps taken by the Company in this direction:

1. Some Low efficiency rectifiers have been replaced by new high efficiency rectifiers.
2. Continuously maintaining power factor of 0.99.
3. Efficient maintenance of hot water generator & inefficient old chiller replaced by new one.
4. Metal halide lamps replaced by Mercury lamps and conventional tube lights replaced by CFL/T5 series for power saving.
5. Energy audit and implementation of recommendations.
6. Installation of PLC & VFD for better control at various process equipments.
7. Better utilization of production equipments.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy and other raw materials.

The company has made the following investments:

i. High Efficiency rectifiers.(Electronic rectifiers)

ii. VFD

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

1. Power consumption along with overall cost of production has been reduced
2. L.D.O. consumption has been reduced.
3. Planned usage of utilities during non peak hours (Lower tariff rates).

(II) Environment Health & Safety:

1) Revamping of production cranes with better controlling equipments and use of DSL shrouded bus bars instead of overhead live conductors to improve safety level.
2) Waste chemicals storage area improved.
3) Continuous training program.

(III) Technology Absorption:

The efforts made in technology absorption are mentioned below in Form-B:

Form – B

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT (R & D):

1. Specific areas in which (R&D) carried out by the Company.

Process improvements are carried out on a continued basis

2. Benefits derived as a result of the above R & D.

Cost of Poor Quality (COPQ) has improved

3. Future plan of action.

Process improvements are expected to continue

4. Details of R & D Expenditure.

1.	Capital Expenditure	NIL
2.	Recurring Expenditure	Not separately accounted
3.	Total Expenditure	NIL
4.	Total R&D Expenditure as a percentage of the total Turnover.	NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation**. – N.A**

(b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc**. : N.A**

(c) Details of Technology imported (during the last 5 years).

i. Technology imported :

The company imported technology for manufacturing new model of printing machines.

ii. Has technology been fully absorbed ? :

The above technology has been fully absorbed.

iii. If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action: **N.A.**

FOREIGN EXCHANGE EARNING AND OUTGO.

1. Activities relating to exports:

The company is concentrating on continuous quality and product improvement. The company is also planning to participate in ITMA Exhibition, to increase its presence in the global market and also to explore new market for its products.

2. Total foreign exchange used and earned.

i.	Earnings in foreign exchange on account of Goods and Services Exported (Jan'10 – Dec'10).	**Rs. 70,332,822**
ii.	Value of imports of raw materials, components, stores, spares, commission, technical know-how fees, royalty etc. (Jan'10 – Dec'10)	**Rs. 192,915,046**

Annexure - II

Statement of particulars under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on December 31, 2010.

A. Employed throughout the accounting year under review and were in receipt of remuneration for the accounting year in aggregate of not less than Rs.24,00,000/-

Sr. No.	Name & Age	Designation & Nature of Duties	Remuneration & Perquisites	Nature of employment	Other terms and conditions	Qualification & Experience (in years)	Date of commence-ment of employment	Last employ-ment held	% of equity shares held in the company
1.	Mr.Ashish Kaul (42 yrs.)	Managing Director w.e.f. 01.03.2007, management of the whole of the Company.	Rs.8,249,221/- (Rs. 4,09,363/- towards contribution to P.F and other retirement benefits)	Re-appointed as a Managing Director of the company w.e.f. 01.03.2010 vide agreement dated:February 5, 2010.	As set out in the agreement appointing the Managing Director.	B.E. (Electronics) & M.B.A. (Finance) Experience of around 20 years in general management, supply chain and operations management.	31.07.2006	Carrier India	Nil
2.	Mr. Girish M. Deshpande (56 yrs)	Vice President-Finance. Heading the finance and accounts department.	2,652,348/- (Rs.101,364/- towards contribution to P.F and other retirement benefits)	Contractual	As set out in the appointment letter	B. Com. & Chartered Accountant. Experience of around 32 years in Finance and Accounts.	15.03.1986	Self Employed	0.005

Notes:

1. Remuneration as shown above includes salary, house rent allowance, Company's contribution to Provident fund, Superannuation and Group Gratuity Fund. It also includes reimbursement of expenses incurred by the employees on leave travel and medical treatment, where ever applicable and to the extent admissible under the Rules of the Company.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a system of structuring, operating and controlling a corporate with a view to achieve long term strategic goals to satisfy its stakeholders – including shareholders, creditors, employees, customers and suppliers, while complying with the legal and regulatory requirements. It involves defining and implementing a system of rules, processes, procedures and relationships to manage the organization and fulfill its legal, financial obligations and setting up & implementing processes that guarantee transparent information to all stakeholders.

The Company believes that sound Corporate Governance is critical to enhancing and retaining investor trust and accordingly Stovec always seek to ensure that it attains performance goals with integrity. Corporate Governance has indeed been an integral part of the way Stovec have done business. This emanates from our strong belief that strong governance is integral to creating value on a sustainable basis. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

2. BOARD OF DIRECTORS

The composition of the Board with reference to the number of Executive and Non-executive directors meets the requirement of Code of Corporate Governance. The Company has an optimum combination of Independent and Non-executive Directors.

The strength of the Board of Director is Seven Directors. The Board Comprises of Non-Executive / Independent Chairman, Executive Director (M.D.), Three Non-Executive Directors & Two other Non-Executive/ Independent Directors.

Name of Director	Executive / Non-Executive / Independent	No. of Outside Directorship	No. of outside Committee position held	
			Member	Chairman
Mr. K.M. Thanawalla	Non-Executive / Independent (Chairman)	3	-	1
CA. Girish C. Sharedalal	Non-Executive / Independent	3	-	2
Mr. Marco Wadia	Non-Executive / Independent	9	6	-
Mr. Dirk Wim Joustra	Non-Executive Director	-	-	-
Mr. Aschwin Hollander	Non-Executive Director	-	-	-
Mr. Joost Smits	Non-Executive Director	-	-	-
Mr. Ashish Kaul	Executive (Managing Director)	-	-	-

The Board met 4 times during the year i.e. February 5, 2010; April 29, 2010; August 10, 2010 and October 28, 2010.

The following table gives the attendance record of the Directors at the Board as well as Annual General Meeting.

DETAILS ABOUT THE BOARD MEETING

Directors	No of Board Meetings held	No of Meeting attended	Attendance at the AGM
Mr. K.M. Thanawalla	04	04	Yes
CA. Girish C. Sharedalal	04	03	Yes
Mr. Marco Wadia	04	04	Yes
Mr. Dirk Wim Joustra	04	00	No
Mr. Aschwin Hollander	04	01	Yes
Mr. Joost Smits	04	00	No
Mr. Ashish Kaul	04	04	Yes

Notes

1. None of the Directors are related to any other director.

2. None of the Directors holds Directorship in more than 15 Public Limited Companies nor is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which he is a Director.

3. Outside directorship do not include alternate directorship, directorship of Private Limited Companies and of Companies incorporated outside India. The Number of outside Committee position held includes Audit Committee and Investor Grievance Committee only.

Share – Holding of Non-Executive Director

The share holding of Non-Executive Directors in the company as on December 31, 2010 are as follows:

Directors	No of Shares Held	% of Total Shares of the Company
Mr. K.M. Thanawalla	Nil	Nil
CA. Girish C. Sharedalal	24	0.0011
Mr. Marco Wadia	2150	0.1029
Mr. Dirk Wim Joustra	Nil	Nil
Mr. Aschwin Hollander	Nil	Nil
Mr. Joost Smits	Nil	Nil

Appointment / Re-appointment of Directors

In pursuance to Section 255 and 256 of the companies act, 1956, CA. Girish C. Sharedalal and Mr. Marco Wadia retire by rotation in the forthcoming annual general meeting of the company and being eligible offer themselves for re-appointment.

3. COMMITTEES OF THE BOARD

The committees of the Board are constituted as per the code of Corporate Governance. The role and the responsibilities of each of the committees are well defined. The Board has constituted the following Committees:

3.1 AUDIT COMMITTEE:

The terms of reference of Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges and includes such other functions as may be assigned to it by the board from time to time.

The composition of the Audit Committee and details of meetings attended by the members of the Audit Committee are given below:

Directors	Position Held In Committee	Independent / Executive / Non-Executive Director	No of Committee Meetings held	No of Meeting attended
Mr. K.M. Thanawalla	Chairman	Independent Non-Executive Director	04	04
Mr. Marco Wadia	Member	Independent Non-Executive Director	04	04
CA. Girish C. Sharedalal	Member	Independent Non-Executive Director	04	03
Mr. Ashish Kaul	Member	Executive Director	04	04

The Committee met 4 times during the year i.e. February 5, 2010; April 29, 2010; August 10, 2010 and October 28, 2010.

The chairman of the audit committee was present in the last Annual General Meeting to answer the shareholders queries.

3.2 REMUNERATION COMMITTEE:

The Remuneration Committee comprises of the following members:

Directors	Position Held In Committee	Independent / Executive / Non-Executive Director
CA. Girish C. Sharedalal	Chairman	Independent Non-Executive Director
Mr. Marco Wadia	Member	Independent Non-Executive Director
Mr. K.M. Thanawalla	Member	Independent Non-Executive Director

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Directors, retirement benefits to be paid to them and deal with matters pertaining to Employees' Stock Option Scheme.

During the year under report, there was one meeting held of the Remuneration Committee on February 5, 2010 to consider the remuneration of the Managing Director.

The Directors' remuneration and sitting fees paid/payable in respect of the Financial Year 2010 are given below:-

(A) Non-Executive Directors:

The Company pays Rs.18,000/- as sitting fees to all the directors except Mr. Ashish Kaul, the Managing Director, for each board meeting attended.

i. The Details of the sitting fees paid for the year 2010 to the Non-Executive Directors and Foreign Directors are as follows:

Directors	Amount of Sitting Fees Paid for attending Board Meeting (in Rs.)
Mr. K.M. Thanawalla	72,000
CA. Girish C. Sharedalal	54,000
Mr. Marco Wadia	72,000
Mr. Dirk Wim Joustra	NIL
Mr. Aschwin Hollander	18,000
Mr. Joost Smits	NIL

The Company pays Rs.9,000/- as sitting fees to all the members of audit committee except Mr. Ashish Kaul, Managing Director, for each audit committee meeting attended.

ii. The Details of the sitting fees paid for the year 2010 to the members for each audit committee meeting attended are as follows:

Directors	Amount of Sitting Fees Paid for attending Audit Committee Meeting (in Rs.)
Mr. K.M. Thanawalla	36,000
CA. Girish C. Sharedalal	27,000
Mr. Marco Wadia	36,000

Besides above, the Company does not pay any other commission or remuneration to its Non-Executive Directors and Foreign Directors.

