

## SCHABLONA INDIA LIMITED

### DIRECTORS' REPORT

#### To the Members

Your Directors have pleasure in presenting their Twenty Seventh Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

<b>ACCOUNTS</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	<b>Rs. / (000)</b>	<b>Rs. / (000)</b>
Gross Sales	418390	359629
Less : Excise Duty	10345	6616
Net Sales	<u>408045</u>	<u>353013</u>
Gross Profit for the year under review	31644	19880
Less : Depreciation for the year	6439	5183
Profit for the year	<u>25205</u>	<u>14697</u>
Less : Provision for Income Tax (Net of MAT Credit)	7200	4500
Less : Deferred Tax Liability	707	352
Less : Income Tax for earlier year	<u>130</u>	<u>-</u>
	17168	9845
<i>Add:</i> Balance brought forward from earlier years	<u>41786</u>	<u>35652</u>
Surplus available for appropriation	<u>58954</u>	<u>45497</u>
<b>Appropriations</b>		
Proposed Dividend on Equity Shares	2527	1896
Tax on Proposed Dividend	420	315
General Reserve	1845	1500
Balance Carried to Balance Sheet	<u>54162</u>	<u>41786</u>
	<u>58954</u>	<u>45497</u>

### DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 0.80 (20%) (previous year Re. 0.60 (15%)) per share on paid-up equity share capital of the Company for the year under review.

### GENERAL DESCRIPTION

Your Company is in the highly creative Ceramic/Glass Fashion Accessories Manufacturing Industry. Now these concepts are not new rather a good user base has been created to continue the growth possible.

### OPERATION

Sale of Transfer Division during the year increased to Rs. 838.69 lac (net of excise) from Rs. 789.09 lac (net of excise) in the previous year, registering a growth of 6.29%. Likewise the sale of Decorated Tiles Division during the year increased to Rs. 3241.76 lac from Rs. 2741.04 lac in the previous year reflecting a growth of 18.27%.

A Fully Automatic Printing Machine has been installed to increase the capacity of Transfer/Decals in Unit - 1, Kassar. It enhances our annual production capacity by 7.2 lac sheets.

To cater to the demand of larger format tiles in the Southern and Western Regions, suitable Printing Machinery has been installed at Unit - 2, Kadi which improved the serviceability substantially.

The growing demand of Glass Highlighters, Polishing and Sand Blasted Decorated Tiles is presently being met by outsourcing. Installation of machineries for in-house production of these tiles would be considered depending upon the market scenario in coming years.

### MARKET AND FUTURE PROSPECTS

#### Ceramic Transfer Sheets

Fast Changing Technological scenario is making an impact in the Decal Markets. Direct Printing on Cylindrical Ware is replacing Decal at a fast pace especially in Glassware. Captive capacity built-up by a major customer is posing a serious challenge.

Your Company is responding to both the challenges by adding new customer and increasing innovative product offering to existing customers.

The threat faced by us in this business segment was because of Captive Printing Plant put up by our major buyers. However, the Company has developed small buyers to make up the losses incurred and to continue such efforts for betterment in this segment.

## SCHABLONA INDIA LIMITED

### **Decorated Tiles**

With the launch of better Stylish and Innovative products, your Company continued to grow during the year under review and also anticipates to maintain the growth in the ensuing years.

### **Trading**

Our "KERASPANA" Premium Brand Tiles and launch of very good and attractive concepts resulted in a big growth in Trading Division and the response of Glass Highlighters was considerably better and a much better response is expected in coming years.

### **PUBLIC DEPOSIT**

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956.

### **AUDITORS' REPORT**

All the items on which, comments have been made by the auditors in their report to the shareholders are self explanatory, as explained by way of notes to the accounts and therefore needs no further explanation by the Board.

### **DIRECTORS**

Mr. G. L. Sultania and Mr. N. Goenka, Directors of the Company retire by rotation and, being eligible, offer themselves for re-appointment.

### **AUDITORS**

M/s. A. K. Maheshwari & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and offer themselves for re-appointment subject to the approval of Members at the ensuing Annual General Meeting.

### **CORPORATE GOVERNANCE**

A report on Corporate Governance along with Management Discussion & Analysis in terms of the Listing Agreement is annexed hereto and forms an integral part of this Report.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, a statement showing particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto and forms part of this report.

### **PARTICULARS OF EMPLOYEES**

Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 in respect of Company's employees is not being given as there is no employee covered under the prescribed limits thereunder during the year under review.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Your Directors are pleased to annex the Secretarial Compliance Certificate for the year 2010-11, forming part of Directors' Report, pursuant to the provisions of Section 383A of the Companies Act, 1956.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any ;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on 31st March, 2011 and of the profit of the Company for that period;
- (iii) the Directors had taken proper and sufficient care 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 ;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

### **ACKNOWLEDGEMENT**

Your Directors acknowledge with sincere gratitude the cooperation and assistance extended by the Central and State Governments, Financial Institutions, Banks, Customers, Dealers, Vendors and Employees.

New Delhi  
Dated, the 28th May, 2011

For and on behalf of the Board  
**G. L. Sultania**  
(Chairman)

# SCHABLONA INDIA LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

Additional information given as required under the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988.

### A) CONSERVATION OF ENERGY

- a) Energy Conservation measures taken :
  - i) Timely maintenance of electric motors.
  - ii) Grouping in lighting systems changed to separate lighting system to enable the disconnection of power when not in use.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :  
No additional investments are considered necessary at present.
- c) Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :  
Energy consumption vis-à-vis cost continue to be at the optimum level.
- d) Total energy consumption and energy consumption per unit of production :  
The Company is not covered under the list of specified industries.

### B) TECHNOLOGY ABSORPTION

#### FORM – B

#### Research and Development (R & D)

- 1) Specific areas in which R & D carried out by the Company :
  - i) Low Temperature Decal (Cold Transfers)
  - ii) Induction of new highlighters in designer tiles.
  - iii) Development of new sizes and up-gradation of manufacturing process.
- 2) Benefits derived, as a result of the above R & D :  
Lower rejections, keeping pace with the updated international technology and better quality.
- 3) Future plan of action and expenditure on R & D :  
R & D will be continued in the areas mentioned under item no. 1 above as an ongoing process. Expenses incurred are charged to respective heads and not allocated separately.

#### Technology absorption, adaptation and innovation

Efforts made and benefits derived :

Installation of new machineries to the existing manufacturing process resulted lower rejections and better quality produced.

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- A. Foreign Exchange Outgo -
- B. Foreign Currency Earned -

Rs./000

3437

513

New Delhi  
Dated, the 28th May, 2011

For and on behalf of the Board  
**G. L. Sultania**  
(Chairman)

# SCHABLONA INDIA LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

Operating results for the period, market and future prospects have been discussed in the Directors' Report. A further overview of Company's business by the management with a discussion on the Company's areas of strength and weakness, the opportunities that are available and the threats and concerns that are being experienced are given below.

### Industry Structure & Development

Construction Industry continues to be in the high growth phase and so is the demand for high end products. With the initiatives that your Company has taken to foster creativity and innovation in the field of designer tiles, its leadership stands firmly established.

The trading vertical is making rapid strides to supplement the manufacturing capabilities of the Decorative tile division. Brand "Keraspana" which was launched last year has gained a firm foothold in the highly competitive environment and all set to grow exponentially in the years to come.

The transfer division has added the glass highlighter range and polished highlighter range to its offering but recent development especially in the digital printing on tiles has had an adverse impact on the growth of this segment. The captive transfer manufacturing facilities put up by major players in the crockery segment is affecting the growth of the transfer division in the short run, but again the buoyancy of the consumer segment and fact that Schablona is way ahead of competition in development of creative designs gives hope of accelerated growth in the years to come. Early indications of the same come from the fact that the players who have put up huge captive capacities still keep coming to Schablona for certain designs.

"Overall the outlook for the Company is quite positive for growth, both in terms of top-line as well as bottom-line"

### Risk Factors and its Mitigations

- 1. Obsolescence of Designs:** Designer Tile being a fashion product, design obsolescence is a burning issue for this business. The Company is organizing itself to go mostly for made to order manufacturing to combat this problem, and is strengthening its forecasting methods to be more closer and in sync with market changes.
- 2. Rising Cost of Inputs, Energy & Transportation:** All the three factors have a major bearing on the profitability. The Company is taking effective steps for improvements in efficiency, cost cutting and price adjustments, wherever, possible.
- 3. Competition with Un-Organized Sector:** This sector poses threats primarily at the entry level, bulk selling products thus impacting topline, the Company is working on to fight this challenge by leveraging its capabilities to produce better designs through its state of the art studios and delivering high quality products at competitive prices using advanced machineries and technology.

### Internal Control Systems

Budgetary system of control implemented partly and by the year end full compliances will be made. An internal group of departmental heads have been made into a Schablona Strategic Group and every new initiative or expansion is discussed there and decisions are taken after thorough discussion in the group. Regular audit of systems & accounts of the Company is carried out by the Internal Auditor and it is ensured that Internal Control Systems are adequate and reliable and there is proper compliance of all regulations & obligations. It has also been ensured that all data necessary for an effective internal control and analysis are available at various levels of management.

