

## SCHABLONA INDIA LIMITED

### **Directors :**

Mr. G. L. Sultania, Chairman  
Mr. Anirudh Kabra  
Mr. Rakesh Kumar Borar  
Mr. A. K. Beejawat  
Mr. N. Goenka

### **Auditors :**

A. K. Maheshwari & Associates  
Suite # 4G, Uppals, M6 Plaza  
Jasola District Centre  
New Delhi - 110 076

### **Bankers :**

State Bank of India  
HDFC Bank Limited

### **Registered Office :**

2, Red Cross Place  
Kolkata - 700 001  
Phone No. : 033-22487406 / 07  
E-mail : silinvestors@schablona.in  
Website : www.schablona.in

### **Works :**

- 1) P. O. - Kassar, Bahadurgarh - 124 507  
Dist. - Jhajjar, Haryana
- 2) 18/1, 18/2, G. I. D. C., Industrial Estate  
Kadi - 382 715, Gujarat

### **Registrar & Transfer Agent :**

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane  
Kolkata - 700 001

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## SCHABLONA INDIA LIMITED

NOTICE is hereby given that the 28th ANNUAL GENERAL MEETING of the Members of Schablona India Limited will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata - 700 001 on **Friday, the 28th September, 2012 at 3-00 P.M.** to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Anirudh Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Beejawat, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS**

To consider and if thought fit, to pass with or without modification(s), the following Resolution :

#### **6. As a Special Resolution**

"RESOLVED THAT in accordance with and subject to the provisions of Section 309(4) read with Section 309(7) of the Companies Act, 1956, the Company do hereby authorise the payment to the Directors of the Company (Other than the Managing and Wholetime Directors, if any) of a commission (to be divided amongst them, in such amounts or in such proportion and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) of 1% (One percent) on the net profits of the Company, to be computed in the manner prescribed in Sub-section (1) of Section 198, referred to in Sub-section (5) of Section 309 of the Companies Act, 1956 in any financial year of the Company, for a further period of 5 years, commencing from 1st April, 2012 and upto 31st March, 2017."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution."

Place : Noida  
Date : the 26th May, 2012

By Order of the Board  
**N. Goenka**  
*Director*

### **NOTES:**

1. **A Member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself. A Proxy need not be a member of the Company. Proxies, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to item no. 6 of the accompanying Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 15th September, 2012 to Friday, the 28th September, 2012 (both days inclusive).

## SCHABLONA INDIA LIMITED

4. Dividend on equity shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those Members whose name appears on the Register of Members of the Company as on 14th September, 2012 and in respect of shares held in the dematerialized form, to those beneficial owners whose particulars will be furnished by the Depositories on the said date.
5. Members who have not encashed their dividend warrants for the year ended 31st March, 2008 to 31st March, 2011 may write to the Company or RTA for revalidation of the same.
6. Members/Proxyholders are requested to bring their copies of Annual Report along with them at the meeting.
7. Members are requested to write to the Company, their query(ies), if any, on the Accounts and operations of the Company atleast 10 days before the meeting to keep the information ready at the meeting.
8. Members who hold shares in dematerialized form are requested to bring their Depository ID and Client ID Numbers for easier identification of attendance at the Annual General Meeting.
9. Members holding shares in physical form are requested to notify changes in their address and the Bank Account particulars, if any, quoting their Folio Number(s) to the Registrar & Share Transfer Agent M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001. Telephone No. (033) 2243 5809/5029, Fax No. (033) 2248 4787.
10. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.
11. Dividend, if declared, at the ensuing Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) where such facility is available. Members holding shares in electronic form are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS/ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, directly.
12. The Securities and Exchange Board of India (SEBI) has mandated to furnish a copy of PAN Card in all the cases of transfer of shares in physical form.

### **Important Communication to Members**

**The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their e-mail address to the Registrar and Transfer Agent of the Company M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata - 700 001, quoting their folio no.(s) or to the Company at email ID - silinvestors@schablona.in**

## SCHABLONA INDIA LIMITED

### **BRIEF RESUME AND OTHER INFORMATION PURSUANT TO CLAUSE 49 (IV) (G) OF THE LISTING AGREEMENT IN RESPECT OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

Mr. Anirudh Kabra, aged about 56 years, is a Commerce Graduate and a businessman. He is a member of Audit Committee and Shareholders'/Investors' Grievance Committee of the Board of Directors of the Company.