(B) Executive / Whole-time Directors:

The details of remuneration paid to Executive / Whole-time Director are as follows:

(in Rs.)

Director	Salary & Allowances	Perquisites & Benefits	Retirement Benefits	Total
Mr. Ashish Kaul	7,428,045	519,076	302,100	8,249,221

(C) Remuneration Policy:

The Remuneration of the Managing Director is recommended by the Remuneration Committee based on factors such as industry benchmarks, the company's performance vis-à-vis the industry, performance/track record of the Managing Director and also based on certain factors like Inflation rate in the country and Performance of the executive. Remuneration comprises of Fixed Component viz. salary, perquisites and allowances and a variable component comprising of Gross Bonus upto a maximum of 52.5 % of annual fixed salary.

(D) Service Contract and Notice Period of the Managing Director:

Mr. Ashish Kaul's contract as a Managing Director of the company is for a period of 3 years commencing from March 1, 2010 to February 28, 2013 terminable by six months notice on either side or the company paying six months remuneration in lieu thereof.

3.3 INVESTOR GRIEVANCE COMMITTEE:

The composition of the Committee is as under:

Directors	Position Held In Committee	Independent / Executive / Non-Executive Director
Mr. K.M. Thanawalla	Chairman	Independent Non-Executive Director
Mr. Marco Wadia	Member	Independent Non-Executive Director
Mr. Ashish Kaul	Member	Executive Director

During the year under report the committee met one time on February 5, 2010 and all the members were present at the meeting.

Compliance Officer:

Ms. Varsha Adhikari, Company Secretary, who is the Compliance Officer, can be contacted at:-
Stovec Industries Limited,
N.I.D.C., Nr. Lambha Village, Post: Narol,
Ahmedabad – 382 405, India.
Tel : +91 79 3041 2300
Fax : +91 79 2571 0406
Email : investorawareness@stovec.com

Complaints or queries relating to the shares can be forwarded to the Company's Registrar and Transfer Agents 'M/s Link Intime India Private Limited' at ahmedabad@linkintime.co.in. The Compliance officer has been regularly interacting with the Share Transfer Agents to ensure that the complaints of the investors are attended to without undue delay and where deemed expedient the complaints are referred to the committee or discussed at the meetings.

The status on the total number of complaints received during the FY 2010, is as follows:-

Complaints received	Pending as on 31.12.2010
9	**NIL**

All the complaints received by the Company have generally been disposed off within 21 days of the receipt of the same.

4. CODE OF CONDUCT:

4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:
The Company has adopted a code of conduct for Prevention of Insider Trading in the Shares pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

4.2 CODE OF BUSINESS CONDUCT AND ETHICS:
The Company has in place, a code of business conduct and ethics for its Board Members and the Senior Management. The Board and the Senior Management affirm compliance with the code annually.

5. GENERAL BODY MEETINGS' DISCLOSURES:

Location and time of General Meetings in the past 3 financial years:

Year	Type	Location	Date	Time
2009	Annual	Stovec Industries Limited	March 30, 2010	2.00 pm
2008	General	N.I.D.C., Nr. Lambha Village,	April 22, 2009	11.00 am
2007	Meeting	Post: Narol, Ahmedabad – 382405.	June 5, 2008	10.00 am

The following are the Special Resolutions passed at General Meetings held in the past 3 financial years:

Date of Meeting	Summary
March 30, 2010	1. Adoption of new set of Articles of Association
April 22, 2009	1. Nil
June 5, 2008	1. Appointment of Sole Selling Agents. 2. Increase in Ceiling Limits of the Remuneration of the Managing Director.

6. DISCLOSURE:

6.1 Besides the transactions mentioned elsewhere in the Annual Report, there were no other materially significant related party transactions that may have potential conflict with the interests of the Company at large.

6.2 The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last 3 years. No penalties or strictures have been imposed by them on the company.

6.3 Pursuant to the provisions of sub – clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and the Vice President - Finance have issued a certificate for the Financial Year ended December 31, 2010.

7. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT:

The Board has set up the remuneration committee comprising of three Independent Non-Executive Directors, to determine the company's policy on specific remuneration packages for executive directors.

8. RISK MANAGEMENT:

The Company has in place a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks. This Policy has been adopted by the Audit Committee as well as the Board of Directors of the Company. The Audit Committee reviews the risk management and mitigation plan from time to time.

9. MEANS OF COMMUNICATION

The Company has published quarterly, half yearly as well as annual results in the following News Papers:

Type of Result	Date on which Published	Daily News Paper (English)	Daily News Paper (Gujarati)
Quarterly of March 31, 2010	April 30, 2010	Business Standard	Loksatta Jansatta
Quarterly of June 30, 2010	August 11, 2010	Business Standard	Loksatta Jansatta
Quarterly of September 30, 2010	October 29, 2010	Business Standard	Loksatta Jansatta
Annual as on December 31, 2010	February 26, 2011	Business Standard	Loksatta Jansatta

The Annual Report, Quarterly Results, Quarterly Corporate Governance Report and Shareholding Pattern of the Company are filed with the Stock Exchanges.

10. GENERAL INFORMATION FOR MEMBERS:

10.1 Annual General Meeting:

Date and Time	11th day of May, 2011 at 3.15 p.m.
Venue	Stovec Industries Limited N.I.D.C., Nr. Lambha Village, Post: Narol, Ahmedabad – 382405.

10.2 Financial Calendar:

Financial Year	Ending December 31, 2010
Date of Book Closure	May 5, 2011 to May 11, 2011 (both days inclusive)
Dividend Payment Date	Amount of Dividend will be deposited with the bank within 5 days of approval by the Shareholders in the forthcoming AGM and its payment will be made within 30 days of its declaration.

10.3 Listing:

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and Ahmedabad Stock Exchange Limited (ASE). The company has paid annual listing fees to both the stock exchanges in respect of the financial year 2010-2011.

10.4 The following are the listing details of the Company's Shares:

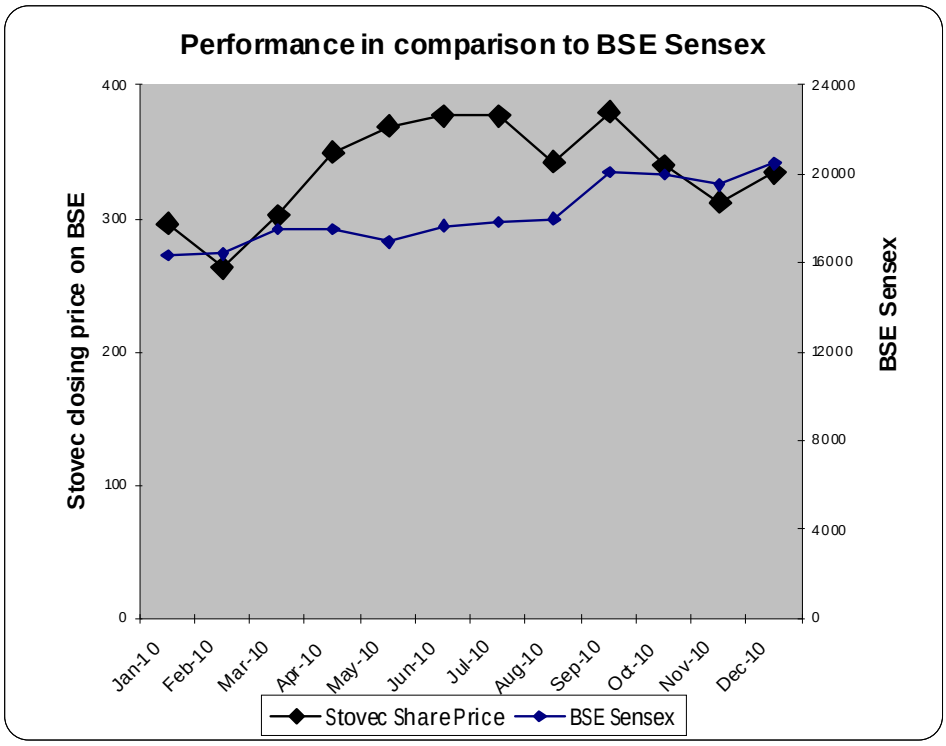
Type of Shares	ISIN No.	Stock Code	
		BSE	ASE
Ordinary Share	INE755D01015	504959	57410

10.5 Market Information:

Market price data - monthly high/low and trading volumes on BSE depicting liquidity of the Company's Shares on the said exchange is given hereunder:-

Month	Bombay Stock Exchange Limited		
	High (Rs.)	Low (Rs.)	No. of Share
January '10	369.95	272.50	54,471
February '10	326.30	260.00	17,273
March '10	368.00	272.00	36,759
April '10	365.00	302.20	28,811
May '10	424.95	340.50	34,635
June '10	396.00	360.00	8,339
July '10	421.25	360.00	17,637
August '10	413.00	341.25	14,532
September '10	408.95	339.00	19,303
October '10	393.95	335.00	7,804
November '10	389.95	280.10	5,031
December '10	349.95	302.00	6,368

Performance in comparison to broad-based indices such as BSE Sensex:



*source: www.bseindia.com

10.6 Registrar and Transfer Agents:-

For transfer lodgement, delivery and correspondence related to Shares, Members are requested to do correspondence with the Company's Registrar and Share Transfer Agents – M/s Link Intime India Private Limited quoting their folio no. at the following address:-

M/s Link Intime India Private Limited, 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
Tel: 079 – 2646 5179 Fax: 079 – 2646 5179

10.7 Share Transfer System:

Shares lodged for transfer at the Registrar's address are normally processed within 26 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 21 days. Shareholders Committee has empowered Senior Executives of the Company to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrars within 15 days of the receipt of the same if all the documents are received in order.