### Human Resources & Industrial Relations

The Company continues to have cordial relations with its staff & workers who are continuously being trained to acquire and develop necessary skills for conducting business of the Company in a better way. The Company is employing close to 228 employees as on 31.03.2011. Industrial relations during the year continued to be cordial.

For and on behalf of the Board

New Delhi  
Dated, the 28th May, 2011

**G. L. Sultania**  
(Chairman)

# SCHABLONA INDIA LIMITED

## SECRETARIAL COMPLIANCE CERTIFICATE

**CIN NO of the Company: L51109WB1983PLC036899**

**Nominal Capital: Rs. 5,00,00,000/-**

**Paid up Capital: Rs. 1,26,36,860/-**

To,

The Members

SCHABLONA INDIA LIMITED

2, Red Cross Place, Kolkata - 700 001

We have examined the various registers, records, books & papers of M/S. SCHABLONA INDIA LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum & Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion & to the best of our information & according to the examinations carried out by us & explanations furnished to us by the Company, its officers & agents, we certify that in respect of aforesaid financial year :

1. The Company has kept & maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act & the Rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Ministry of Corporate Affairs under the Companies Act, 1956 and the Rules made there under. However, no forms or returns were required to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a Public Limited Company, restriction clauses mentioned in Section 3(1)(iii) of the Act are not applicable.
4. The Board of Directors duly met 4(four) times respectively on 24th May, 2010, 26th July, 2010, 25th October, 2010 & 31st January, 2011 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The Company has passed one Board resolution by circulation on 6th July, 2010.
5. The Company has closed its register of Members for transfer or other purposes during the above financial year from 23rd August, 2010 to 3rd September, 2010 (both days inclusive).
6. The Annual General Meeting of the Company for the financial year ended on 31st March, 2010 was held on 3rd September, 2010 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the aforesaid financial year.
8. The Company has not advanced loan to its Director and/or person, Firm or Company referred in the Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act as and where necessary.
11. As there are no instances falling within the purview of Section 314 of the Act, the Company has not obtained approvals from the Board of Directors, Members or Central Government.
12. The Company has issued 10 new Share Certificates for 1600 Shares on account of loss of original Share Certificate and 5 new Share Certificates for 500 Shares on account of replacement against original being defaced during the financial year under review.
13. The Company has:
  - (a) not made allotment of any Equity Share during the year under review.
  - (b) delivered all the certificates on lodgement thereof for transfer/transmission or any other purposes during the above financial year within statutory time limit as prescribed under various provision of the Companies Act and as per listing agreement.
  - (c) declared dividend for the financial year ended on 31.03.2010 and has paid dividend amount to all the eligible Members of the Company as per provisions of the Companies Act, 1956. The Company has deposited the amount of dividend in a separate bank account within statutory time period. The Company issued dividend warrants immediately after the declaration.
  - (d) posted dividend warrants to all of its Members within prescribed time limit.
  - (e) no amount lying outstanding in unpaid dividend account or under any other head for more than seven years, which are required to be transferred to IEPF under Section 205C of the Act.
  - (f) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Director, alternate Director or Director to fill casual vacancy during the above financial year.

## SCHABLONA INDIA LIMITED

15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the above financial year.
16. The Company has not appointed any Sole-selling Agent during the above year under review.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there under.
19. The Company has not issued any Share/Debenture/other Security during the above financial year under review.
20. The Company has not bought back any Share during the above financial year.
21. The Company has neither issued nor redeemed any redeemable preference share/debenture.
22. There was no transaction necessitating the Company to keep in abeyance the right to dividend, rights shares and bonus shares pending registration of transfer of Shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the above financial year under review.
24. The amount borrowed during the financial year by the Company from Bank within the limits prescribed under Section 293(1)(d) of the Companies Act, 1956.
25. The Company has not granted any loans and advances or given guarantee or provided securities in relation to loan given to other Bodies Corporate under Section 372A of the Act. Hence no entries have been required to made in the register kept for this purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the above financial year.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the above financial year.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the above financial year.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the above financial year.
30. The Company has not altered its Articles of Association during the above financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the above year for offence under the various provisions of the Act.
32. The Company has not received any money as security from its employees during the above financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with appropriate authorities pursuant to Section 418 of the Act during the aforesaid financial year.

Place : 9, Crooked Lane,  
Kolkata - 700 069  
Date : 28th May, 2011

**FOR DROLIA & COMPANY**  
(Company Secretaries)  
**(P. K. Drolia)**  
Proprietor  
CP : 1362

ANNEXURE – 'A'			ANNEXURE – 'B'				
Register as maintained by the Company			Forms and returns as filed by the Company with the Ministry of Corporate Affairs during the financial year ended on 31 <sup>st</sup> March, 2011				
Sl. No	Particulars	Section	Sl. No.	Form No. / Returns	Filed under Section	Date of Filing	Whether filed withing statutory time period
1.	Register of Members	150	1	Balance Sheet and Profit & Loss Account as at 31st March, 2010 in e forms 23AC & 23ACA	220	03/09/2010	Yes
2.	Directors Minutes Book	193					
3.	Shareholders Minutes Book	193					
4.	Register of Directors	303	2	Compliance Certificate for Financial Year ended 31st March, 2010 in e form 66	383A	03/09/2010	Yes
5.	Register of Transfer	-					
6.	Register of Directors' Shareholding	307	3	Annual Return made upto 03/09/2010 in e form 20B	159	20/09/2010	Yes
7.	Register of Contracts & Agreements	301					
8.	Register of Charges	143	4	Creation of Charge on 21/08/2010 in e form 8	125/127/130/135	15/09/2010	Yes
9.	Register of Investments	372A					
10.	Shareholders' Attendance Register	-	5	Modification of Charge on 21/08/2010 in e form 8	125/127/130/135	15/09/2010	Yes

## SCHABLONA INDIA LIMITED

### **CORPORATE GOVERNANCE REPORT**

#### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance is aimed at the efficient and ethical conduct of its business and meeting its obligations to shareholders, stakeholders, Government and the Society at large.

#### **BOARD OF DIRECTORS**

As on date Board of Directors comprises of five Members consisting of one Independent Non-Executive Chairman and four Independent Non-Executive Directors. There were 4 (four) Board meetings during the year 2010-11 i.e. on 24 May, 26 July, 25 October in 2010 and 31 January in 2011. Details of the Directors by category, their attendance, other directorship including Chairmanship/Membership of Board Committees and No. of shares held are:-

Directors	Category	No. of Meetings held	No. of Board Meetings attended	Attended last AGM	Number of Directorships in other Companies (\$)	No. of Committee positions held in Companies		No. of Shares held
						Chairman	Member	
Mr. G. L. Sultania	Independent	4	3	Yes	13	4	5	500
Mr. Anirudh Kabra	Independent	4	3	No	-	-	2	-
Mr. R. K. Borar	Independent	4	4	No	-	-	1	3,000
Mr. N. Goenka	Independent	4	4	Yes	6	1	2	-
Mr. A.K. Beejawat	Independent	4	3	No	1	-	-	-

(\$) Excluding directorship in Private Limited Companies.

#### **Code of Conduct:**

The Board has laid down a code of conduct for all its Board Members and senior Management personnel, as approved by the Board and the same is being abided by all of them. The Company has obtained the confirmation of the compliances to the said effect from Mr. G. L. Sultania, Director of the Company which is annexed hereto in this report hereafter.

#### **COMMITTEES OF THE BOARD**

##### **AUDIT COMMITTEE**

The Audit Committee comprises of following Members and all of them are Non-Executive Independent Directors of the Company and they attended its meetings held on 24 May, 26 July, 25 October in 2010 and 31 January in 2011 and the Chairman of the Audit Committee attended the last Annual General Meeting held on 3rd September, 2010 :-

Name of Members	No. of meetings held	No. of meetings attended	Status
Mr. G. L. Sultania	4	3	Chairman
Mr. Anirudh Kabra	4	3	Member
Mr. R. K. Borar	4	4	Member
Mr. N. Goenka	4	4	Member

##### **Terms of reference**

Terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges that inter-alia include review of reports of Internal and Statutory Auditors and ensure that suitable follow-up actions are taken, review of Quarter and Annual Financial Statements, review of adequacy of internal control systems, review of significant findings, adequacy of Internal Audit functions and review of the financial and risk management policies, recommendation for appointment of Statutory Auditors, Internal Auditors and fee payable to them etc.

## SCHABLONA INDIA LIMITED

### SHARE TRANSFER COMMITTEE

Your Company has a Share Transfer Committee comprising of Mr. G. L. Sultania, the Chairman of the Company (who chairs the meeting), Mr. N. Goenka, Director and Mr. S. Banerjee, a senior personal of the Company. The Committee met 12 times during the period under review. Total 9300 shares received for transfer were registered and dispatched within 15 days of receipt, if the documents were correct and valid in all respects. There were no valid share transfers pending for registration for more than 30 days as on 31.03.2011.

### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee is comprising of following Directors as its Members and they attended its meetings held on April 7, 2010, August 31, 2010 and December 31, 2010 as detailed below :-

Members	Category	No. of meetings held	No. of meetings attended	Status
Mr. G. L. Sultania	Independent	3	3	Chairman
Mr. Anirudh Kabra	Independent	3	-	Member
Mr. N. Goenka	Independent	3	3	Member

Mr. G. L. Sultania is also acting as Compliance Officer.