Mr. A. K. Beejawat, aged about 54 years, is an MBA. He has over 33 years of experience in Marketing. His vast experience and knowledge in the marketing and business administration is useful to the Company.

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### **Explanatory statement in respect of the Special Business pursuant to Section 173(2) of the Companies Act, 1956.**

#### ***Item No. 6***

The Company by a Special Resolution passed by the Members of the Company at its 23rd Annual General Meeting held on Saturday, the 15th September, 2007, was authorised to make payments to its Directors (other than the Managing and Wholetime Directors of the Company) of a commission of 1% (One percent) of the net profits of the Company for each of the Financial Year for a period of five (5) years commencing from 1st April, 2007 and upto 31st March, 2012.

In terms of the provisions under Section 309(7) of the Companies Act, 1956, which provides that a Special Resolution passed under Section 309(4) of the Act shall not remain in force for more than five (5) years at a stretch, the previous resolution as stated to have passed hereinabove remained valid upto the end of Company's Financial year ended on 31st March, 2012. Accordingly it is proposed to pass a fresh Resolution by way of Special Resolution authorizing the Company for payment of such commission for each Financial Year in pursuance of Section 309(4) read with Section 309(7) of the Companies Act, 1956 for a further period of five (5) years commencing from 1st April, 2012 and upto 31st March, 2017. The Resolution set out under item no. 6 of the accompanying Notice is intended for seeking Member's approval and your Directors accordingly recommend the same.

All the Directors of the Company are interested or concerned in the resolution to the extent the commission as may be payable to them in accordance with the proposed resolution.

Place : Noida  
Date : the 26th May, 2012

By Order of the Board  
**N. Goenka**  
*Director*

## SCHABLONA INDIA LIMITED

### DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2012.

ACCOUNTS	31.03.2012 (Rs. in Lacs)	31.03.2011 (Rs. in Lacs)
Gross Sales	4591.50	4170.43
Less: Excise Duty	201.11	103.46
Net Sales	4390.39	4066.97
Gross Profit for the year under review	265.77	316.44
Less: Depreciation for the year	68.75	64.39
Profit for the year	197.02	252.05
Less: Provision for Income Tax	65.00	72.00
Add/Less: Deferred Tax Assets/Liability	(11.38)	7.07
Less: Income Tax for earlier years	6.32	1.30
	137.08	171.68
Add: Balance brought forward from earlier years	541.62	417.87
Surplus available for appropriation	678.70	589.55
<b>Appropriations</b>		
Proposed Dividend on Equity Shares	25.27	25.27
Tax on Proposed Dividend	4.10	4.21
Transferred to General Reserve	25.00	18.45
Balance Carried to Balance Sheet	624.33	541.62
Total	678.70	589.55

### DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 0.80 per share on paid-up equity share of Rs. 4/- each of the Company for the year under review.

### GENERAL DESCRIPTION

Your Company is in a highly creative fashion oriented decorated tiles and decal manufacturing. The changing trends and emergence of inkjet digital printing technology and easy plagiarism of designs by the un-organised sector have taken a heavy toll on the company's growth and profitability. However, with our strong creative team base and expertise, we are confident, we will effectively meet all challenges and shall be able to retain our leadership position in the trade.

### OPERATION

Sales of 'Decorated Tiles Division' grew by 11.82% from Rs. 3334.40 lacs to Rs. 3728.53 lacs but sales of "Transfer division" have registered a de growth of 9.83% owing to deployment of new technology based direct printing on cylindrical wares by one of our large clients, as also installation of an in house transfer making plant by yet another large client. Although a large number of small customers have been added, yet the slide of sales from Rs. 838.69 lacs to Rs. 756.28 lacs could not be prevented.

In view of growing demand of glass highlighters we have started in house manufacturing of same which will help us in eliminating the quality and availability issues which have been major concerns in the recent past.

We look forward to substantial improvement in the operations in the years to come.

# SCHABLONA INDIA LIMITED

## MARKET AND FUTURE PROSPECTS

### Ceramic Transfer Sheets (Decals)

Recent technological changes have struck at the very root of the ceramic transfers Industry and have made a severe impact on Company's revenue. Direct printing on Cylindrical Ware and captive plants by major buyers have adversely affected our business prospects but our unique expertise in gold and platinum based transfers manufacturing and our design supremacy is forcing some of them to come back to us for the requirement of specialised decals. We hope to increase business with them substantially in the near future.