10.8 Reconciliation of Share Capital Audit & Certificate pursuant to Clause 47 (c) of the listing agreement:

A qualified Practicing Company Secretary carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

10.9 Report on Corporate Governance:

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance. A certificate from the Practicing Company Secretary on Corporate Governance is attached as annexure to the Report.

10.10 Shareholding Pattern of Shares of the Company:

Category	**As on 31.12.10**		**As on 31.12.09**		**%**
	No. of Shares	**%**	**No. of Shares**	**%**	**Variance 10 v/s 09**
Promoters & Promoter Group	1,482,493	71.00	1,482,493	71.00	-
Mutual Funds/UTI	200	0.01	200	0.01	-
Financial Institutions/Banks	2,051	0.10	3,851	0.18	(0.08)
Trusts	318	0.02	318	0.02	-
Bodies Corporate	48,943	2.34	48,907	2.34	-
NRIs	5,033	0.24	4,183	0.20	0.04
Non-Residents (Non-Repatriable)	9,746	0.47	10,315	0.49	(0.02)
Clearing Members	4,557	0.22	7,074	0.34	(0.12)
Directors & their Relatives	6,428	0.30	6,178	0.30	-
Individuals/HUF	528,247	25.30	524,497	25.12	0.18
Total	**2,088,016**	**100.00**	**2,088,016**	**100.00**	**-**

10.11 Distribution of shareholding as on December 31, 2010:

Range of Shares	Number of Shareholders	% Age of Total	Number of Shares	% Age of Total
1 - 500	6,399	97.6950	354,672	16.9860
501 - 1000	83	1.2670	61,734	2.9570
1001 - 2000	37	0.5650	53,747	2.5740
2001 - 3000	9	0.1370	22,751	1.0900
3001 - 4000	8	0.1220	28,749	1.3770
4001 - 5000	2	0.0310	8,887	0.4260
5001 - 10000	8	0.1220	59,293	2.8400
10001 - 9999999999	4	0.0610	1,498,183	71.7500
Total	**6,550**	**100.00**	**2,088,016**	**100.00**

10.12 Top shareholders (holding in excess of 1% of capital) as on December 31, 2010:

Name of Shareholder	No. of Shares held	% age of Capital
Stork Prints B.V.	14,82,493	71.00

10.13 Dematerialisation of shares & Liquidity:

As at December 31, 2010, shares comprising 39.91 % of the Company's Equity Share Capital have been dematerialized.

ISIN No:- INE755D01015

10.14 Plant Location & Address for Correspondence:

Stovec Industries Limited
N.I.D.C., Nr. Lambha Village,
Post: Narol, Ahmedabad – 382 405.

Tel : 079- 2571 0407
Fascimile No : 079- 2571 0406
Website : www.stovec.com
E-mail : investorawareness@stovec.com

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT:

In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the Financial Year ended December 31, 2010.

For, Stovec Industries Limited

Ashish Kaul
Managing Director

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT:

The company's primary business is to manufacture and sell Machinery and consumables for Textile and label printing. Product Lines includes Rotary printing machines, Rotary screens for textiles and labels, chemicals, Digital inks, Anilox rollers and Sugar Screen for Sugar Industry.

Domestic markets are widely spread across the country. Recently the company also entered into the manufacturing of Sugar Screens for use in the sugar industry.

The company has market and technology leadership in the segments it operates.

SEGMENT-WISE PERFORMANCE:

The segment wise sales performance of the company is as under:

(Amount in Millions.)

Particulars	Current Year	Previous Year
Textile Consumables & Textile Machinery	535.93	440.66
Graphic Products	29.15	23.56
Others	26.44	Nil

COMPANY PERFORMANCE:

Stovec Industries Limited continues to be a leading rotary screen producer in India and a reliable partner in business. During the years, we have developed extensive application know-how in the rotary screen printing technology. During the current year we witnessed increase in volumes of both screens and printing machines. The company pursues continuous process improvements to ensure that all screens comply to "best in class" standards of quality. We have continued to demonstrate high customer focus and with our strong local support we play an important role in our customer's value chain.

The company has demonstrated good performance in all the segments in which we operate. In particular there is an increase of 21.62 % in sales of Textile Consumables & Textile Machinery over prior year. Company has had a successful year and achieved a net turnover of Rs. 591.53 million, a growth of 27.42 % over prior year. Your company has achieved Profit before Tax of Rs. 107.91 million, which has increased by 10.81 % over previous year.

PARTICIPATION IN TRADE SHOWS & EXHIBITIONS:

During the year under review, company has actively participated in following trade shows and exhibitions:

- Indian Label Show
- STAI, DSTI

The company will continue to participate in such kinds of trade shows & exhibitions in order to enhance its presence and visibility in the market.

OUTLOOK & OPPORTUNITIES:

The general outlook for the economy in 2011 is expected to remain stable although the rising price of cotton has been hurting the textile business. Your Company's management team continues to focus on efficient execution of various programs initiated and also plans to add new product lines from our parent companies portfolio of products. This should help the company maintain or improve its current market and financial position.

RISKS AND CONCERNS:

The overall economic climate and in particular the health of Textile processing industry will have direct impact on the company's business plans. The company continues to take suitable steps to minimize these risks and their impact on company's overall performance.

INTERNAL CONTROL SYSTEM:

Adequate internal control procedures are in place across the company. The internal control mechanisms have been integrated into this.

HUMAN RESOURCE MANAGEMENT:

The company has focused on creating performance based culture within the organization and Employees training and development is an important focus area for the company.

CIN NO :- L45200GJ1973PLC050790 Nominal Capital: - 3,00,00,000/-

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Stovec Industries Ltd.
N.I.D.C. Nr.Lambha Village,
Post: Narol, Ahmedabad.

I have examined all relevant records of ***Stovec Industries Limited*** for the purpose of certifying compliance of conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange for the accounting year ended on 31st December 2010. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with;

a) all the mandatory conditions of the said clause 49 of the listing agreement;

b) the following non-mandatory requirements of the said Clause 49;

   i) The Company has set up Remuneration Committee to determine remuneration package of executive director.

Sandip Sheth
Practising Company Secretaries

Date : 23rd February 2011 FCS No.: 5467
Place : Ahmedabad COP No. : 4354

CERTIFICATION BY MANAGING DIRECTOR AND VICE-PRESIDNET (FINANCE)

We, Ashish Kaul, Managing Director and Girish M. Deshpande, Vice-President (Finance) of Stovec Industries Limited., to the best of our knowledge and belief certify that:

a) We have reviewed the financial statements and the cash flow statement for the year ended December 31, 2010 and to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) We also certify that to the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c) We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit committee

   (i) significant changes, if any, in internal control over financial reporting during the year;

   (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

e) We affirm that we have not denied any personnel, access to the Audit Committee of the company (in respect of matters involving misconduct, if any)

f) We further declare that all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the current year.

Place : Ahmedabad
Date : February 24, 2011

Ashish Kaul
Managing Director

Girish M. Deshpande
Vice-President (Finance)

AUDITORS' REPORT

To the members of
STOVEC INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Stovec Industries Limited (the "Company") as at December 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on December 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership Number: F - 046061

Place : Mumbai
Date : February 24, 2011

Annexure to the Auditors' Report

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Stovec Industries Limited on the financial statements for the year ended December 31, 2010

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no statutory dues outstanding as at December 31, 2010 for a period of more than six months from the date they became payable.

Annexure to the Auditors' Report
Referred to in paragraph 3 of the Auditor's Report of even date to the members of Stovec Industries Limited on the financial statements for the year ended December 31, 2010

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at December 31, 2010 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (in Rs)	Period to which the amt. relates	Forum where the dispute is pending
Income Tax Act	Tax Liability	2,979,308 1,773,944 7,180,164	Various Assessment years	ITAT High court CIT(A)
Central Excise	Tax Including Interest and Penalty	4,138,118	2002-2007	CESTAT (Custom, Excise and service Tax appellate Tribunal
Service Tax	Interest and Penalty	861,146	2003-04, 2004-06 and August 2007-February 2009	CESTAT
Sales Tax	Tax Including Interest and Penalty	23,649,472	2005-06	Sales Tax Tribunal

10. The Company has no accumulated losses as at December 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans during the year
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued debentures during the year
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership Number: F - 046061

Place : Mumbai
Date : February 24, 2011

BALANCE SHEET AS AT DECEMBER 31, 2010

	Schedule	As At December 31, 2010 Rupees	As At December 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	20,880,160	20,880,160
Reserves and Surplus	2	335,408,609	288,420,064
		356,288,769	309,300,224
Deferred Tax Liability (Net) (Refer Notes 1 (j) and 20 on Schedule 18)		4,470,563	-
		360,759,332	**309,300,224**
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		222,584,407	174,122,348
Less: Depreciation / Amortisation		109,149,765	98,724,200
Net Block		113,434,642	75,398,148
Capital work-in-progress		87,603	1,644,124
		113,522,245	77,042,272
Investments	4	5,008,075	5,008,075
Deferred Tax Asset (Net) (Refer Notes 1 (j) and 20 on Schedule 18)		-	8,716,252
Current Assets, Loans and Advances			
Inventories	5	77,927,494	59,070,589
Sundry Debtors	6	109,182,367	122,924,346
Cash and Bank Balances	7	211,654,108	161,096,071
Other Current Assets	8	3,369,848	5,136,132
Loans and Advances	9	36,737,399	45,810,040
		438,871,216	394,037,178
Less: Current Liabilities and Provisions			
Liabilities	10	138,834,835	113,019,670
Provisions	11	57,807,369	62,483,883
		196,642,204	175,503,553
Net Current Assets		242,229,012	218,533,625
		360,759,332	**309,300,224**
Notes to the Financial Statements	18		

The Schedules referred to herein above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Uday Shah
Partner
Membership No. F - 46061