### Terms of reference

The Company has constituted the Shareholders'/Investors' Grievance Committee to expeditiously redress the shareholders' complaint and grievances, if any. During the year under review, the Company received 22 letters/complaints from shareholders, which were replied/resolved to the satisfaction of shareholders.

### REMUNERATION COMMITTEE

The Company has a Remuneration Committee consisting of Non-Executive Independent Directors under the Chairmanship of Mr. G. L. Sultania. Mr. Anirudh Kabra and Mr. N. Goenka are members of the Committee. There was no agenda for holding this Committee's meeting during the year 2010-11.

Remuneration to Directors			(Amount in Rs.)
Name	Directors' Commission (For the year 2009-10)	Sitting Fees	Total
Mr. G. L. Sultania	34,150	9,000	43,150
Mr. Anirudh Kabra	34,150	7,500	41,650
Mr. R. K. Borar	34,150	10,000	44,150
Mr. N. Goenka	34,150	11,500	45,650
Mr. A. K. Beejawat	34,150	4,500	38,650
Total	170,750	42,500	213,250

The Non-Executive Directors are entitled to receive Directors' Commission in accordance with a special resolution passed by the Shareholders at their Annual General Meeting held on 15th September, 2007.

Besides the above, no other pecuniary relationship or transactions vis-a-vis the Company exists with the Non-Executive Directors.

### GENERAL BODY MEETINGS

The details of Annual General Meetings conducted and Special Resolution passed in the past three years :

Year	Date	Time	Special Resolution passed
2009-2010	03.09.2010	11.30 A.M.	None
2008-2009	26.08.2009	3.00 P.M.	None
2007-2008	16.09.2008	3.00 P.M.	None



## SCHABLONA INDIA LIMITED

The above stated Annual General Meetings of the Company were held at Somany Conference Hall, Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata – 700 001.

No Special Resolution was passed through Postal Ballot during the financial year ended on 31st March, 2011 and no Special Resolution is proposed to be conducted through Postal Ballot in the ensuing AGM.

### SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company.

### DISCLOSURES

- (i) There were no transactions of material nature between the Company and its directors or management and their relatives or promoters that may have a potential conflict with the interests of the Company. Related party transactions have been disclosed in the notes to the accounts in the financial statements as at 31.03.2011.
- (ii) There has been no instance of non-compliance by the Company on any matter related to capital markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, does not arise.
- (iii) The Company complies with all mandatory requirements and one non-mandatory requirement of Clause 49 of Listing Agreement viz. constitution of Remuneration Committee of Directors.

### MEANS OF COMMUNICATION

The Quarterly Results are usually published in Financial Express, Kolkata (English edition) & Kalantar, Kolkata (Bengali edition). These are submitted to Bombay Stock Exchange Limited in accordance with the Listing Agreement and regularly posted in Company's website : [www.schablona.in](http://www.schablona.in)

During the year the Company has not made any presentation to Institutional investors or analysts.

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The MD&A giving an overview of the Industry, Company's business and its financials is appearing elsewhere separately as a part of this Annual Report.

### GENERAL SHAREHOLDER'S INFORMATION

#### Date and Venue of Annual General Meeting :

Saturday, the 3rd September, 2011 at 11.30 A.M. at Somany Conference Hall of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata – 700 001.

**Financial Year :** 1st April to 31st March.

**Book Closure Date :** 27th August, 2011 to 3rd September, 2011 (both days inclusive).

**Financial Calendar :** The schedule of the results for 2011-2012 is as follows:

First Quarter	: Last week of July 2011
Second Quarter	: Last week of October 2011
Third Quarter	: Last week of January 2012
Fourth Quarter	: Last week of May 2012

**Contact for Clarification on Financial Statements :** Individual may contact

Mr. N. Goenka, Director

2, Red Cross Place, Kolkata-700 001

Phone : 033-22487406/07 Fax : 033-22487045

#### Dividend :

The Board of Directors of Company has recommended a dividend @ 20% i.e. Re. 0.80 per equity share of Rs. 4/- each for the year 2010-11 at its meeting held on 28th May, 2011 for Members' approval.

#### Listing on Stock Exchange :

Shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and the listing fee for the year 2011-12 has been paid by the Company to the Exchange within the stipulated time period. Though the Equity Shares of the Company delisted from The Calcutta Stock Exchange Association Limited (CSE) with effect from 10th March, 2008, in terms of its application for voluntary delisting of shares from CSE, however, the Company's shares are continue to be traded at CSE under the permitted category.

## SCHABLONA INDIA LIMITED

**Stock Code :**

BSE- 507894, CSE – 29005

Demat ISIN Number for NSDL & CDSL : INE 024C01026 for the paid-up value of Rs. 4/- each.

**Market Price Data & Comparison with BSE Index :**

Month	Bombay Stock Exchange Ltd.*			B S E Index	
	High (Rs.)	Low (Rs.)	No. of Shares Traded	High	Low
April,2010	24.25	20.55	7,145	18,047.86	17,276.80
May, 2010	29.20	24.45	11,864	17,536.86	15,960.15
June, 2010	30.40	26.65	14,440	17,919.62	16,318.39
July, 2010	42.40	27.60	35,597	18,237.56	17,395.58
August, 2010	45.75	32.50	26,845	18,475.27	17,819.99
September, 2010	49.50	37.10	36,852	20,267.98	18,027.12
October, 2010	48.80	37.40	24,764	20,854.55	19,768.96
November, 2010	57.00	37.00	20,388	21,108.64	18,954.82
December, 2010	49.00	38.50	34,966	20,552.03	19,074.57
January, 2011	50.95	36.15	38,906	20,664.80	18,038.48
February, 2011	42.00	29.90	7,947	18,690.97	17,295.62
March, 2011	37.00	29.65	18,887	19,575.16	17,792.17

\*Source : Official website of BSE.

**Registrar & Share Transfer Agent :**  
(Both for physical and demat segment)

Maheshwari Datamatics Private Limited  
6, Mangoe Lane, Kolkata – 700 001  
Phone : 033-2243 5809/5029, Fax : 033-2248 4787  
E-mail : mdpl@cal.vsnl.net.in

**Share Transfer System :**

The Company's share are mostly traded on Bombay Stock Exchange in compulsory demat mode. Shares in physical mode are lodged with the Company, which are transferred within stipulated period provided the documents are complete in all respect. With a view to expedite the share transfer process, Mr. G. L. Sultania, Chairman of the Company have been delegated with the authority to approve the transfer. The RTA of the Company dispatches the transferred shares to the transferee immediately after transfers take place.

**Distribution of Shareholding as on 31<sup>st</sup> March, 2011 :**

No. of Equity Shares	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1- 500	3,154	90.17	553,360	17.52
501-1000	206	5.89	157,186	4.97
1001-2000	73	2.09	107,732	3.41
2001-3000	20	0.57	51,998	1.65
3001-4000	4	0.11	13,578	0.43
4001-5000	8	0.23	37,337	1.18
5001-10000	13	0.37	101,797	3.22
10001 and above	20	0.57	2,136,227	67.62
<b>Total</b>	<b>3,498</b>	<b>100.00</b>	<b>3,159,215</b>	<b>100.00</b>

## SCHABLONA INDIA LIMITED

### Shareholding Pattern as on 31st March 2011 :

Shareholders Category	No. of holders	No. of Shares	Percentage
Indian Promoters, Directors & Relatives	7	1,774,057	56.15
Mutual Funds & UTI	-	-	-
Banks, Financial Institutions, Insurance Companies	1	200	0.01
FIs	-	-	-
Private Corporate Bodies	63	142,351	4.51
Indian Public	3,415	1,236,025	39.12
NRIs/OCBs	8	6,366	0.20
Clearing Members	4	216	0.01
<b>Total</b>	<b>3,498</b>	<b>3,159,215</b>	<b>100.00</b>

### Dematerialisation of Shares :

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL and 2,606,531 shares representing 82.51 percent of the equity capital as on 31.03.2011 were in demat form.

### The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments

**Plant Location :** i) P.O. - Kassar, Bahadurgarh – 124 507, Dist. Jhajjar, Haryana.  
ii) 18/1,18/2, G.I.D.C., Industrial Estate, Kadi – 382 715, Gujarat.