Your Company is responding to the challenges by adding new customers and increasing share of decal consumption of existing buyers and also reaching out to small buyers through innovative logistics measures.

### Decorated Tiles

Some fast paced sweeping changes have taken place in the trends and fashions concerning the way tiles are used in bathrooms. The deployment of digital printing machines by tile manufacturers has impacted the demand for third fired motifs and highlighters as these are being produced online now.

Your Company is taking urgent measures to retain its hold and presence in the market through outsourcing of digital tiles as well as other ranges so as to keep its engagement with its customers alive and also place some innovative and unique concepts in the market. It has been observed that the fashion trends regarding usage of borders, motifs, and highlighters etc. have been cyclical in nature and it would not be long before the trend returns in favour of third fired products again.

### Trading

With the launch of Full range of Wall Tiles under Keraspana brand a respectable growth has been registered in the year 2011-12 in the Trading vertical. With the positive response that market has given to this range, it is evident that the coming financial year should also be very good.

Launch of Keraspana has helped your Company expand its dealer network outside of the present domain which will not only bring in more sales for the Trading vertical but will also help in improving the sales of manufacturing vertical as well.

The allied activities in Trading Vertical like Pencils, Resin borders, mosaics, sand blasting, sandwiched glass highlighters, toughened glass highlighters also continued successfully.

## 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 Members are self explanatory, as explained by way of notes to the accounts and therefore needs no further explanation by the Board.

## DIRECTORS

Mr. Anirudha Kabra and Mr. A. K. Beejawat, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company 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 ensuing Annual General Meeting and offer themselves for re-appointment and submitted requisite certificate pursuant to Section 224(1B) of the Companies Act, 1956.

## CORPORATE GOVERNANCE

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

## **SCHABLONA INDIA LIMITED**

### **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 there under during the year under review.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Your Directors are pleased to annex the Secretarial Compliance Certificate for the year 2011-12, 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, 2012 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.

Place : Noida  
Date : the 26th May, 2012

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

	<u>Rs./Lacs</u>
A. Foreign Exchange Outgo	43.06
B. Foreign Currency Earned	14.74

Place : Noida  
Date : the 26th May, 2012

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

Even though construction Industry is in a positive growth trend yet, decorated tiles Industry is going through a major upheaval like never before. Widespread proliferation of digital printing on ceramic tiles has suddenly usurped the third fired decorated tiles business, most of the units in the unorganised sector have had to close down owing to this sudden change in trends. Even organised units are shifting to alternatives like printing and firing on Glass which is a small reprieve but cannot compensate for the lost market in ceramic tiles segment.

Brand "Keraspana" is gaining acceptance all over and is continually growing at a fast pace. The concept of "Schablona Lounge" where Keraspana and all Schablona products are exclusively displayed and sold has been launched in New Delhi and another such display centre is expected to be launched in Jaipur shortly and many more in pipeline will enable Schablona to position its brand with the top segment of the market.

Transfer division is facing challenges from captive manufacturing facilities put up by major crockery manufacturing units but Schablona has turned to its core competency of bringing out creative designs and presenting to these manufacturers and thereby trying to retrieve the share back. New crockery units are throwing open new opportunities and Schablona is all set to tap into them.

### Risk Factors and its Mitigations

- **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.
- **Rising Cost of Inputs, Energy & Transportation** : All the three factors have a major bearing on the profitability; the Company has taken effective steps towards improvements in Efficiency, Cost Cutting and price adjustments.
- **Competition with Un-Organized Sector** : This sector poses threats primarily at the entry level bulk selling products thus impacting topline, the Company is working to fight this challenge by leveraging its capabilities to produce better designs through its state of the art studios and delivering high quality products using advanced machineries at competitive prices.

### Internal Control Systems

Budgetary system of control stands fully implemented and compliances are strictly monitored. Schablona Strategic Group consisting of departmental heads discuss every new initiative or expansion before decision taken for actions on the same. 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 232 employees as on 31.03.2012. Industrial relations during the year continued to be cordial.