Place : Mumbai
Date : February 24, 2011

For and on behalf of the Board of Directors

Mr. Marco Wadia Director

Mr. Ashish Kaul Managing Director

Ms. Varsha Adhikari Company Secretary

Place : Mumbai
Dated : February 24, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Schedule	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
INCOME			
Sales and Services - Gross (Refer Note 1 (c) on Schedule 18)		631,975,505	492,125,862
Less: Excise Duty		40,447,709	27,903,548
Sales and Services (Net)		591,527,796	464,222,314
Other Income	12	20,307,916	58,159,856
		611,835,712	**522,382,170**
EXPENDITURE			
Cost of Materials	13	330,300,035	236,315,330
Personnel Costs	14	66,743,167	49,624,266
Manufacturing and Other Expenses	15	65,271,125	100,274,877
Selling and Distribution Expenses	16	30,044,208	21,204,712
Interest	17	716,343	814,717
Depreciation and Amortisation		10,846,854	16,762,497
		503,921,732	**424,996,399**
Profit Before Taxation		**107,913,980**	**97,385,771**
Provision for Taxation			
-Current Tax (Refer Note 1(j) on Schedule 18)		22,774,447	43,983,822
-Deferred Tax		13,186,815	(12,710,363)
-Fringe Benefit Tax		-	193,006
-(Excess)/Short provision for taxes for earlier years (net of deferred tax)		(197,433)	412,607
Profit After Taxation		72,150,151	65,506,699
Profit Brought Forward From Previous Year		89,251,031	55,994,513
		161,401,182	121,501,212
Appropriations			
Proposed Dividend		21,506,565	21,924,168
Tax on Proposed Dividend		3,655,041	3,726,013
Transfer to General Reserve		7,300,000	6,600,000
Profit Carried Forward to Balance Sheet		128,939,576	89,251,031
		161,401,182	**121,501,212**
Earnings Per Share (Refer Note 19 on Schedule 18)			
Basic and Diluted Earning Per Share (in Rupees)		**34.55**	**31.37**
Nominal Value Per Equity Share (in Rupees)		**10**	**10**
Notes to the Financial Statements	18		

The Schedules referred to herein above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Uday Shah
Partner
Membership No. F - 46061

Place : Mumbai
Date : February 24, 2011

For and on behalf of the Board of Directors

Mr. Marco Wadia Director

Mr. Ashish Kaul Managing Director

Ms. Varsha Adhikari Company Secretary

Place : Mumbai
Dated : February 24, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

		Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Taxation	**107,913,980**	**97,395,771**
	Adjustment for:		
	Depreciation	10,846,854	16,762,497
	Profit on Sale of Fixed Assets	(250,710)	(6,066,489)
	Unrealised Foreign Exchange (Gain) / Loss	(678,114)	773,259
	Interest Income	(8,600,075)	(12,550,004)
	Interest Charged	716,343	814,717
	Bad Debts	7,684,175	4,438,744
	Provision For Doubtful Debts	(7,256,908)	1,318,238
	Provision For Obsolescence of Inventory (Net)	(958,175)	20,731,604
	Provision For Contingencies	(450,061)	11,347,124
	Excess Provision Written Back	(1,610,935)	(30,406,000)
	Operating Profit Before Working Capital Changes	**107,356,374**	**104,559,461**
	Adjustments For Changes In Working Capital:		
	(Increase) / Decrease In Trade and Other Receivable	29,310,536	(16,594,191)
	Decrease / (Increase) In Inventories	(17,898,730)	4,770,790
	(Decrease) / Increase In Trade and Other Payables	28,159,840	10,743,641
	Cash Generated from Operations	**39,571,646**	**(1,079,760)**
	Taxes Paid (Net)	(33,606,064)	(37,312,313)
	Net Cash From Operating Activities	**113,321,956**	**66,167,388**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase Of Fixed Assets (including CWIP)	(47,387,687)	(16,389,630)
	Sale of Fixed Assets	311,570	7,219,984
	Interest Received	10,366,359	8,317,667
	Purchase of Investment	-	(5,000,000)
	Net Cash (Used In) Investing Activities	**(36,709,758)**	**(5,851,979)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Interest Paid	(716,343)	(458,483)
	Dividend Paid	(21,611,806)	(40,966,431)
	Dividend Tax Paid	(3,726,012)	(7,097,167)
	Net Cash (Used In) Financing Activities	**(26,054,161)**	**(48,522,081)**
	Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**50,558,037**	**11,793,328**
	Cash and Cash Equivalents as at the beginning of the year	161,096,071	149,312,743
	Cash and Cash Equivalents as at the end of the year	211,654,108	161,106,071

	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Cash and Cheques on Hand	1,785,978	1,336,788
Balances with Scheduled Banks on:		
- Current Account	56,073,130	39,754,283
- Fixed Deposit Account	153,795,000	120,005,000
	211,654,108	**161,096,071**

Notes:

1 The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements" referred to in The Companies Accounting Standard Rules, 2006

2 Cash and cash equivalents represent cash and bank balance only.

3 Cash and cash equivalents includes Rs. 2,237,517 (Previous Year Rs.1,925,154) which are not available for use by the Company (Refer Schedule 7 to Financial Statements).

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Uday Shah
Partner
Membership No. F - 46061

Place : Mumbai
Date : February 24, 2011

For and on behalf of the Board of Directors

Mr. Marco Wadia Director

Mr. Ashish Kaul Managing Director

Ms. Varsha Adhikari Company Secretary

Place : Mumbai
Dated : February 24, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010

	As At December 31, 2010 Rupees	As At December 31, 2009 Rupees
SCHEDULE 1 - SHARE CAPITAL		
Authorised:		
2,900,000 (Previous Year 2,900,000) Equity Shares of Rs. 10/-each	29,000,000	29,000,000
10,000 (Previous Year 10,000) Preference Shares of Rs. 100/-each	1,000,000	1,000,000
TOTAL	**30,000,000**	30,000,000
Issued, Subscribed and Paid-up:		
2,088,016 (Previous Year 2,088,016) Equity Shares of Rs. 10/- each fully paid-up	20,880,160	20,880,160
TOTAL	**20,880,160**	20,880,160

Note:
Of the above
1,482,493 (Previous Year 1,482,493) shares held by Stork Prints B.V. (The Holding Company)
108,089 (Previous Year 108,089) shares are allotted as fully paid-up for consideration other than cash
450,000 (Previous Year 450,000) shares allotted as fully paid-up as Bonus Shares by capitalisation of General Reserve.

SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Balance Sheet	346,115	346,115
Capital Redemption Reserve		
Balance as per last Balance Sheet	350,000	350,000
Securities Premium Account		
Balance as per last Balance Sheet	79,618,502	79,618,502
General Reserve		
Balance as per last Balance Sheet	118,854,416	112,254,416
Add: Transferred from Profit and Loss Account	7,300,000	6,600,000
	126,154,416	118,854,416
Profit and Loss Account	128,939,576	89,251,031
	335,408,609	**288,420,064**

SCHEDULE 3 : FIXED ASSETS

(Refer Notes 1 (d), 1 (h), 1 (l) and 18 on Schedule 18)

(Rupees)

Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As at January 1, 2010	Additions during the year	Deletions during the year	As at December 31, 2010	Upto January 1, 2010	For the year	On Deletions	Upto December 31, 2010	As at December 31, 2010	As at December 31, 2009
Tangible										
Land- Freehold	469,060	-	-	469,060	-	-	-	-	469,060	469,060
Buildings	44,661,246	5,474,844	-	50,136,090	15,415,418	1,340,312	-	16,755,730	33,380,360	29,245,828
Plant and Machinery	71,901,595	40,131,256	433,988	111,598,863	44,523,733	4,756,469	403,409	48,876,793	62,722,070	27,377,862
Computer	7,525,428	493,226	39,909	7,978,745	5,843,089	807,380	10,040	6,640,429	1,338,316	1,682,339
Furniture, Fixtures and Fittings	11,421,879	626,710	-	12,048,589	2,967,013	1,302,722	-	4,269,735	7,778,854	8,454,866
Office Equipments, Air conditioners and cooler etc.	3,556,230	647,963	8,252	4,195,941	1,914,592	824,960	7,840	2,731,712	1,464,229	1,641,638
Vehicles	3,950,608	1,111,960	-	5,062,568	1,128,731	402,527	-	1,531,258	3,531,310	2,821,877
Intangible										
Technical/Commercial know-how	25,105,036	-	-	25,105,036	25,105,036	-	-	25,105,036	-	-
Computer Software	5,531,266	458,249	-	5,989,515	1,826,588	1,412,484	-	3,239,072	2,750,443	3,704,678
Total	**174,122,348**	**48,944,208**	**482,149**	**222,584,407**	**98,724,200**	**10,846,854**	**421,289**	**109,149,765**	**113,434,642**	**75,398,148**
Previous Year	162,600,778	14,979,126	3,457,556	174,122,348	84,265,764	16,762,497	2,304,061	98,724,200		
Add: Capital Work-in-Progress [including capital advance Rs. Nil (Previous Year Rs. 403,000)]									87,603	1,644,124
									113,522,245	**77,042,272**

Note: Freehold Land includes Rs. 10,000/- being face value of 100 shares of Gujarat Vepari Mahamadal Sahakari Audhyogik Vasahat Ltd.