### Shareholder Enquiries :- Individual may contact Mr. Shyamalendu Banerjee at :

2, Red Cross Place, Kolkata –700 001, Ph. : 033-22487406/7, Fax : 033-22487045, Email : silinvestors@schablona.in  
Pursuant to the Listing Agreement with Stock Exchanges, the Company has created an email id for the redressal of investor grievances viz. silinvestors@schablona.in

### Declaration on Code of Conduct

28th May, 2011

I hereby confirm and declare that all the Directors of the Company and all Senior Management personnel as defined in the Code of Conduct of the Company have submitted annual declarations confirming their compliance of the same during the financial year ended on 31st March, 2011

G. L. Sultania  
Director

Place : New Delhi

### Auditors' Certificate

To the Members of

#### Schablona India Limited

We have examined the Compliance of Corporate Governance by **SCHABLONA INDIA LIMITED** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The Compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A. K. Maheshwari & Associates**  
Chartered Accountants  
**(CA. Anand Maheshwari)**  
Proprietor  
Membership No. : 73875

Place : New Delhi

Dated : 28th day of May, 2011

## SCHABLONA INDIA LIMITED

### AUDITORS' REPORT

#### To The Members

1. We have audited the attached Balance Sheet of **M/s. SCHABLONA INDIA LIMITED** as at 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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 accounting 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Amendment Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order, as applicable to the Company.
4. Further to our comments in the 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 purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far 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 books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
  - e) On the basis of written representations received from the Directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011;
    - ii) in the case of Profit and Loss Account of the profit of the Company for the year ended on that date; and
    - iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **A. K. Maheshwari & Associates**  
Chartered Accountants  
(Firm Registration No. 500106N)  
**(CA. Anand Maheshwari)**  
*Proprietor*  
Membership No. : 073875

Place : New Delhi  
Dated : 28<sup>th</sup> day of May, 2011

## SCHABLONA INDIA LIMITED

### ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph "3" of the Auditors' Report to the Members of **M/s SCHABLONA INDIA LIMITED** on the Accounts for the year ended 31st March, 2011.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of available information.
- b) According to the information and explanations given to us, all the fixed assets have been physically verified by the management in accordance with the programme of verification, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- c) As per record and information and explanations provided to us, no substantial part of the fixed assets has been disposed off during the year and the going concern status of the Company is not affected.
- (ii) a) The stock of finished goods, stores and spares and raw materials have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of physical verification is reasonable.
- b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate having regard to the size of the Company and nature of its business.
- c) The Company has maintained the proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to book records.
- (iii) A. In our opinion and according to the information and records made available to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, therefore, sub-clause (a), (b) and (c) of clause 4(iii) of the order are not applicable to the Company.
- B. a) In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties except from one company covered in the register, maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 2,000,000/-. At the end, the balance of such loan is Rs. 2,000,000/-.
- b) In our opinion, the rate of interest and other terms and conditions of loan are not prima facie prejudicial to the interest of the Company.
- c) In accordance with the information and explanations given to us in respect of the aforesaid loan, the principal amount is repayable on demand and there is no repayment schedule prescribed for the same.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing major weakness in such internal controls system.
- (v) a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) According to information and explanations given to us, the transactions of purchase and sale of goods, material and services made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 500,000/- or more in respect of each party have been made at price which are generally reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As per information and explanations given to us, maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government for the product of the Company.
- (ix) a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Sales tax, Custom duty, Excise duty, Service tax, Cess and other material statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed statutory dues payable for a period of more than six months from the date they became payable, as at 31st March, 2011.

## SCHABLONA INDIA LIMITED

- b) As informed to us, the disputed statutory dues aggregating to Rs. 1,569,676/- in respect of Income tax and Sales tax that has not been deposited on account of disputed matters pending with the appropriate authorities are as under:

Sl. No.	Name of Statute	Nature of Dues	Period to which the amount relates	Amount (Rs.)	Forum where the dispute is pending	Remarks
1	Sales Tax Act	Sales Tax Assessment	2007-08	71,506	Excise and Taxation Officer-cum-Assessing Authority, Bahadurgarh	None
2	Income Tax Act, 1961	Income Tax	Asst. Year 2006-07	86,327	CIT(A)-V, Kolkata	None
3	Income Tax Act, 1961	Income Tax	Asst. Year 2009-10	1,498,170	Income Tax Department, Income Tax Officer	Application for rectification u/s 154 has been filed.
	<b>TOTAL</b>			<b>1,569,679</b>		

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred any cash loss during the year or in the financial year immediately preceeding the year under report.
- (xi) According to the information and explanations given to us and based on our audit procedure, the Company has not defaulted during the year in repayment of dues to banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information & explanations given to us, the Company is not chit fund/nidhi/ mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence the provisions of clause (xiv) of paragraph 4 of the Order are not applicable.
- (xv) 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 bankers or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of an overall examination of the books and records of the Company, the new term loan has been raised during the year. The term loan outstanding at the beginning of the year and the new loan raised during the year has been applied for which they were raised.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the books and records of the Company, we report that no fund raised on a short-term basis, which have been used for long-term investments and vice-versa.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) Since no debentures have been issued by the Company during the year, no security was required to be created. Hence, the clause (xix) of Paragraph 4 of the Order regarding creation of security or charge in respect of debenture issued is not applicable.
- (xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **A. K. Maheshwari & Associates**  
Chartered Accountants  
(Firm Registration No. 500106N)  
**(CA. Anand Maheshwari)**  
Proprietor  
Membership No. : 073875

Place : New Delhi  
Dated : 28<sup>th</sup> day of May, 2011

## SCHABLONA INDIA LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>	<u>31/03/2011</u> <u>Rupees</u>	<u>31/03/2010</u> <u>Rupees</u>
<b>SOURCES OF FUNDS</b>			
SHAREHOLDER'S FUNDS			
Share Capital	1	12,636,860	12,636,860
Reserves & Surplus	2	59,224,869	45,004,900
		<u>71,861,729</u>	<u>57,641,760</u>
LOAN FUNDS			
Secured loans	3	64,182,698	42,642,846
Unsecured Loans	4	2,000,000	2,000,000
		<u>66,182,698</u>	<u>44,642,846</u>
Deferred Tax Liability (Refer Note No. 6 of Schedule 18)		6,846,782	6,139,346
<b>TOTAL</b>		<u>144,891,209</u>	<u>108,423,952</u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	5	93,354,475	78,633,850
Less : Accumulated Depreciation		21,111,124	15,027,496
Net Block		<u>72,243,351</u>	<u>63,606,354</u>
Add : Capital Work in Progress		-	247,246
		<u>72,243,351</u>	<u>63,853,600</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	50,403,613	45,697,849
Sundry Debtors	7	63,582,607	65,550,122
Cash & Bank Balances	8	19,562,377	3,174,817
Loans & Advances	9	22,712,745	17,349,329
Total Current Assets		<u>156,261,342</u>	<u>131,772,117</u>
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	10	80,666,347	86,185,826
Provisions	11	2,947,137	2,210,353
Total Current Liabilities		<u>83,613,484</u>	<u>88,396,179</u>
Net Current Assets		<u>72,647,858</u>	<u>43,375,938</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	12	-	1,194,414
<b>TOTAL</b>		<u>144,891,209</u>	<u>108,423,952</u>
NOTES TO THE ACCOUNTS			
As per our report of even date attached			

for **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)

**(CA. Anand Maheshwari)**

Proprietor

Membership No. 073875

**G. L. Sultania** }  
**N. Goenka** } *Directors*

Place : New Delhi

Dated : 28<sup>th</sup> day of May, 2011

## SCHABLONA INDIA LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Schedule</u>	<u>31/03/2011</u> <u>Rupees</u>	<u>31/03/2010</u> <u>Rupees</u>
<b>INCOME</b>			
Sales	13	418,390,175	359,629,044
Less: Excise Duty		<u>10,345,344</u>	<u>6,616,329</u>
Net Sales		408,044,831	353,012,715
Other Income	14	<u>4,396,998</u>	<u>2,437,147</u>
		<u>412,441,829</u>	<u>355,449,862</u>
<b>EXPENSES</b>			
Manufacturing & Other Expenses	15	373,244,141	329,166,819
Interest & Finance Charges	16	7,554,047	6,403,387
Depreciation		<u>6,438,827</u>	<u>5,182,757</u>
		<u>387,237,015</u>	<u>340,752,963</u>
<b>Profit before tax</b>		<b>25,204,814</b>	14,696,899
Less: Provision for Tax			
- Current Tax		7,200,000	4,500,000
- Deferred Tax		<u>707,436</u>	<u>352,070</u>
<b>Profit after Tax</b>		<b>17,297,378</b>	9,844,829
Less: Income Tax for earlier years		<u>130,272</u>	-
		<u>17,167,106</u>	<u>9,844,829</u>
Add : Balance brought forward from earlier years		<b>41,786,620</b>	35,652,144
Surplus available for Appropriations		<u>58,953,726</u>	<u>45,496,973</u>
<b>Appropriations</b>			
Proposed Dividend		2,527,372	1,895,529
Tax on Proposed Dividend		419,765	314,824
Transferred to General Reserve		1,845,000	1,500,000
Balance carried to Balance Sheet		<u>54,161,589</u>	<u>41,786,620</u>
		<u>58,953,726</u>	<u>45,496,973</u>
<b>Earnings per Share (Basic &amp; Diluted)</b>		<b>5.43</b>	3.12
(Reference Note No. "5" of Schedule 18)			
NOTES TO THE ACCOUNTS	18		
As per our report of even date attached			

for **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)