Place : Noida  
Date : the 26th May, 2012

For and on behalf of the Board  
**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, 2012. 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 28th May, 2011, 25th July, 2011, 8th November, 2011 & 31st January, 2012 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 not passed any Board resolution by circulation during the year under review.
5. The Company has closed its Register of Members for transfer or other purposes during the above financial year from 27th August, 2011 to 3rd September, 2011 (both days inclusive).
6. The Annual General Meeting of the Company for the financial year ended on 31st March, 2011 was held on 3rd September, 2011 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 20 new Share Certificates for 2500 Shares on account of loss of original Share Certificate and 2 new Share Certificates for 1500 Shares on account of consolidation 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 31.03.2011 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 were 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.

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

Place : 9, Crooked Lane,  
Kolkata - 700 069

Date : 26th May, 2012

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 31st March, 2012				
Sl. No.	Particulars	Section	Sl. No.	Form No. / Returns	Filed under Section	Date of filing	Whether filed within statutory time period
1.	Register of Members	150	1	Balance Sheet and Profit & Loss Account as at 31st March, 2011 in e forms 23ACXBRL & 23ACAXBRL	220	10/12/2011	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, 2011 in e form 66	383A	09/09/2011	Yes
5.	Register of Transfer	-					
6.	Register of Directors' Shareholding	307	3	Annual Return made upto 03/09/2011 in e form 20B	159	29/09/2011	Yes
7.	Register of Contracts & Agreements	301					
8.	Register of Charges	143	4	Creation of Charge on 16/11/2011 in e form 8	125/127/ 130/135	15/12/2011	Yes
9.	Register of Investments	372A	5	Satisfaction of Charge on 29/09/2011 in e form 17	138	01/10/2011	Yes
10.	Shareholders' Attendance Register	-	6	Satisfaction of Charge on 13/12/2011 in e form 17 (3 Nos.)	138	22/12/2011	Yes

# SCHABLONA INDIA LIMITED

## CORPORATE GOVERNANCE REPORT

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

Corporate Governance is an integral part of the Company's Management and Business philosophy. Corporate Governance envisages the attainment of the highest levels of transparency, accountability and business prosperity with object of realising long term value for shareholders and all other stakeholders.

### **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 2011-12 i.e. on 28 May, 25 July, 08 November in 2011 and 31 January in 2012. Details of the Directors by category, their attendance, other directorship including Chairmanship/Membership of Board Committees and Number 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	4	Yes	13	5	4	500
Mr. Anirudh Kabra	Independent	4	4	No	-	-	2	-
Mr. R. K. Borar	Independent	4	3	No	-	-	1	3,000
Mr. N. Goenka	Independent	4	4	Yes	6	1	2	-
Mr. A. K. Beejawat	Independent	4	4	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, Chairman 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 28 May, 25 July, 08 November in 2011 and 31 January in 2012 and the Chairman of the Audit Committee attended the last Annual General Meeting held on 3rd September, 2011 :-

Name of Members	No. of meetings held	No. of meetings attended	Status
Mr. G. L. Sultania	4	4	Chairman
Mr. Anirudh Kabra	4	4	Member
Mr. R. K. Borar	4	3	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 and attended by all its members. Total 1701 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 31.03.2012.

### 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 6, 2011, August 18, 2011 and December 12, 2011 as detailed below :-

Members	Category	No. of meetings held	No. of meeting 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 6 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 2011-12.

### Remuneration to Directors

(Amount in Rs.)

Name	Directors' Commission (For the year 2010-11)	Sitting Fees	Total
Mr. G. L. Sultania	51,136	11,500	62,636
Mr. Anirudh Kabra	51,136	10,000	61,136
Mr. R. K. Borar	51,136	7,500	58,636
Mr. N. Goenka	51,135	11,500	62,635
Mr. A. K. Beejawat	51,136	6,000	57,136
Total	2,55,679	46,500	3,02,179

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
2010-2011	03.09.2011	11-30 A.M.	None
2009-2010	03.09.2010	11.30 A.M.	None
2008-2009	26.08.2009	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, 2012 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 31.03.2012.
- (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 Business Standard, 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 :

Friday, the 28th September, 2012 at 3.00 P.M. at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700 001.