	As At December 31, 2010 Rupees	As At December 31, 2009 Rupees
SCHEDULE 4 - INVESTMENTS		
(Refer Note 1 (f) on Schedule 18)		
Long Term, Non Trade and Unquoted		
(1) In Government and Trust Securities		
Rural Electrification Corporation Limited 500 (Previous Year 500) Capital Gains Tax Exemption Bonds of Rs. 10,000 Each. (Maturing on May 31, 2012)	5,000,000	5,000,000
(2) Other Investments		
203 (Previous Year 203) Equity Shares of Rs. 25/- each fully paid-up of Textile Traders Co-Op. Bank Ltd.	5,075	5,075
30 (Previous Year 30) Shares of Rs. 100/- each fully paid-up of Vepari Mahamandal Sahakari Audhyogik Vasahat Ltd.	3,000	3,000
	5,008,075	**5,008,075**
SCHEDULE 5 - INVENTORIES		
(Refer Note 1 (b) on Schedule 18)		
Raw Materials [Includes Goods-in-transit Rs. 1,463,385 (Previous Year Rs. 150,929)]	45,726,048	35,948,088
Packing Material, Stores, Spares and Tools	2,705,616	2,726,504
Work -in-Process	5,888,562	4,233,876
Finished Goods	23,607,268	16,162,121
	77,927,494	**59,070,589**
SCHEDULE 6 - SUNDRY DEBTORS		
(Unsecured)		
Debts Outstanding for a Period exceeding Six Months		
- Considered Good	4,397,322	8,941,571
- Considered Doubtful	4,140,491	11,230,519
	8,537,813	20,172,090
Other Debts		
- Considered Good	104,785,045	113,982,775
- Considered Doubtful	-	166,881
	104,785,045	114,149,656
Less: Provision for Doubtful Debts	4,140,491	11,397,400
	109,182,367	**122,924,346**
SCHEDULE 7 - CASH AND BANK BALANCES		
Cash and Cheques on hand	1,785,978	1,336,788
Balance With Scheduled Banks:		
- Current Accounts	53,835,613	37,829,130
- Fixed Deposits	153,795,000	120,005,000
- Unclaimed Dividend Accounts	2,237,517	1,925,153
	211,654,108	**161,096,071**
SCHEDULE 8 - OTHER CURRENT ASSETS		
(Unsecured considered good, unless otherwise stated)		
Interest Accrued but not Due	3,369,848	5,136,132
	3,369,848	**5,136,132**

	As At December 31, 2010 Rupees	As At December 31, 2009 Rupees
SCHEDULE 9 - LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	24,501,652	32,669,133
Sundry Deposits	5,756,010	5,291,795
Inter-corporate Deposit	-	7,500,000
Balance with Central Excise and Customs Authorities	2,739	5,572
Advance Tax and Tax Deducted at Source (Net of Provision)	6,245,069	-
Fringe Benefit Tax (Net of Provision)	231,929	343,540
	36,737,399	**45,810,040**

SCHEDULE 10 - LIABILITIES		
Sundry Creditors		
a) Micro, Small and Medium Enterprises (Refer Note 14 on Schedule 18)*	4,488,095	3,387,836
b) Others	116,473,177	91,891,395
* (Determined to the extent such particulars have been identified on the basis of Information available with the Company. This has been relied upon by Auditors)	120,961,272	95,279,231
Advances from Customers	8,008,828	10,964,988
Security Deposits	1,110,557	582,477
Other Liabilities	6,516,661	4,267,819
Unpaid Dividend (See not below)	2,237,517	1,925,155
Note: There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at December 31, 2010		
	138,834,835	**113,019,670**

SCHEDULE 11 - PROVISIONS		
Provision for Taxation (Net of Advance Tax/ Tax Deducted at Source)	-	4,783,980
Employee Benefits (Refer Notes 1(g) and 15 on Schedule 18)		
- Provision for Gratuity	4,140,348	4,518,729
- Provision for Leave Encashment	5,266,175	4,585,302
Provision for Warranty (Refer Notes 1(k) and 21 on Schedule 18)	6,579,266	5,835,656
Provision for Contingencies (Refer Note 21 on Schedule 18)	16,659,974	17,110,035
Proposed Dividend	21,506,565	21,924,168
Tax on Proposed Dividend	3,655,041	3,726,013
	57,807,369	**62,483,883**

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

	Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
SCHEDULE 12 - OTHER INCOME		
Interest on :		
- Long-term Investments [Tax Deducted at Source Rs. Nil (Previous Year Rs. Nil)]	313,965	185,788
- Deposits (Gross) [Tax Deducted at Source Rs. 1,034,711 (Previous Year Rs. 1,270,869)]	8,120,660	12,041,722
Loans to Employees	-	1,384
Others [Tax Deducted at Source Rs.Nil (Previous Year Rs.Nil)]	165,450	321,110
Commission Income	2,362,432	4,565,863
Provision No Longer Required Written Back	2,060,996	30,406,000
Rent [Tax Deducted At Source Rs. 375,024 (Previous Year Rs. 733,746)]	3,399,996	3,399,996
Profit on Sale of Fixed Assets	250,710	6,066,489
Miscellaneous Income	3,633,707	1,171,504
	20,307,916	**58,159,856**
SCHEDULE 13 - COST OF MATERIALS		
Raw Materials and Components Consumed	301,622,981	195,529,292
Purchase of Traded Goods	19,118,970	18,526,065
Packing Materials Consumed	8,406,017	8,852,548
Stores and Maintenance Spares Consumed	8,374,792	4,219,364
(Increase) /Decrease in Stock of Finished Goods and Work-in-Progress		
Opening Stock		
- Finished Goods	16,162,121	7,012,454
- Work-in-process	4,233,876	22,472,212
	20,395,997	29,484,666
Less: Closing Stock:		
- Finished Goods	23,607,268	16,162,121
- Work-in-process	5,888,562	4,233,876
	29,495,830	20,395,997
(Increase)/Decrease in Stock	(9,099,833)	9,088,669
Increase/ (Decrease) in Excise Duty on Finished Goods/ Components	1,877,108	99,392
	330,300,035	**236,315,330**
SCHEDULE 14 - PERSONNEL COSTS		
Salaries, Wages and Bonus	57,599,874	42,056,783
Contribution to Provident and Other Funds	2,623,271	2,357,310
Welfare Expenses	5,951,404	4,696,122
Service Charges	568,618	514,051
	66,743,167	**49,624,266**

		Year ended December 31, 2010 Rupees	Year ended December 31, 2009 Rupees
SCHEDULE 15 - MANUFACTURING AND OTHER EXPENSES			
Rent		210,000	840,000
Rates and Taxes		437,260	356,328
Power and Fuel		30,486,777	24,492,418
Repairs To :			
- Buildings		1,362,150	4,046,438
- Plant and Machinery		4,411,919	1,568,791
- Other Assets		2,807,459	1,819,578
Erection and Commissioning charges		749,359	442,364
Insurance		976,343	542,834
Legal and Professional Fees		3,778,622	5,797,054
Auditors' Remuneration for :			
- Audit Fees		1,000,000	712,500
- Other Services (Including out-of-pocket Expenses)		-	608,186
- Tax Audit Fees		-	95,000
Directors' Meeting Fees		315,000	210,000
Travelling and Conveyance		7,010,523	5,156,740
Bank charges		373,459	630,237
Vehicle Expenses		1,093,742	2,890,058
Printing and Stationery		726,283	644,491
Communication Expenses		2,275,978	2,162,427
Miscellaneous Expenses		4,511,234	5,592,539
Foreign Exchange Rate Difference (Net)		615,965	1,948,346
Bad Debts	7,684,175		4,438,744
Provision/(Write Back) for Doubtful Debts (Net)	(7,256,908)		1,318,238
		427,267	5,756,983
Provision for Obsolescence of Inventory (Net)		958,175	20,731,604
Provision for Warranty Expenses (Refer Note 21 on Schedule 18)		743,610	1,882,838
Provision for Contingencies (Refer Note 21 on Schedule 18)		-	11,347,124
		65,271,125	**100,274,877**
SCHEDULE 16 - SELLING AND DISTRIBUTION EXPENSES			
Commission / Service Charges to Sole Selling Agent		4,342,890	3,628,148
Commission / Service Charges to Other Agent		11,735,952	10,581,659
Freight and Forwarding		2,731,955	2,052,250
Sales Promotion Expenses		11,233,411	4,942,655
		30,044,208	**21,204,712**
SCHEDULE 17 - INTEREST			
To Banks on Cash Credit / Overdrafts		-	255,966
To Others		716,343	558,751
		716,343	**814,717**

SCHEDULE '18'
NOTES TO THE FINANCIAL STATEMENT

1. Statement of significant accounting policies

a) Basis of preparation of financial statements

These Financial Statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standard as notified under section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

b) Inventories

Inventories are valued at lower of cost and net realisable value.

Cost of raw materials, packing materials, stores, spares and tools are computed on a weighted average basis.

Cost of work-in-progress/ finished goods are determined on weighted average basis comprising material, labour and related factory overheads.

c) Revenue Recognition

Sale of Goods

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are accounted net of trade discount, rebates and sales tax.

In respect of sale transaction involving installation/ commissioning services, the composite revenue is recognised based on transfer of significant risks and rewards.

Sale of Services

Service income is recognised on completion of rendering of services and is recorded net of service tax. Cost incurred during the pendency of the contract is carried forward as job in progress.

Others

Other income is accounted on accrual basis except where receipt of income is uncertain. Commission income is recorded on the basis of confirmation received.

d) Fixed Assets and Depreciation / Amortisation

i) Fixed assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.

ii) Self constructed assets are stated at cost of construction relating directly to the specific asset and other costs attributable to the construction activity.

iii) Depreciation on all assets is provided on a straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except in respect of the following:

Assets acquired after April 1, 2004, costing more than Rs. 5,000 and upto Rs. 299,050 (equivalent to EURO 5,000) are depreciated pro-rata over the period of 12 months.

Computer software is capitalised and amortised on a straight – line basis over its useful life, which is estimated as three years.

With effect from October 1, 2009, the 'New Generation Technical Know-How' is amortised over revised period of 2 years as estimated by the Management.

iv) Depreciation of Assets acquired during the year is being provided on pro-rata basis from the date of acquisition.

e) Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

f) Investments

Long term investments are stated at cost less diminution in value which is other than temporary.

g) Employee Benefits

i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund.

The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to Profit and Loss Account every year.

Defined Benefit Plans

Liability for Defined Benefit plans (except for Provident fund which is charged based on contributions) is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The obligations are measured as the present value of estimated future cashflows discounted at rates reflecting the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date. The liability for leave encashment and compensated absenses is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

The Company has partly funded the same through a Group Gratuity scheme with Life Insurance Corporation of India (LIC), SBI Life Insurance and deposit with State Bank of India.

iii) Termination benefits are recognised as an expense as and when incurred.

iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

h) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets till the assets is put to use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

i) Operating Leases

Lease Income

Lease rentals in respect of operating lease arrangements are recognised in Profit and Loss Account in accordance with Accounting Standard – 19 "Leases". Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

Lease Expense

Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. Lease rentals are charged to Profit and Loss Account on an accrual basis.

j) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) Warranty

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns.

l) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its' carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

m) Provision for Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) Accounting Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/ materialised.