**(CA. Anand Maheshwari)**

Proprietor

Membership No. 073875

Place : New Delhi  
Dated : 28<sup>th</sup> day of May, 2011

**G. L. Sultania** }  
**N. Goenka** } *Directors*



## SCHABLONA INDIA LIMITED

### SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>31/03/2011</u> Rupees	<u>31/03/2010</u> Rupees
<b>1. Share Capital</b>		
Authorised :		
5,000,000 Equity Shares of Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed & Paid up :		
3,159,215 Equity Shares of Rs. 4/- each fully paid up (paid up value of the equity shares were reduced from Rs. 10/- each to Rs. 4/- each in terms of order passed by Hon'ble Calcutta High Court)	<u>12,636,860</u>	<u>12,636,860</u>
<b>2. Reserve &amp; Surplus</b>		
Capital Reserve	<b>63,280</b>	63,280
<b>General Reserve</b>		
As per last year	<b>3,155,000</b>	1,655,000
Add: Transferred from Profit and Loss Account	<u>1,845,000</u>	<u>1,500,000</u>
	<b>5,000,000</b>	3,155,000
Profit and Loss Account as per annexed account	<u>54,161,589</u>	<u>41,786,620</u>
	<u>59,224,869</u>	<u>45,004,900</u>
<b>3. Secured Loans</b>		
<b>Central Bank of India</b>		
<b>a) Cash Credit</b>	<b>48,229,572</b>	25,355,088
(Secured against hypothecation of Stock of Raw Material, Finished and Semi-finished Goods, Consumable Store at Kassar and Kadi Units of the Company and further secured by way of second charge on fixed assets (excluding vehicles) of the Company at Kassar unit and Corporate Guarantee of M/s. Somany Ceramics Limited)		
<b>b) Book Debts (ODBD)</b>	-	8,493,260
(Secured against book debts of the Company and also secured by way of second charge on fixed assets (excluding vehicles) of the Company at Kassar unit and further secured against Corporate Guarantee of M/s. Somany Ceramics Limited)		
<b>c) Term Loans</b>	<b>14,119,541</b>	6,201,284
(Secured against hypothecation of plant & machinery, fixtures & other misc. assets at Kadi and Kassar units and further secured by way of a Corporate Guarantee of M/s. Somany Ceramics Limited) Installment due within one year Rs. 3,247,160/- (Previous year Rs. 1,471,745/-)		
<b>HDFC Bank</b>		
<b>a) Term Loans</b>	<b>600,000</b>	1,800,000
(Secured against first equitable mortgage of all the existing & future fixed assets (excluding vehicles) at Kassar. Further promoters have provided undertaking for non disposal of shareholding in the Company during the currency of loan) installment due within one year Rs. 600,000/- (Previous year Rs. 1,200,000/-)		
<b>b) Auto Loans</b>	<b>1,170,620</b>	474,304
(Secured against hypothecation of vehicles purchased thereunder) Installment due within one year Rs. 228,900/- (Previous year Rs. 446,667/-)		
<b>Auto Loan from a Company</b>	<b>62,965</b>	318,910
(Secured against hypothecation of vehicles purchased thereunder) Installment due within one year Rs. 51,992/- (Previous year Rs. 266,916/-)		
	<u>64,182,698</u>	<u>42,642,846</u>
<b>4. Unsecured Loans</b>		
Loans from - Bodies Corporates	<b>2,000,000</b>	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

## SCHABLONA INDIA LIMITED

(in Rupees)

Particulars	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at 31/03/10	Additions during the year	Upto 31/03/10	For the year	Written back during the year	As at 31/03/11	As at 31/03/10
Land	952,500	-	-	-	-	952,500	952,500
<u>Building</u>							
Own	17,918,991	700,923	2,446,500	627,981	-	15,545,433	15,472,491
Improvement to Leasedhold Premises	3,480,527	457,803	206,621	126,303	-	3,605,406	3,273,906
Plant & Machinery	43,624,897	10,592,243	8,830,966	4,125,003	-	41,261,171	34,793,931
Furniture & Fixture	1,717,566	442,021	342,281	122,579	-	1,694,727	1,375,285
Computer	4,020,308	1,527,205	1,452,197	782,989	-	3,312,327	2,568,111
Office Equipment	2,345,809	269,394	537,607	176,464	-	1,901,132	1,808,202
Vehicles	4,573,252	1,532,228	1,211,324	477,508	355,199	3,970,655	3,361,928
<b>Total</b>	<b>78,633,850</b>	<b>15,521,817</b>	<b>15,027,496</b>	<b>6,438,827</b>	<b>355,199</b>	<b>72,243,351</b>	<b>63,606,354</b>
Capital Work-in Progress	247,246	-	-	-	-	-	247,246
Previous Year	71,603,539	12,207,154	11,386,474	5,182,757	1,541,735	63,606,354	60,217,065

## SCHABLONA INDIA LIMITED

### SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>31/03/2011</u> Rupees	<u>31/03/2010</u> Rupees
<b>6. Inventories</b>		
(As taken, valued & certified by the Management)		
Stores & Spares	4,814,110	3,519,431
Raw Materials	13,837,567	17,510,808
Finished Goods	21,452,411	17,875,927
Traded Goods	7,211,567	2,912,496
Stock-in-process	3,087,958	3,879,187
	<u>50,403,613</u>	<u>45,697,849</u>
<b>7. Sundry Debtors</b>		
(Unsecured, considered good unless specified)		
Debts outstanding for a period exceeding six months - considered good	1,950,978	916,301
Other Debts	61,631,629	64,633,821
	<u>63,582,607</u>	<u>65,550,122</u>
<b>8. Cash &amp; Bank Balances</b>		
Cash in hand	238,302	200,733
Balances with Scheduled Banks		
- In Current Accounts	18,218,326	263,295
- In Fixed Deposit Accounts	776,751	719,398
- In Unpaid Dividend Accounts	328,998	1,991,391
	<u>19,562,377</u>	<u>3,174,817</u>
<b>9. Loans &amp; Advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	16,950,406	12,374,068
Interest accrued but not due	51,269	58,128
Balance with Central Excise	2,331,142	1,188,207
Advance Payment of Income Tax/FBT (net of provisions)	1,508,129	1,527,968
Security Deposit with Government Departments and others	1,871,799	2,200,958
	<u>22,712,745</u>	<u>17,349,329</u>
<b>10. Current Liabilities</b>		
Sundry Creditors	46,572,640	52,341,331
Advances from Customers	2,433,331	2,054,705
Unpaid Dividend	328,998	1,991,391
Other Liabilities	31,331,378	29,798,399
	<u>80,666,347</u>	<u>86,185,826</u>

## SCHABLONA INDIA LIMITED

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	31/03/2011 Rupees	31/03/2010 Rupees
<b>11. Provisions</b>		
Proposed Dividend	2,527,372	1,895,529
Tax on Proposed Dividend	419,765	314,824
	2,947,137	2,210,353
<b>12. Miscellaneous Expenditure</b>		
Deffered Revenue Expenditure	1,194,414	1,495,932
Less : Written off during the year (Refer Note No. 13 of Schedule 18)	1,194,414	301,518
	-	1,194,414
<b>13. Sales</b>		
Sales (Gross)	352,675,707	322,352,532
Traded Goods (Tiles)	76,326,779	44,672,512
	429,002,486	367,025,044
Less : Excise Duty	10,345,344	6,616,329
	418,657,142	360,408,715
Less : Inter unit Sales / Purchase (Refer Note No. 9 of Schedule 18)	10,612,311	7,396,000
	408,044,831	353,012,715
<b>14. Other Income</b>		
Liabilities no longer required written back	637,684	12,334
Prior Period Adjustment(Net)	474,407	29,509
Insurance Recovered on Sales	1,582,467	1,291,377
Job Work (Gross)	1,702,440	926,282
(TDS Rs. 41,127/-, Previous year Rs. 63,009/-)		
Gain on Foreign Exchange Fluctuations	-	177,645
	4,396,998	2,437,147
<b>15. Manufacturing &amp; Other Expenses</b>		
Raw Material Consumed	138,711,261	122,590,778
Stores, Spares Parts & Packing Material	26,367,716	22,725,605
Trading Purchases	64,430,515	34,996,082
Power & Fuel	12,447,334	10,048,814
Salaries, Wages, Bonus & Gratuity	54,927,722	46,498,141
Contribution to Provident Fund and Other Funds	2,817,178	2,542,669
Workmen & Staff Welfare	2,648,836	2,668,042
Insurance	725,848	443,229
Rent	5,412,358	6,550,927
Rates & Taxes	395,945	542,906
Repairs & Maintenance	4,047,288	6,023,365
Miscellaneous Expenses	3,799,981	4,432,171
Design & Development Charges	2,838,044	2,517,225