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

**Book Closure Date** : 15th September, 2012 to 28th September, 2012 (both days inclusive).

**Financial Calendar** : The schedule of the results for 2012-2013 are as follows:

First Quarter	: Within 45 days of end of June quarter 2012
Second Quarter	: Within 45 days of end of September quarter 2012
Third Quarter	: Within 45 days of end of December quarter 2012
Fourth Quarter	: Within 60 days of end of Financial Year March, 2013

**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 2011-12 at its meeting held on 26th May, 2012 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 2012-13 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, 2011	38.95	32.25	2,239	19,811.14	18,976.19
May, 2011	37.00	32.55	7,721	19,253.87	17,786.13
June, 2011	39.45	31.65	10,472	18,873.39	17,314.38
July, 2011	39.55	31.65	5,947	19,131.70	18,131.86
August, 2011	37.50	30.45	14,154	18,440.07	15,765.53
September, 2011	38.00	35.10	901	17,211.80	15,801.01
October, 2011	37.40	25.25	7,610	17,908.13	15,745.43
November, 2011	35.50	28.85	535	17,702.26	15,478.69
December, 2011	37.00	34.00	212	17,003.71	15,135.86
January, 2012	35.35	33.30	393	17,258.97	15,358.02
February, 2012	34.95	31.00	1,858	18,523.78	17,061.55
March, 2012	32.50	24.65	3,812	18,040.69	16,920.61

\*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 No. 033-2243 5809/5029, Fax No. 033-2248 4787  
E-mail : mdpl@cal.vsnl.net.in

**Share Transfer System :**

The Company's share are mostly traded on Bombay Stock Exchange Ltd. 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 31st March, 2012 :**

No. of Equity Shares	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1- 500	3,145	90.24	545,473	17.27
501-1000	199	5.71	150,939	4.77
1001-2000	71	2.04	104,062	3.29
2001-3000	24	0.69	62,286	1.97
3001-4000	3	0.09	10,032	.32
4001-5000	9	0.26	40,599	1.29
5001-10000	13	0.37	99,219	3.14
10001 and above	21	0.60	2,146,605	67.95
<b>Total</b>	<b>3,485</b>	<b>100.00</b>	<b>3,159,215</b>	<b>100.00</b>

## SCHABLONA INDIA LIMITED

### Shareholding Pattern as on 31st March, 2012 :

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	54	154,366	4.89
Indian Public	3,413	1,226,389	38.82
NRIs/OCBs	8	4,001	0.13
Trusts	1	100	0.00
Clearing Members	1	102	0.00
<b>Total</b>	<b>3,485</b>	<b>3,159,215</b>	<b>100.00</b>

### Dematerilisation of Shares :

The Company's equity shares enjoy the DEMAT facilities with NSDL as well as CDSL and 2,638,891 shares representing 83.53 percent of the equity capital as on 31.03.2012 were in demat form.

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

#### Plant Location :

- P.O. - Kassar, Bahadurgarh - 124 507, Dist. Jhajjar, Haryana.
- 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, Phone : 033-22487406/7, Fax : 033-22487045, Email : silinvestors@schablona.in.

### Declaration on Code of Conduct

26th May, 2012

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, 2012.

G. L. Sultania  
*Chairman*

Place : Noida

### AUDITOR'S 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, 2012 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. A. K. Maheshwari)**  
*Proprietor*  
Membership No. 73875

Place : Noida  
Dated : 26th day of May, 2012



## 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, 2012 and the Statement of Profit and Loss 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 from time to time 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2012 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, 2012;
    - ii) in the case of Statement of Profit and Loss 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.

Place : Noida  
Dated : 26th day of May, 2012

For **A. K. Maheshwari & Associates**  
Chartered Accountants  
(Firm Registration No. 500106N)  
**(CA. A. K. Maheshwari)**  
Proprietor  
Membership No. 73875

## 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, 2012.

- (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 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) 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. 20.00 lacs. At the end, the balance of such loan is Rs. 20.00 lacs.
  - c) In our opinion, the rate of interest and other terms and condition of loan are prime facie not prejudicial to the interest of the Company.
  - d) 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.
- (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 transaction 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. 5.00 lacs 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.

## SCHABLONA INDIA LIMITED

- (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, 2012.
- b) As informed to us, the disputed statutory dues aggregating Rs. 8.41 lacs in respect of sales tax that has not been deposited on account of disputed matters pending with the appropriate authorities are as under:

Name of Statute	Nature of Dues	Period to which the amount relates	Amount (Rs. in lacs)	Forum where the dispute is pending	Remarks
Sales Tax Act.	Sales Tax Assessment	2008-09	8.41	Excise and Taxation Officer-cum-Assessing Authority, Bahadurgarh	None

- (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 institution.
- (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 a 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, no new term loan has been raised during the year. The term loans outstanding at the beginning of 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.