2. Capital Commitments

Estimated amount of contracts [net of advances of Rs. Nil (Previous Year Rs. 200,000] remaining to be executed on capital account and not provided for Rs. 1,959,273 (Previous Year Rs. 9,329,541).

3. Contingent Liabilities

Contingent liabilities not provided for in respect of: -

a. Bills discounted Rs. 3,551,475 (since realised) (Previous Year Rs. Nil)

b. Claims against the Company not acknowledged as debts Rs. 975,000 (Previous Year Rs. 9,049,264).

c. Disputed claims made by workers for re-instatement estimated at Rs. 6,479,337 (Previous Year Rs. 6,682,662)

d. Disputed Sales Tax liability including of interest and penalty aggregating Rs. 16,349,472 (Previous Year 17,933,222). The Company has issued Bank Guarantee of Rs. Nil favouring sales tax department against disputed liability (Previous year Rs. 24,480,000).

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

e. Disputed income tax liability (net of provision) Rs. 6,988,292/- (Previous year Rs. 6,690,488).

f. Disputed excise and service tax liability including interest and penalty under appeal before the Tribunal (CESTAT) of Rs. 4,999,264 (Previous year Rs. Nil).

4. Managing Directors' Remuneration

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Salary and Allowances	7,428,045	2,697,760
Perquisites and benefits	519,076	258,172
Contribution to Provident and Other Funds	302,100	372,600
Total	**8,249,221**	**3,328,532**

Notes:

1. Provision for leave encashment, which are based on actuarial valuation done on an overall Company basis, are excluded above.

2. The Central Government has approved payment of Rs. 750,000 p.m. as Remuneration to Managing Director under Section 309 (3)/ 310 of the Companies Act, 1956 vide its letter dated July 22, 2009.

5. Capacities

Class of Goods	Unit of Measurement	As at December 31, 2010 Installed Capacity per annum	As at December 31, 2009 Installed Capacity per annum
a) Perforated Rotary Screens	Meters	**365,000**	300,000
b) Sugar Screen	Nos.	**20,000**	-
c) Anilox Rollers for Printing (including engraving of Party's rollers)	Nos.	**3,000**	3,000
d) Automatic Rotary Screen Printing Machines	Nos.	**24**	24
e) Engraving chemicals	Kgs.	**504,000**	504,000
f) Sleeves for Label Printing	Nos.	**-**	3,000
g) Rotamesh screens for label printing	Nos.	**2,000**	2,000

Note : Installed capacity is as certified by the Management and accepted by the Auditors.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

6. Information in respect of opening stock, production,Purchase, turnover and closing stock

ITEMS	Unit of Measurement	Production/Purchase Qty.	Production/Purchase Value(Rs.)	Opening Stock Qty.	Opening Stock Value(Rs.)	Closing Stock Qty.	Closing Stock Value(Rs.)	Sales & Services Qty.	Sales & Services Value(Rs.)
(a) GOODS MANUFACTURED:									
1. Perforated Rotary/Engraved	Meters	253,411	-	7,358	4,607,253	13,362	11,176,991	247,407	286,624,756
Cylindrical Screens		(220,356)	-	(6,012)	(5,537,492)	(7,358)	(4,607,253)	(219,010)	(236,631,666)
2. Anilox Rollers for printing	Nos.	955	-	11	113,635	19	106,013	947	21,061,488
(including engraving of party's rollers)		(892)	-	-	-	(11)	(113,635)	(881)	(17,640,091)
3. Automatic Rotary Screen Printing	Nos.	17	-	1	4,016,202	-	75,778	18	167,815,165
Machines		(17)	-	-	-	(1)	(4,016,202)	(16)	(155,177,541)
4. Component for Machine	Nos.	-	-	-	27,889	-	1,105,292	-	24,033,769
		-	-	-	-	-	(27,889)	-	(12,895,444)
5. Engraving & Press Room Chemicals	Kgs.	107,350	-	3,650	313,420	1,138	130,888	109,862	13,401,890
		(126,627)	-	(2,587)	(188,412)	(3,650)	(313,420)	(125,564)	(13,985,422)
6. Sleeves for Label Printing	Nos.	-	-	-	-	-	-	-	-
				(11)	(28,015)	-	-	(11)	-
7. Sugar Seive	Nos.	3,893	-	-		1,215	7,280,903	2,678	23,996,662
		-	-	-	-	-	-	-	-
8. Rotamesh screens for label printing	Nos.	234	-	2	90,261	19	104,824	217	7,337,344
(Including engraving of party's									
Rota Screens)		(215)	-	-	-	(2)	(90,261)	(213)	(4,707,220)
9. Other Manufacturing Scrap		-	-	-	426,764	-	6,340	-	17,427,627
		-	-	-	-	-	(426,764)	-	(7,799,559)
(b) GOODS TRADED:									
1. Special Chemicals	Kgs.	-	-	95	255,211	80	229,669	15	17,000
		(50)	(120,525)	(145)	(126,782)	(95)	(255,211)	(100)	(122,000)
2. Digital Ink	Kgs./ Ltrs	3,026	8,111,284	896	3,406,317	484	1,267,091	3,438	11,978,683
		(1,700)	(8,607,166)	-	-	(896)	(3,406,317)	(804)	(3,660,580)
3. Perforated Rotary Screens	Nos.	3,128	10,315,501	851	2,522,455	608	1,894,994	3,371	16,976,920
		(2,860)	(9,447,299)	(286)	(824,936)	(851)	(2,522,455)	(2,295)	(10,651,472)
4. Others			692,185		382,714		228,485		150,087
			(351,075)		(306,817)		(382,714)		(714,872)
(c) SERVICE CHARGES									706,405
									(236,447)
TOTAL			19,118,970		16,162,121		23,607,268		591,527,796
			(18,526,065)		(7,012,454)		(16,162,121)		(464,222,314)

Notes: 1. Sales quantity includes adjustments on account of shortages and captive consumption.
2. Figures in brackets are of previous year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

7. Components and spare parts referred to in paragraphs 4D(a) and (c) of part II of Schedule VI to the Companies Act, 1956, are assumed to be those incorporated in the goods purchased and not those used for maintenance of plant and machinery.

8. Quantitative and value analysis of raw materials consumed

Particulars	Unit of Measurement	For the year ended December 31, 2010		For the year ended December 31, 2009	
		Qty. Nos	Value Rupees	Qty. Nos	Value Rupees
Nickel	Kgs.	129,015	126,649,174	107,341	71,081,153
Components & Hardware items			136,992,608		110,664,472
Others			37,981,199		13,783,667
Total			**301,622,981**		**195,529,292**

9. Value of imported and indigenous raw materials consumed

Particulars	For the year ended December 31, 2010		For the year ended December 31, 2009	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	107,375,503	36	91,606,549	47
Imported	194,247,478	64	103,922,743	53
Total	**301,622,981**	**100**	**195,529,292**	**100**

10. Value of Imported and Indigenous Stores, Tools and Spares Consumed

Particulars	For the year ended December 31, 2010		For the year ended December 31, 2009	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous	6,792,656	81	3,756,390	89
Imported	1,582,136	19	462,974	11
Total	**8,374,792**	**100**	**4,219,364**	**100**

11. CIF Value of Imports

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Raw Materials	165,065,402	103,917,102
Components Stores and Spares	1,485,848	949,430
Capital Goods	8,225,874	2,887,017
Others Resale	14,870,812	14,961,126

12. Expenditure and earnings in foreign currency

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
(a) Expenditure in foreign currency		
Membership Subscription	132,274	102,630
Commission	537,257	Nil
Erection and Commissioning charges	514,259	3,292,818
Exhibition Expenses	1,854,300	2,554,560
Professional Expenses	Nil	1,583,059
Warranty Spares	227,887	558,317
Others	1,133	120,055
(b) Earnings in foreign exchange		
Export of goods and services calculated on F.O.B. basis	67,970,390	68,455,731
Commission	2,362,432	4,565,863

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

13. Dividend remitted in foreign currency

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Amount remitted	15,566,177	29,649,860
Dividend related to financial year	2009	2008
Number of non-resident shareholders	1	1
Number of shares	1,482,493	1,482,493

14. Sundry Creditors and Provision

The Company received information from some of the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to the amounts as at year end together with interest payable as required under the Act have been given below:

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
i) Delayed payment due as at the year end on account of:		
- Principal	4,159,703	3,048,632
- Interest	328,392	339,204
ii) Total Interest paid on all delayed payment during the year ended December 31, 2010	Nil	Nil
iii) Interest due on principal amounts paid beyond the due date during the year but without the interest amount	Nil	Nil
iv) Interest accrued but not due	Nil	Nil
v) Total Interest due but not paid	328,392	339,204

The information above and as given in Schedule 10 "Current Liabilities" with respect to Micro, Small and Medium enterprises, has been determined to the extent such parties have been identified on the basis of information available with the company.