## SCHABLONA INDIA LIMITED

### SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>31/03/2011</u> Rupees	<u>31/03/2010</u> Rupees
<b>15. Manufacturing &amp; Other Expenses (Contd.)</b>		
Legal & Professional Charges	802,620	1,213,008
Deferred Revenue Expenditure Written Off	1,194,414	301,518
Postage, Telegram & Telephone Expense	2,603,797	2,711,444
Exchange Rate Difference	4,677	88,936
Selling & Distribution Expenses	27,373,624	24,801,330
Job Work Expenses	6,391,404	2,751,303
Discount	5,937,455	5,309,033
Freight Outward and Handling Charges	3,465,828	3,269,752
Travelling & Conveyance Expenses	11,512,348	8,277,854
Directors' Fees	42,500	46,500
Directors' Commission	255,679	170,750
Loss on sale of Fixed Assets	64,898	2,160,802
Bad Debts	-	277,675
<u>Payment to Auditors</u>		
- Audit Fees	110,300	110,300
- Out of Pocket Expenses	30,460	19,700
	<u>379,360,030</u>	<u>314,089,859</u>
Less: Increase/(Decrease) in stock (Schedule 17)	6,115,889	(15,076,960)
	<u>373,244,141</u>	<u>329,166,819</u>
<b>16. Interest &amp; Finance Charges</b>		
Interest on Term Loans	1,313,537	1,180,602
Interest to Banks & Others	6,069,043	5,247,800
	<u>7,382,580</u>	<u>6,428,402</u>
Bank Charges	588,801	371,964
	<u>7,971,381</u>	<u>6,800,366</u>
Less : Interest Received		
- On Fixed Deposits (Gross)	55,972	88,328
(TDS Rs. 5,478/-, Previous year Rs. 8,761/-)		
- Others	361,362	308,651
	<u>7,554,047</u>	<u>6,403,387</u>
<b>17. Increase/(Decrease) in Stock</b>		
Opening Stock		
Finished Goods	17,875,927	27,516,565
Traded Stock	2,912,496	5,891,296
Stock-in-process	3,879,187	6,272,411
	<u>24,667,610</u>	<u>39,680,272</u>
Less : Closing Stock		
Finished Goods	21,452,411	17,875,927
Traded Stock	7,211,567	2,912,496
Stock-in-process	3,087,958	3,879,187
	<u>31,751,936</u>	<u>24,667,610</u>
Increase/(Decrease) in Stock	7,084,326	(15,012,662)
Add/Less: Increase/(Decrease) in Excise duty on Finished Goods	(968,437)	(64,298)
	<u>6,115,889</u>	<u>(15,076,960)</u>

## SCHABLONA INDIA LIMITED

### 18. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

#### A. Significant Accounting Policies

##### a) Method of Accounting

The Financial Statements are prepared on historical cost basis and in accordance with generally accepted accounting principles in India, applicable Accounting Standards and the relevant presentational requirements of the Companies Act, 1956. The Company follows accrual system of accounting in the preparation of accounts except where otherwise stated.

##### b) Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period.

##### c) Fixed Assets & Depreciation

- i) Fixed assets are accounted for at cost of acquisition inclusive of freight, duties, taxes, erection, installation and other incidentals related to acquisitions and installation but exclusive of Excise Modvat recoverable on purchase of Capital Goods.
- ii) Cost of fixed Assets acquired from outside India is converted into Indian rupees at the exchange rates prevailing on the date of disbursements.
- iii) Fixed assets are stated at cost less accumulated depreciation.
- iv) However, Fixed Assets relating to "Transfers Division" have been stated at the revalued cost as on 31st August 2003; pursuant to the order dt. 14-12-2004 of Hon'ble Calcutta High Court, under the Capital Reduction Scheme approved by them as per provisions of Section 100(1)(b) of the Companies Act, 1956.
- v) Depreciation on Fixed Assets has been provided at the rates in accordance with Schedule XIV of the Companies Act, 1956 as notified by the Department of Company Affairs vide notification no. GSR. 756(E) dated 16.12.1993 using Straight Line method. Double shift rates of depreciation are provided wherever applicable.
- vi) On assets sold/discarded during the year, depreciation is provided upto the date of sale/discarding of such assets.
- vii) On the assets acquired during the year, depreciation is calculated on pro-rata basis from the date of acquisition/installation of the assets.
- viii) 100% depreciation has been charged on assets costing Rs. 5000/- or less.

##### d) Inventories

- i) Raw material, Stores and Spare parts, Tools & Implements and Packing material are valued at cost by adopting FIFO method.
- ii) Stock of Work in process is valued at cost of Raw Material and proportionate direct manufacturing expenses.
- iii) Finished stocks and trading stocks are valued at lower of estimated costs or net realizable value. Costs includes raw material cost and appropriate share of manufacturing expenses and other expenses directly attributable to production and are inclusive of depreciation on plant and machinery and factory building and excise duty paid/payable thereon.
- iv) Traded goods are valued at lower of cost and net realisable value by adopting FIFO method. Cost includes purchase price and other associated cost directly incurred in bringing the inventory to its present location.

##### e) Foreign Exchange Transaction

Transaction in foreign currency is recorded in Indian rupees using the rates of exchange prevailing on the dates of transactions. At each balance sheet date, recorded monetary balances are reported in Indian rupees at rates of exchange prevailing at the balance sheet date. All realizes and unrealized exchange adjustment, gain and losses are dealt with in the profit and loss account.

## SCHABLONA INDIA LIMITED

- f) **Excise & Customs Duty**  
Excise duty has been accounted on the basis of both payments made in respect of goods cleared and also provision made for finished goods lying in bonded warehouse.
- g) **CENVAT Credit**  
The CENVAT credit available on purchase of raw material, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The un-availed CENVAT credit is shown under the head "Loans & Advances".
- h) **Research & Development Expenditure**  
Revenue expenditure is charged to Profit and Loss account and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.
- i) **Earnings Per Share**  
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- j) **Taxes on Income**  
Provision for tax for the year comprises estimated current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- k) **Impairment of Assets**  
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that asset may be impaired.
- l) **Gratuity and Other Retirement Benefits**
- i) Retirement benefits in the form of Provident Fund is treated as a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.
  - ii) Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.
  - iii) Leave encashment has been provided on basis of estimation made by actuarial.
  - iv) Other short term compensated absences are provided for based on past experience of leave availed.
- m) **Revenue Recognition**
- i) Sales represent invoiced value of goods, net of sales return and trade discount but inclusive of Excise Duty, wherever applicable.
  - ii) Domestic Sale of goods is recognized at the point of dispatch of materials to customers. Export Sales are accounted on the basis of Bill of Lading
  - iii) Profit/Loss on sale of fixed assets are recognized in the year of sale.
  - iv) Interest is accounted for on accrual basis.

## SCHABLONA INDIA LIMITED

n) **Borrowing Cost**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to Profit and Loss Account.

o) **Provisions and Contingent Liabilities**

A provision is recognized if material when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

**B. Notes to Accounts :**

(Amount in Rs.)

	<u>31/03/2011</u>	<u>31/03/2010</u>
<b>1. Contingent Liabilities not provided for</b>		
a) Contingent liabilities not provided for in respect of :		
i. Unexpired letter of credit established by Central Bank of India, Bahadurgarh, on behalf of the Company	880,000	880,000
ii. Bank Guarantees issued by Central Bank of India, Bahadurgarh, on behalf of the Company	1,646,000	1,646,000
b) Contingent liabilities not provided for in respect of Co-surety given to Sales Tax Authorities on behalf of M/s. Somany Ceramics Limited	1,250,000	1,250,000
c) Sales Tax demand	71,506	55,960
<b>2. Managerial Remuneration :</b>		
<b>To Non Whole-time Directors</b>		
a) Commission	255,679	170,750
b) Sitting Fees	42,500	46,500
	<u>298,179</u>	<u>217,250</u>
<b>3. Commission to Non Whole-time Directors</b>		
Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 is as under :		
Profit before taxes and exceptional items	25,204,814	14,696,899
Add : Loss on sale of fixed assets	64,898	2,160,802
Add : Directors' Commission	255,679	170,750
Add : Directors' Sitting Fees	42,500	46,500
Net Profit as per Section 198 of the Companies Act, 1956	<u>25,567,891</u>	<u>17,074,951</u>
<b>4. Related party disclosures in accordance with the Accounting Standard "18" issued by The Institute of Chartered Accountants of India :</b>		
A. Related Parties with whom transactions have taken place & description of relationship :		
M/s. Scope Vinimoy Private Limited (Enterprise having Common Key Management Person)		



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- B. Transaction that have taken place during the period April 1, 2010 to March 31, 2011 with related parties by the Company :

(Amount in Rs.)

Name of the Related Party	Nature of Transaction	Debit Transactions	Credit Transactions	Balance as at 31.03.2011	Balance as at 31.03.2010
M/s. Scope Vinimoy Private Limited	Unsecured Loan	Nil	Nil	2,000,000	2,000,000
	Interest on Unsecured Loan	180,000	Nil	Nil	Nil