Place : Noida  
Dated : 26th day of May, 2012

For **A. K. Maheshwari & Associates**  
Chartered Accountants  
(Firm Registration No. 500106N)  
**(CA. A. K. Maheshwari)**  
Proprietor  
Membership No. 73875

## SCHABLONA INDIA LIMITED

### BALANCE SHEET AS AT 31ST MARCH , 2012

<u>Particulars</u>	<u>Note No.</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	126.37	126.37
(b) Reserves and Surplus	4	699.96	592.25
		<b>826.33</b>	<b>718.62</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	132.19	138.25
(b) Deferred Tax Liabilities (Net)	6	57.09	68.47
(c) Other Long Term Liabilities	7	176.94	136.36
(d) Long Term Provisions	8	42.46	33.32
		<b>408.68</b>	<b>376.40</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	9	517.65	523.58
(b) Trade Payables	10	412.37	465.73
(c) Other Current Liabilities	11	166.98	167.25
(d) Short-Term Provisions	12	35.62	33.48
		<b>1,132.62</b>	<b>1,190.04</b>
<b>TOTAL</b>		<b>2,367.63</b>	<b>2,285.06</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	13		
(i) Tangible Assets		676.01	722.43
(ii) Capital Work-in-Progress		9.70	-
		<b>685.71</b>	<b>722.43</b>
(b) Long Term Loans and Advances	14	28.99	33.80
(c) Other Non-Current Assets	15	38.67	33.29
		<b>753.37</b>	<b>789.52</b>
<b>(2) Current Assets</b>			
(a) Inventories	16	518.04	502.04
(b) Trade Receivables	17	631.91	635.83
(c) Cash and Cash Equivalents	18	308.47	195.62
(d) Short-Term Loans and Advances	19	155.84	162.05
		<b>1,614.26</b>	<b>1,495.54</b>
<b>TOTAL</b>		<b>2,367.63</b>	<b>2,285.06</b>
Significant Accounting Policies	1		
Notes to the Financial Statements	2		

For **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)  
**(CA. A. K. Maheshwari)**

Proprietor

Membership No. 073875

Place : Noida

Dated : 26th day of May, 2012

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

## SCHABLONA INDIA LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

<u>Particulars</u>	<u>Note No.</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>INCOME</b>			
Revenue from operations	20	4,411.89	4,107.33
Other Income	21	40.42	15.30
		<u>4,452.31</u>	<u>4,122.63</u>
<b>EXPENDITURE</b>			
Cost of Materials consumed	22	1,328.05	1,626.80
Purchase of Stock-in-Trade		1,301.57	644.31
Changes in Inventories	23	(73.66)	(61.16)
Employees Benefit expenses	24	654.87	603.94
Financial costs	25	87.58	77.88
Depreciation and Amortization expenses	13	68.75	64.39
Other Administrative expenses	26	881.84	913.77
		<u>4,249.00</u>	<u>3,869.93</u>
Profit before exceptional and extraordinary items and tax		<b>203.31</b>	<b>252.70</b>
Exceptional Items		6.29	0.65
Profit before extraordinary items and tax		<u>197.02</u>	<u>252.05</u>
Extraordinary items		-	-
Profit before tax		<u>197.02</u>	<u>252.05</u>
Tax expense:			
(1) Current tax		65.00	72.00
(2) Deferred tax		(11.38)	7.07
(3) Tax for earlier years		6.32	1.30
Profit for the Year		<u>137.08</u>	<u>171.68</u>
<b>Earning per equity share of face value of Rs. 4/- each</b>			
- Basic		4.34	5.43
- Diluted		4.34	5.43
Significant Accounting Policies	1		
Notes to the Financial Statements	2		

For **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)  
**(CA. A. K. Maheshwari)**