15. The Company has classified the various benefits provided to employees' as under:-

I. <u>Defined Contribution Plans</u>

a. Provident Fund

b. Superannuation Fund

c. State Defined Contribution Plans

1. Employers' Contribution to Employee's State Insurance.

2. Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Employers' Contribution to Provident Fund and Employee's Pension Scheme *	1,716,944	1,548,298
Employers' Contribution to Superannuation Fund*	34,500	207,000
Employers' Contribution to Employee's State Insurance*	223,869	70,017

* Included in Contribution to Provident and Other Funds (Refer Schedule 14)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

II. Defined Benefit Plans

Valuation in respect of gratuity has been carried out by an independent actuary, as at the balance sheet date, based on the following assumptions:-

Particulars	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Discount Rate (per annum)	8.00%	7.50%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	9.00%	9.50%
Expected Average remaining working lives of employees (years)	8	9

a. Changes in the Present Value of Obligation

Particulars	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Present value of obligation at the beginning of the year	8,952,641	9,182,951
Interest Cost	671,448	688,721
Past Service Cost	-	-
Current Service Cost	547,306	502,802
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits Paid	(934,595)	(889,092)
Actuarial (gain) / loss on obligations	(454,730)	(532,741)
Present value of obligation at the end of the year	**8,782,070**	**8,952,641**

b. Changes in the Fair value of Plan Assets

Particulars	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Fair value of Plan Assets at the beginning of the year	4,433,912	4,111,631
Expected Return on Plan Assets	389,080	399,697
Actuarial Gains/(Loss) on Plan Assets	(92,210)	(268,825)
Contributions	475,208	450,657
Benefits Paid	(564,268)	(374,805)
Extinguishment of Liability (Amount Received from LIC)	-	115,557
Fair value of Plan Assets at the end of the year	**4,641,722**	**4,433,912**

c. Amount Recognised in the Balance Sheet

Particulars	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Present Value of Obligation at the end of the year	8,782,070	8,952,641
Fair Value of Plan Assets at the end of the year	4,641,722	4,433,912
Liability recognised in the Balance Sheet* **	**4,140,348**	**4,518,729**
*** Included in Provisions (Refer Schedule 11)		

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

d. Expenses recognised in the Profit and Loss Account

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Current Service Cost	547,306	502,802
Past Service Cost	-	-
Interest Cost	671,448	688,721
Expected Return on Plan Assets	(389,080)	(399,697)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Extinguishment of Liability (Amount Received from LIC)	-	(115,557)
Optra Premium and other taxes	179,321	87,776
Net actuarial (gain) / loss recognised in the Year	(362,520)	(263,916)
Total Expenses recognised in the Profit and Loss Account****	**646,475**	**500,129**

**** Included in Contribution to Provident and other funds (Refer Schedule 14).

e. Experience Adjustment

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees	For the year ended December 31, 2008 Rupees
Defined Benefit Obligation	8,782,070	8,952,641	9,182,951
Plan Assets	4,641,722	4,433,912	4,111,631
(Surplus) / Deficit	4,140,348	4,518,729	5,071,320
Experience Adjustment on plan liabilities (gain)/ loss	(620,726)	(726,017)	Nil
Experience Adjustment on plan assets (gain)/loss	92,210	268,825	Nil

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.

f. Major Category of Planned Assets as a percentage of Total Plan

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Life Insurance Corporation of India	65%	62%
SBI Life Insuracnce	11%	38%
Other approved Securities	24%	-

III. Expected gratuity contribution for the next year is aggregating Rs. 902,870 (Previous Year Rs. 841,582)

IV. The liability for leave encashment and compensated absences as at the year end is Rs. 5,266,175 (Previous Year Rs. 4,585,302).

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

16. Segment Reporting

To provide meaningful and better information to stakeholders, with effect from January 1, 2010 the Company has reclassified the Segments on the basis of Class of Customers where associated Risk and Rewards are similar as against based on Nature of Products disclosed in earlier periods.

a) Information about primary business segments

(Amount in Rs.)

Particulars	Textile Consumables and Textile Machinery	Graphics Product	Others	Unallocated	Total
Revenue					
External	535,935,366 (440,664,851)	29,148,878 (23,557,463)	26,443,552 (-)	- (-)	591,527,796 (464,222,314)
Total Revenue	535,935,366 (440,664,851)	29,148,878 (23,557,463)	26,443,552 (-)	- (-)	591,527,796 (464,222,314)
Results					
Segment result	135,438,287 (98,669,589)	13,660,756 (30,857,947)	524,544 (-)	- (-)	149,623,587 (129,527,536)
Interest Income net of expense	- (-)	- (-)	- (-)	7,883,732 (11,735,287)	7,883,732 (11,735,287)
Unallocated Expenditure net of unallocated income	- (-)	- (-)	- (-)	49,593,339 (43,877,052)	49,593,339 (43,877,052)
Profit before tax	135,438,287 (98,669,589)	13,660,756 (30,857,947)	524,544 (-)	(41,709,607) (32,121,765)	107,913,980 (97,385,771)
Other Information					
Segment Assets	228,412,433 (242,495,574)	13,764,122 (12,240,990)	48,372,695 (-)	266,852,286 (230,067,213)	557,401,536 (484,803,777)
Segment Liabilities	101,519,162 (103,250,261)	4,185,676 (5,344,688)	21,575,237 (-)	48,671,086 (66,908,604)	175,951,161 (175,503,553)
Capital Expenditure	16,839,606 (3,664,030)	123,793 (2,783,559)	27,632,462 (-)	2,791,826 (9,942,042)	47,387,687 (16,389,631)
Depreciation	4,981,311 (12,965,119)	571,916 (794,773)	521,433 (-)	4,772,194 (3,002,605)	10,846,854 (16,762,497)

b) Information of Geographical Segments:

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Segment Revenue		
Export market	67,970,390	68,455,731
Local Market	523,557,406	395,766,583
Total	**591,527,796**	**464,222,314**
Segment Assets		
Export Debtors	5,453,808	18,258,761
Local Debtors	98,274,751	104,665,585
Total	**103,728,559**	**122,924,346**

c) Other Disclosure

1. Segment have been identified in line with the Accounting Standard -17 "Segment Reporting" taking into account the organisation structure as well as the differing risks and returns.

2. Company has disclosed business segment as the primary segment.

3. Composition of business Segment:

Name of Segment	Comprises
Textile Machinery and Consumables	Perforated Rotary Screens, Laquer & Auxiliary Chemicals, Rotary Screen Printing Machine, Engraving Equipment, Components and Spares
Graphics Consumables	Anilox Rollers, Rotamesh screens and RotaPlate
Others	Sugar screens

17. Related Party Disclosure

Related party disclosure as required by AS-18,"Related Party Disclosure", is given below:

1 RELATIONSHIP:

I. Parties where control exists:

Related Party	Relationship
Stork Prints B.V. (Formerly known as Stork Screens B.V.)	Holding Company
Stork Prints Group B.V.	Ultimate Holding Company

II. Fellow Subsidiaries where common control exists and transactions have taken place:

Stork Textile Systems Wuxi Co Ltd.
Stork Print Brasil Ltda.
Stork Print Austria GMBH
Stork Digital Imaging B.V.
Stork Veco B.V.

III. Key Management Personnel / Directors of the Company

Mr. Ashish Kaul (Managing Director)	Managing Director
Mr. Dirk W Joustra	Director
Mr. Aschwin Hollander	Director
Mr. Joost Willem Pieter Smits	Director
Mr. Khurshed M. Thanawalla	Director
Mr. Marco Philippus A Wadia	Director
Mr. Girish C. Sharedalal	Director

2 The following transactions were carried out with the related parties in the ordinary course of business:

I. Details relating to the parties referred to in the items 1(I) and (II)

(Amount in Rs.)

	Holding Companies	Fellow subsidiaries	Other related parties
PURCHASES:			
Purchase of materials / finished goods	39,500,182 (29,616,029)	21,462,961 (7,595,823)	- (-)
Purchase of Services	514,259 (1,902,989)	- (122,434)	- (-)
Purchase of Fixed Assets (including Intangible Assets)	2,246,844 (2,887,017)	5,979,030 (-)	- (-)
SALES:			
Sale of finished goods (net of returns)	63,174,161 (68,455,731)	- (-)	- (-)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

(Amount in Rs.)

	Holding Companies	Fellow subsidiaries	Other related parties
EXPENSES:			
Expenses Recovered from other companies	87,869 (97,516)	121,104 (-)	- (-)
Expenses charged by other companies	1,854,300 (1,676,750)	- (-)	- (-)
Royalty Paid	- (-)	116,094 (-)	- (-)
Commission paid (including compensation for loss of office)	88,903 (-)	22,429 (-)	- (-)
INCOME:			
Commission Received	1,360,589 (1,093,399)	635,265 (3,262,595)	- (-)
OUTSTANDINGS:			
Payable	4,926,099 (3,061,336)	9,165,987 (1,847,908)	- (-)
Receivable	5,025,142 (18,496,276)	480,110 (269,522)	- (-)
DIVIDEND PAID (Gross):	15,566,177 (29,649,860)	- (-)	- (-)

II. Details relating to persons referred to in item 1(III)

(Amount in Rs.)

Remuneration to Managing Director	8,249,221 (3,328,532)
Director Sitting Fees	315,000 (210,000)
Dividend paid (Gross)	67,074 (127,760)

III Disclosure of related party transaction, the amount of which is in excess of 10% of total related parties transactions of the same type:

Nature of transaction	Name of the related party	Amount in Rs.
PURCHASES:		
Purchase of materials / finished goods	Stork Prints B.V.	39,500,182 (29,616,029)
	Stork Digital Imaging B.V.	(73,844) (6,474,739)
	Stork Veco B.V.	21,328,298 (-)
Purchase of Fixed Assets (including Intangible Assets)	Stork Prints B.V.	2,246,844 (2,887,017)
	Stork Veco B.V.	5,979,030 (-)
Purchase of Services	Stork Prints B.V.	514,259 (1,902,989)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

Nature of transaction	Name of the related party	Amount in Rs.
SALES:		
Sale of finished goods (net of returns)	Stork Prints B.V.	63,174,161 (68,455,731)
EXPENSES:		
Expenses charged to other companies	Stork Prints B.V.	87,869 (97,516)
	Stork Print Austria GMBH	46,507 (-)
	Stork Digital Imaging B.V.	74,597 (-)
Expenses charged by other companies	Stork Prints B.V.	1,854,300 (1,676,750)
Commission Paid	Stork Prints B.V.	88,903 (-)
	Stork Print Brasil Ltda.	22,429 (-)
Royalty Paid	Stork Veco B.V.	116,094 (-)
INCOME:		
Commission Received	Stork Prints B.V.	1,360,589 (1,093,399)
	Stork Print Austria GMBH	635,265 (3,262,595)
Dividend Paid :		
Dividend paid (Gross)	Stork Prints B.V.	15,566,177 (29,649,860)

Note: Previous year figures are given in brackets

18. Lease

a) The Company has entered into cancelable lease agreements for premises for a period of three years. The lease rentals aggregating Rs. 210,000 (Previous Year Rs. 840,000) have been included under the head "Operating and Other Expenses" Schedule 15 "Rent" of the Profit and Loss Account.