5. **Earnings Per Share (EPS)**
- |   | <u>31.03.2011</u> | <u>31.03.2010</u> |
|---|-------------------|-------------------|
| Profit attributable to the equity shareholders (Rs.)              | <b>17,167,106</b> | 9,844,829         |
| Weighted Average No. of Equity Shares outstanding during the year | <b>3,159,215</b>  | 3,159,215         |
| Paid up Value of Equity Shares (Rs.)                              | <b>4</b>          | 4                 |
| EPS (Rs.)   | <b>5.43</b>       | 3.12              |
6. In terms of Accounting Standard "22" issued by The Institute of Chartered Accountants of India, the Company has recognized a net deferred tax liability of Rs.707,436/- (Previous year Rs. 352,070/-) on a reasonable and conservative basis, which would be available for set off against the future profits of the Company.
- |   | <u>31.03.2011</u>  | (Amount in Rs.)<br><u>31.03.2010</u> |
|---|--------------------|--------------------------------------|
| Deferred Tax Liability comprises of :             |                    |                                      |
| A. <i>Deferred Tax Liabilities</i>                |                    |                                      |
| Deferred Tax Liability on account of Depreciation | <b>7,536,765</b>   | 6,295,090                            |
| Deferred Revenue expenses                         | <u>          -</u> | <u>405,981</u>                       |
|   | <b>7,536,765</b>   | <u>6,701,071</u>                     |
| B. <i>Deferred Tax Assets</i>                     |                    |                                      |
| Leave Encashment                                  | <b>689,983</b>     | 561,725                              |
|   | <u>689,983</u>     | <u>561,725</u>                       |
| C. <i>Net Deferred Tax Liability (A – B)</i>      | <b>6,846,782</b>   | <u>6,139,346</u>                     |
7. In accordance with the Accounting Standard "17" issued by The Institute of Chartered Accountants of India, the necessary disclosure in respect of reportable segments has been given in Annexure "A" which forms part of the Balance Sheet.
8. Pursuant to Notification No. G S R 129(E) dated 22nd February, 1999 issued by Ministry of Law & Justice and Company Affairs and The Micro, Small & Medium Enterprises Development Act, 2006, the name(s) of the small scale industrial undertaking(s) to whom the Company owe a sum exceeding Rs. 1.00 Lac which is outstanding for more than 30 days as on 31.03.2011 have not been furnished in view of insufficient information from the suppliers regarding their status as SSI unit hence amount overdue to small scale industrial undertakings as on 31.03.2011 cannot be ascertained. However, no specific claims have been received for interest from suppliers with reference to the "Interest on Delayed Payments Small Scale Ancillary Industrial Undertakings Act, 1993".
9. In accordance with Accounting Standard "9", "Recognition of Revenue", issued by The Institute of Chartered Accountants of India, the Company has reduced inter unit sales/purchase from the purchase & sales of respective units amounting to Rs. 10,612,311/- (Previous year Rs. 7,396,000/-). However, the above has no impact on the profitability of the Company for the year. Further, sales include export sales of Rs. 512,790/- (Previous year Rs. 102,080/-).
10. In the opinion of the management, Current Assets and Loans & Advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated.

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### 11. EMPLOYEE BENEFITS :

The status of the gratuity, leave encashment and sick leave as at March 31, 2011 is as follows-

(Amount in Rs.)

	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity Funded	Leave Encashment and Sick Leave (Non-Funded)
	31.03.2011		31.03.2010	
<b>I Expense recognized in the statement of profit and loss account</b>				
a Current Service cost	566,918	430,148	476,974	386,193
b Interest cost	203,893	132,209	159,224	93,266
c Expected return on plan assets	(206,482)	-	(161,321)	-
d Net actuarial (gain)/loss recognised in the period	250,960	53,818	(28,075)	86,890
e Expenses recognized in the statement of profit & loss a/c	815,289	616,175	446,802	566,349
<b>II Net Assets / (Liabilities) Recognized in the Balance sheet as at March 31, 2011</b>				
a Present value of obligation as at the end of the period	3,511,004	2,077,009	2,568,520	1,652,618
b Fair value of plan assets as at the end of the period	3,580,317	-	2,581,031	-
c Funded status	69,313	(2,077,009)	12,511	(1,652,618)
d Net assets/(Liabilities) recognized in the balance sheet	69,313	(2,077,009)	12,511	(1,652,618)
<b>III Change in present value of obligation</b>				
a Present value of obligation as at the beginning of the period	2,568,520	1,652,618	2,026,692	1,243,549
b Interest cost	203,893	132,209	159,224	93,266
c Current Service cost	566,918	430,148	476,974	386,193
d Benefits Paid	(39,692)	(191,784)	(72,779)	(157,280)
e Actuarial ( Gain)/Loss on obligation	211,364	53,818	(21,591)	86,890
f Present value of obligation as at the end of the period	3,511,003	2,077,009	2,568,520	1,652,618
<b>IV Change in the fair value of plan assets</b>				
a Fair value of plan assets as at the beginning of the period	2,581,031	-	2,016,517	-
b Expected return on plan assets	206,482	-	161,321	-
c Contributions	872,092	-	469,487	-
d Benefits paid	(39,692)	-	(72,779)	-
e Actuarial gain /(Loss) on plan assets	(39,596)	-	6,484	-
f Fair value of plan assets at the end of the period	3,580,317	-	2,581,030	-
<b>V The Major Category of Plan assets as a percentage to total plan</b>				
Mutual Funds	100%	-	100%	-
Government Securities	0%	-	0%	-
Bank	0%	-	0%	-
<b>VI Actuarial Assumptions</b>				
<b>Economic Assumptions-</b>				
Discounting Rate	8.00%	8.00%	8.00%	7.50%
Future salary Increase	5.00%	5.50%	5.00%	5.50%
Expected Rate of return on plan assets	8.00%	0%	8.00%	0%
<b>Demographic Assumptions-</b>				
Retirement Age	58	58	58	58
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
<b>Withdrawal Rates</b>				
Up to 30 Years	1%	3%	1%	3%
From 31 to 44 years	3%	2%	3%	2%
Above 44 years	6%	1%	6%	1%

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12. Balances in Sundry Debtors, Creditors and Loans & Advances are subject to confirmation/ reconciliation/ adjustments, if any. The effect of such adjustments shall be determined and accounted for in the year of determination.
13. An amount of Rs. 1,869,915/- was incurred during the financial year 2008-09 on addition and alteration of Furniture & Fixture on rented premises located at Ashoda and Kolkata. During the year, the Company has vacated the said rented premises. Consequently the Company has written off entire balance amount standing under the head "Miscellaneous Expenditure" amounting to Rs. 1,194,414/- in Profit and Loss Account during the financial year under reference.

14. **Payments to Auditors** (Amount in Rs.)

	<u>31.03.2011</u>	<u>31.03.2010</u>
i) Audit Fees	<b>75,000</b>	75,000
ii) Tax Audit Fees	<b>25,000</b>	25,000
iii) Out of Pocket Expenses	<b>30,460</b>	19,700

(Figures are exclusive of Service Tax)

15. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of Companies Act, 1956 for the year ended 31st March, 2011

**A. CAPACITY / PRODUCTION / PURCHASE**

Class of Goods	Unit	CAPACITY				PRODUCTION /PURCHASE	
		LICENCED*		INSTALLED*			
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Ceramic Transfers/ Stickers	No. of Sheets	<b>N. A.</b>	N. A.	<b>1,500,000</b>	780,000	<b>832,017</b>	852,561
Screen	Nos.	<b>N. A.</b>	N. A.	<b>24,000</b>	24,000	<b>17,292</b>	12,949
Decorated Tiles	Sq. Mtrs.	<b>N. A.</b>	N. A.	<b>350,000</b>	350,000	<b>243,233</b>	240,105
Traded Goods	Sq. Mtrs.	<b>N. A.</b>	N. A.	<b>N. A.</b>	N. A.	<b>256,216</b>	125,926

\* As Certified by the Management & relied upon by Auditors being a technical matter.

**B. STOCK & SALES**

	Units	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Opening Stock</b>					
Ceramic Transfers/ Stickers	No. of Sheets	<b>37,794</b>	<b>1,522,272</b>	20,890	1,022,691
Decorated Tiles	Sq. Mtrs.	<b>25,697</b>	<b>16,353,655</b>	38,827	26,493,874
Traded Goods	Sq. Mtrs.	<b>8,012</b>	<b>2,912,496</b>	11,055	5,891,296
<b>Closing Stock</b>					
Ceramic Transfers/ Stickers*	No. of Sheets	<b>18,461</b>	<b>1,370,572</b>	37,794	1,522,272
Decorated Tiles	Sq. Mtrs.	<b>29,642</b>	<b>20,081,839</b>	25,697	16,353,655
Traded Goods	Sq. Mtrs.	<b>16,659</b>	<b>7,211,567</b>	8,012	2,912,496
<b>Sales</b>					
Ceramic Transfers/ Stickers*	No. of Sheets	<b>851,350</b>	<b>72,712,708</b>	835,657	72,146,843
Screen	Nos.	<b>17,292</b>	<b>19,672,280</b>	12,949	13,378,117
Decorated Tiles**	Sq. Mtrs.	<b>239,288</b>	<b>249,678,408</b>	253,235	229,431,572
Traded Goods **	Sq. Mtrs.	<b>247,569</b>	<b>76,326,779</b>	128,969	44,672,512

\* (Inclusive of excise duty)

\*\* Includes breakage and samples etc.