b) The Company has given Land and Factory Premises on operating lease, the details of which are as under:

Particulars	Cost as at January 1, 2010 Rupees	Accumulated Depreciation as at January 1, 2010 Rupees	Depreciation for the year Rupees	Net WDV as on December 31, 2010 Rupees
Land	165,737	-	-	165,737
Building	19,520,044	9,061,591	579,353	9,879,100
Total Current Year	**19,685,781**	**9,061,591**	**579,353**	**10,044,837**
Total Previous Year	19,685,781	8,560,616	500,975	10,624,190

The future minimum lease payments to be received under the non-cancellable leases are as follows:

Particulars	As at December 31, 2010 Rupees	As at December 31, 2009 Rupees
Not later than one year	1,699,998	3,399,996
Later than one year and not later than five years	-	1,699,998
Later than five years	-	-

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

19. Earnings Per Share

Particulars	For the year ended December 31, 2010 Rupees	For the year ended December 31, 2009 Rupees
Profits after taxation	72,150,151	65,506,699
Weighted average number of shares outstanding during the year (Nos.)	2,088,016	2,088,016
Earnings Per Share (Basic and Diluted)	34.55	31.37
Nominal value of an equity share	10	10

20. Deferred Tax Assets / Liabilities

The Company accounts for deferred tax in accordance with the Accounting Standard 22 – "Accounting for Taxes on Income" as notified under Section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provision of the Act.

The deferred tax balances are set out below.

Particulars	As at December 31, 2010 Rupees	(Charge) / Credit During the year Rupees	As at December 31, 2009 Rupees
Deferred Tax Liability:			
On account of timing difference in			
(a) Depreciation	16,512,730	(2,052,588)	14,460,142
	16,512,730	**(2,052,588)**	**14,460,142**
Deferred Tax Assets:			
On account of timing difference in			
(a) Payment under VRS	257,092	(660,689)	917,781
(b) 43 B expenses allowable	2,434,315	(785,960)	3,220,275
(c) Provision for Gratuity	1,375,320	(160,596)	1,535,916
(d) Provision for Contingency	5,519,823	645,910	4,873,913
(e) Provision for Labour Cost	14,203	(331)	14,534
(f) Provision for Obsolete Inventory	1,066,046	(7,673,953)	8,739,999
(g) Provision for Doubtful Debts	1,375,368	(2,498,608)	3,873,976
	12,042,167	**(11,134,227)**	**23,176,394**
Deferred Tax Liability / (Assets)	**4,470,563**	**13,186,815**	**(8,716,252)**

21. Provision for Warranty and Others

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by end of next financial year. Assumptions used to calculate the provision for warranties were based on sales level and information available about returns.

Particulars	Opening Balance	Additions during the Year	Amounts utilised / Provision written back during the Year	Closing Balance
Warranty	5,835,656 (3,885,738)	3,560,589 (3,552,470)	2,816,979 (1,602,552)	6,579,266 (5,835,656)
Others	17,110,035 (5,829,991)	1,023,567 (11,347,124)	1,473,628 (67,080)	16,659,974 (17,110,035)
Total	**22,945,691** (9,715,729)	**4,584,156** (14,899,594)	**4,290,607** (1,669,632)	**23,239,240** (22,945,691)

Note: Figures in brackets represent figures for the previous year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT DECEMBER 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2010

22. Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute of Chartered Accountants of India (ICAI) with respect to details of foreign currency balances as on December 31, 2010, not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Debtors	EURO	90,729 (279,791)	5,426,518 (18,765,584)
	USD	609 (2,643)	27,289 (123,357)
Loans and Advance	EURO	1,411 (1,643)	84,371 (110,185)
	USD	- (195,305)	- (9,116,818)
	CHF	7,789 (1,000)	352,920 (45,530)
Creditors	EURO	243,330 (80,384)	14,553,567 (5,391,384)
	USD	6,476 -	290,167 -
Other Liabilities	EURO	- (63,453)	- (4,255,807)
	USD	- (13,500)	- (630,180)

Note: Figures in brackets represent figures for the previous year.

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

23. The tax year for the Company being the year ending March 31, the provision for taxation for the year is the arrived at on the basis of year ending on December 31, the ultimate tax liability of which will be determined on the basis of the figures for the period April 1, 2010 to March 31, 2011.

24. Previous years figures have been regrouped / rearranged to conform to the current years classification.

Signatures to Schedules 1 to 18 forming part of the Financial Statements

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Uday Shah
Partner
Membership No. F - 46061

Place : Mumbai
Date : February 24, 2011

For and on behalf of the Board of Directors

Mr. Marco Wadia Director

Mr. Ashish Kaul Managing Director

Ms. Varsha Adhikari Company Secretary

Place : Mumbai
Dated : February 24, 2011

Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, part (IV) of the Companies Act, 1956.

I. Registration Details

Registration No.	04-50790	State Code	04
Balance Sheet Date	31-12-2010 (Date Month Year)		

II. Capital Raised during the period (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities * (*Includes Shareholders Funds)	557402	Total Assets	557402

Source of Funds

Paid-up Capital	20880	Reserves & Surplus	335409
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability (Net)	4471		

Application of Funds

Net Fixed Assets	113522	Investments	5008
Net Current Assets	242229		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Incl. Other Income)	611836	Total Expenditure	503922
Profit Before Tax	107914	Profit After Tax	72150
Earning per Share in Rs.	34.55	Dividend Rate %	103

V. Generic Name of three Principal Products / Service of Company (as per monetary terms)

Item Code No.(ITC Code)	844250
Product Description	NICKEL PERFORATED ROTARY SCREENS
Item Code No.(ITC Code)	844319
Product Description	MACHINERY FOR TEXTILE PRINTING

For and on behalf of the Board of Directors

Mr. Marco Wadia	Director
Mr. Ashish Kaul	Managing Director
Ms. Varsha Adhikari	Company Secretary

Place : Mumbai
Dated : February 24, 2011

STOVEC INDUSTRIES LIMITED — ATTENDANCE SLIP

(To be presented at the entrance)
37th Annual General Meeting on Wednesday 11th May, 2011 at 3.15 p.m.

at the Registered Office
of the Company at, N.I.D.C. Near Lambha Village, Post Narol, Ahmedabad - 382 405, Gujarat.

Folio No.:..... DP ID No..... Client A/c No.....

Name of the Shareholder :.....

Signature of the Shareholder:.....
(only shareholders/proxies are allowed to attend the meeting.)

.....

STOVEC INDUSTRIES LIMITED — PROXY FORM

I/We.....of.....being a member(s) of **Stovec Industries Limited** hereby appoint.....of.....in the district of..... as my/ our proxy to attend and vote for me/us and on my/our behalf at the 37th Annual General Meeting of Stovec Industries Limited to be held on Wednesday 11th May, 2011 at 3.15 p.m. and at any adjournment thereof.

Folio No.:..... DP ID No..... Client A/c No.....

Affix Revenue Stamp

Signed this.....day of.....2011 (Signature across Revenue Stamp)

.....

BANK ACCOUNT PARTICULARS / ECS MANDATE FORM

I/We..... do hereby authorise **Stovec Industries Limited** to :

- Print the following details on my/our dividend warrant.
- Credit my dividend amount directly to my Bank account by ECS.
- (Strike out whichever is not applicable) My/our Folio No.

.....

Particulars of Bank Account : **DP ID No.:.....Client A/c No.....**

A. Bank Name

B. Branch Name, Address (for Mandate only)

C. 9 DIGIT Code number of the Bank & Branch as appearing on the MICR cheque

D. Account Type (Saving/Current)

E. Account No. as appearing on the cheque book

F. STD Code & Telephone No.

I/We shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

Mail to :
Link Intime India Pvt. Ltd.
211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad - 380 009.

.....
(Signature of the Shareholder)

Please attach the photocopy of a cheque or a blank cancelled cheque issues by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars / ECS mandate

FORM 2B
NOMINATION FORM

(To be filled in by individual applying singly or jointly)

I/We,.....the holder(s) of Shares/Debentures/Deposit Receipt bearing Folio Number..... of M/s..... wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and / or amount payable in respect of Shares / Debentures / Deposit Receipt shall vest in the event of my / our death.

Name and Address of Nominee :

Name :.....

Address :.....

.....

.....

*Date of Birth :.....
(*To be furnished in case the nominee is minor)

Signature of Nominee :

**The nominee is a minor whose Guardian is
Name and Address of Guardian :

.....

(** To be deleted if not applicable)

Date :.....
Signature :.....
Name :.....
Address :.....
.....:.....
.....:.....
Date :.....
Signature :.....
Name :.....
Address :.....
.....:.....
.....:.....

Signature of Two Witnesses :
.....:.....:.....
Name and Address Signature with Date

1.

2.
.....:.....:.....

Instructions :

1. The Nomination can be made only by Individuals applying/holding shares/debentures/deposits on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindi Undivided Family, holder of Power of attorney cannot nominate. If the securities are held jointly, all joint holders will sign the Nomination Form. Space is provided as a specimen, if there are more joint holders, more sheet can be added for signatures of holders of shares/debentures/deposits and witness.
2. A minor can be nominated by holder(s) of shares / debentures / deposits and in that event the name and address of the Guardian shall be given by the holder(s).
3. The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on reptriable basis.
4. Nomination shall stand rescinded upon transfer of shares.
5. Transfer of shares / debentures in favour of a nominee and repayment of amount of deposit to nominee shall be valid discharge by a Company against the legal heir.
6. The intimation regarding Nomination / Nomination Form shall be filed in duplicate with the Company Registrar and Share Transfer Agents of the Company who will return one copy thereof to the shareholders.

STOVEC
INDUSTRIES LIMITED

Our Manufacturing Facility

World Wide Business Meeting at Stovec - India

STOVEC
INDUSTRIES LIMITED

NIDC, Near Lambha Village, Post Narol, Ahmedabad-382405
Gujarat, INDIA • Email : investorawareness@stovec.com

Pratiksha
98252 62512