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### C. RAW MATERIAL CONSUMED

Class of Goods	Units	2010-11		2009-10	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)
Plain Tiles	Sq. Mtrs.	271,711	76,784,924	261,286	63,416,835
Paper	No. of Sheets	852,267	8,055,243	892,688	10,857,523
Colours & Chemicals	Kgs	106,214	33,503,131	80,694	35,621,053
Others			20,367,963		12,695,367
			138,711,261		122,590,778

### D. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL & SPARE PARTS CONSUMED DURING THE YEAR

Particulars	Raw Materials				Screen, Stores & Spares			
	2010-11		2009-10		2010-11		2009-10	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Imported	1,897,427	1.37	7,577,432	6.18	518,127	1.97	594,626	2.62
Indigenous	136,813,834	98.63	115,013,346	93.82	25,849,589	98.03	22,130,979	97.38
	138,711,261	100.00	122,590,778	100.00	26,367,716	100.00	22,725,605	100.00

	Amount (Rs.)	
	2010-11	2009-10
<b>E. CIF Value of Imports</b>		
– Spare Parts	133,290	1,326,014
– Raw Materials	779,781	6,853,804
	<b>913,071</b>	<b>8,179,818</b>
<b>F. Earnings in Foreign Currency</b>		
FOB Value of Exports	512,790	102,080
<b>G. Expenditure in Foreign Currency</b>		
– Stores & Spares	242,410	1,028,803
– Travelling Expenses	238,349	301,520
– Raw Material	1,112,721	5,304,493
– Training Expenses	1,843,778	1,515,531
	<b>3,437,258</b>	<b>8,150,347</b>

16. Schedule "1" to "18" form an integral part of Balance Sheet and Profit and Loss Account.
17. The figures have been rounded off to nearest rupee.
18. Figures for the previous year have been regrouped / rearranged wherever considered necessary.
- As per our Report of even date attached

for **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)

**(CA. Anand Maheshwari)**

Proprietor

Membership No. 073875

**G. L. Sultania** }  
**N. Goenka** } *Directors*

Place : New Delhi

Dated : 28th day of May, 2011

## SCHABLONA INDIA LIMITED

### Segmentwise Revenue, Results and Capital Employed (Under Clause 41 of the Listing Agreement)

(Rs. in Lacs)

Sl. No.	Particulars	Year ended	
		(31.03.2011)	(31.03.2010)
1	Segment Revenue		
	a) Designer Tiles	3374.83	2825.32
	b) Transfer Sheets	838.69	793.88
	c) Job Work	17.02	9.26
	Total :	4230.54	3628.46
	Less : Inter segment revenue	106.12	73.96
	Net sales/income from operations	4124.42	3554.50
2	Segment Results Profit (+)/(Loss) (-) before tax and interest from segment		
	a) Designer Tiles	239.19	125.01
	b) Transfer Sheets	86.70	85.05
	c) Job Work	1.70	0.93
	Total :	327.59	210.99
	Less : i) Interest	75.54	64.03
	ii) Other un-allocable expenditure net off un-allocable income	-	-
	Total Profit before Tax :	252.05	146.96
3	Capital Employed		
	a) Designer Tiles	976.61	810.55
	b) Transfer Sheets	469.63	258.79
	c) Job Work	2.67	2.95
	Total :	1448.91	1072.29

Place : New Delhi  
Dated : 28th day of May, 2011

**(N. Goenka)**  
Director

**(G. L. Sultania)**  
Director

## SCHABLONA INDIA LIMITED

### 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. : 

L	5	1	1	0	9	W	B	1	9	8	3	P	L	C	0	3	6	8	9	9
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Balance Sheet Date : 

3	1	.	0	3	.	2	0	1	1
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 State Code 

2	1
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II. Capital Raised during the year (Amount in Rupees thousand)

Public Issue	Rights Issue												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								
Bonus Issue	Private Placement												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>				N	I	L
			N	I	L								
			N	I	L								

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees thousand)

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>4</td><td>8</td><td>9</td><td>1</td></tr></table>				1	4	4	8	9	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>4</td><td>8</td><td>9</td><td>1</td></tr></table>				1	4	4	8	9	1
			1	4	4	8	9	1											
			1	4	4	8	9	1											
<b>Sources of Funds</b>	<b>Application of Funds</b>																		
Paid-up Capital	Net Fixed Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>6</td><td>3</td><td>7</td></tr></table>				1	2	6	3	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>2</td><td>2</td><td>4</td><td>3</td></tr></table>				7	2	2	4	3		
			1	2	6	3	7												
			7	2	2	4	3												
Reserves and Surplus	Net Current Assets																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>9</td><td>2</td><td>2</td><td>5</td></tr></table>				5	9	2	2	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>2</td><td>6</td><td>4</td><td>8</td></tr></table>				7	2	6	4	8		
			5	9	2	2	5												
			7	2	6	4	8												
Secured Loans																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>1</td><td>8</td><td>2</td></tr></table>				6	4	1	8	2											
			6	4	1	8	2												
Unsecured Loans																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>0</td><td>0</td></tr></table>				2	0	0	0												
			2	0	0	0													
Deferred Tax Liability																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>8</td><td>4</td><td>7</td></tr></table>				6	8	4	7												
			6	8	4	7													

IV. Performance of the Company (Amount in Rupees thousand)

Turnover (including Other Income)	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>1</td><td>2</td><td>4</td><td>4</td><td>2</td></tr></table>				4	1	2	4	4	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>8</td><td>7</td><td>2</td><td>3</td><td>7</td></tr></table>				3	8	7	2	3	7
			4	1	2	4	4	2											
			3	8	7	2	3	7											
Profit Before Tax	Profit After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>2</td><td>0</td><td>5</td></tr></table>				2	5	2	0	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>1</td><td>6</td><td>7</td></tr></table>				1	7	1	6	7		
			2	5	2	0	5												
			1	7	1	6	7												
Earning Per Share (Rs.)	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>.</td><td>4</td><td>3</td></tr></table>				5	.	4	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>				2	0	.	0	0			
			5	.	4	3													
			2	0	.	0	0												

V. Generic Names of Principal Products/Services of the Company : (As per Monetary Terms)

Item Code No. (ITC Code)	Product Description																																	
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>4</td><td>9</td><td>0</td><td>8</td><td>1</td><td>0</td><td>0</td><td>0</td></tr></table>		4	9	0	8	1	0	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>T</td><td>R</td><td>A</td><td>N</td><td>S</td><td>F</td><td>E</td><td>R</td><td> </td><td>(</td><td>D</td><td>E</td><td>C</td><td>A</td><td>L</td><td>)</td></tr></table>	T	R	A	N	S	F	E	R		(	D	E	C	A	L	)								
	4	9	0	8	1	0	0	0																										
T	R	A	N	S	F	E	R		(	D	E	C	A	L	)																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>6</td><td>9</td><td>0</td><td>8</td><td>9</td><td>0</td><td>9</td><td>0</td></tr></table>		6	9	0	8	9	0	9	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>E</td><td>R</td><td>A</td><td>M</td><td>I</td><td>C</td><td> </td><td>T</td><td>I</td><td>L</td><td>E</td><td> </td><td>P</td><td>R</td><td>O</td><td>D</td><td>U</td><td>C</td><td>T</td><td>S</td><td> </td><td> </td><td> </td></tr></table>	C	E	R	A	M	I	C		T	I	L	E		P	R	O	D	U	C	T	S			
	6	9	0	8	9	0	9	0																										
C	E	R	A	M	I	C		T	I	L	E		P	R	O	D	U	C	T	S														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>5</td><td>9</td><td>1</td><td>1</td><td>9</td><td>0</td><td>9</td><td>0</td></tr></table>		5	9	1	1	9	0	9	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>S</td><td>C</td><td>R</td><td>E</td><td>E</td><td>N</td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>	S	C	R	E	E	N																		
	5	9	1	1	9	0	9	0																										
S	C	R	E	E	N																													

**G. L. Sultania**  
Director

**N. Goenka**  
Director

## SCHABLONA INDIA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

	2011 Rupees	2010 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extra-ordinary items	25,204,813	14,696,899
Adjustment for		
- Depreciation	6,438,827	5,182,757
- Interest Expenses	7,382,580	6,428,402
- Interest Received	(417,334)	(396,979)
- Loss on sale of fixed assets	64,898	2,160,802
- Deferred Revenue Expenditure Written off	1,194,414	301,518
- Liabilities no longer required Written back	(637,684)	(12,334)
- Bad Debts	-	277,675
	14,025,701	13,941,841
Operating profit before Working capital changes	39,230,514	28,638,740
Adjustment for		
- Inventories	(4,705,764)	13,973,714
- Trade Receivables	1,967,515	(26,157,542)
- Other Receivables	(5,390,114)	(6,277,808)
- Trade Payables	(4,881,795)	17,889,406
	(13,010,158)	(572,230)
Cash generated from operations	26,220,356	28,066,510
- Direct Taxes Paid	(7,310,433)	(4,805,912)
Cash Flow before Extraordinary items	18,909,923	23,260,598
- Extraordinary items	-	-
Cash flow from operating activities	18,909,923	23,260,598
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Net Purchase/ Sale of Fixed Assets (Incl Cap WIP)	(14,893,475)	(6,644,779)
- Interest received	424,193	346,418
Net cash used in Investing activities	(14,469,282)	(6,298,361)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Raising of Secured Loans	21,539,852	(7,831,130)
- Interest Paid	(7,382,580)	(6,428,402)
- Dividend Paid	(1,895,529)	(1,895,529)
- Dividend Tax Paid	(314,824)	(322,146)
Cash flow from Financing activities	11,946,919	(16,477,207)
Net increase in Cash & Cash equivalents	16,387,560	485,030
Cash & Cash Equivalents as on 01-04-2010	3,174,817	2,689,787
Cash & Cash Equivalents as on 31-3-2011	19,562,377	3,174,817

Place : New Delhi  
Dated : 28<sup>th</sup> day of May, 2011

For SCHABLONA INDIA LIMITED  
**G. L. Sultania**                      **N. Goenka**  
Director                                      Director

#### AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Schablona India Limited for the year ended 31.03.2011. The statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreement with the Stock Exchange and is based on and in agreement with corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 28th day of May, 2011 to the Members of the Company.

for **A. K. Maheshwari & Associates**  
Chartered Accountants  
(Firm Regn. No. 500106N)  
**(CA. Anand Maheshwari)**  
Proprietor  
Membership No. : 073875

Place : New Delhi  
Dated : 28th day of May, 2011