Proprietor  
Membership No. 073875

Place : Noida  
Dated : 26th day of May, 2012

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

## SCHABLONA INDIA LIMITED

### NOTES TO THE BALANCE SHEET

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>		
<b>3 Share Capital</b>				
Authorised :				
50,00,000 (Previous Year 50,00,000) Equity Shares of Rs. 10/- each	<u>500.00</u>	<u>500.00</u>		
Issued, Subscribed & Paid Up :				
31,59,215 (Previous Year 31,59,215) 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>126.37</u>	<u>126.37</u>		
	<u><b>126.37</b></u>	<u><b>126.37</b></u>		
<b>Note :</b>				
(a) Reconciliation of Equity Share Capital (In Number) :				
Shares outstanding at the beginning of the year	3,159,215	3,159,215		
Add: Shares issued during the year	-	-		
Less: Shares bought back during the year	-	-		
Shares outstanding at the end of the year	3,159,215	3,159,215		
(b) Equity Shares :				
The Company has only one class of Equity Shares having paid-up value of Rs. 4/- each and each shareholder is entitled to one vote per share. Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holder. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the Company.				
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company :				
<u>Name of the Shareholders</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Bhilwara Holdings Limited	626,911	19.84	626,911	19.84
Hiralall Somany	431,647	13.66	431,647	13.66
SR Continental Limited	390,800	12.37	390,800	12.37
Somany Ceramics Limited	<u>200,000</u>	<u>6.33</u>	<u>200,000</u>	<u>6.33</u>
	<u><b>1,649,358</b></u>	<u><b>52.20</b></u>	<u><b>1,649,358</b></u>	<u><b>52.20</b></u>
<b>4 Reserves &amp; Surplus</b>				
<b>Capital Reserve</b>				
As per last year	<u>0.63</u>		<u>0.63</u>	
<b>General Reserve</b>				
Balance at the beginning of the year	50.00		31.55	
Add : Transferred from surplus in Statement of Profit and Loss	<u>25.00</u>		<u>18.45</u>	
Closing Balance	<u>75.00</u>		<u>50.00</u>	
<b>Surplus in Statement of Profit and Loss</b>				
Balance at the beginning of the year	541.62		417.87	
Net Profit for the current year	<u>137.08</u>		<u>171.68</u>	
Amount available for appropriation	678.70		589.55	
Less: Appropriation				
Transfer to General reserve	25.00		18.45	
Proposed Dividend	25.27		25.27	
Tax on Proposed Dividend	<u>4.10</u>		<u>4.21</u>	
Closing Balance	<u><b>624.33</b></u>		<u><b>541.62</b></u>	
	<u><b>699.96</b></u>		<u><b>592.25</b></u>	

## SCHABLONA INDIA LIMITED

### NOTES TO THE BALANCE SHEET

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>5 Long-Term Borrowings</b>		
<b>Secured :</b>		
<b>Term Loans</b>		
- From Banks	105.10	147.20
<b>Car Loans</b>		
- From Banks	9.42	11.70
- From Others	-	0.63
	<u>114.52</u>	<u>159.53</u>
<b>Less: Current Maturities of Long Term Borrowings</b>		
<b>Term Loans</b>		
- From Banks	-	38.47
<b>Car Loans</b>		
- From Banks	2.33	2.29
- From Others	-	0.52
	<u>2.33</u>	<u>41.28</u>
	<u>112.19</u>	<u>118.25</u>
<b>Unsecured :</b>		
Inter Corporate Deposits (Refer Note No. - 2 (2B))	20.00	20.00
	<u>20.00</u>	<u>20.00</u>
	<b><u>132.19</u></b>	<b><u>138.25</u></b>
<p>(a) Term loan from State Bank of India is secured against first charge on all present &amp; future fixed assets of the Company except Land &amp; Building and a second charge on all present and future current assets of the Company. The said loan to be secured additionally by way of creation of mortgage on Land &amp; Building of the Company at Kassar, Bahadurgarh, Haryana in due course of time.</p> <p>(b) The term loan is also secured by way of a Corporate Guarantee of M/s Somany Ceramics Limited.</p> <p>(c) Term Loan I amounting to Rs. 27.10 lac is repayable in monthly installments of Rs. 1.85 lac and Term Loan II amounting to Rs. 78.00 lac is repayable in monthly installments of Rs. 2.35 lac.</p> <p>(d) Car loans are secured against hypothecation of vehicles purchase thereunder and repayable in monthly installments as per stipulation in the respective loan agreements.</p>		
<b>6 Deferred Tax Liabilities (Net)</b>		
Beginning of the year	68.47	61.40
Provided during the year	(11.38)	7.07
	<u>57.09</u>	<u>68.47</u>
<b>7 Other Long Term Liabilities</b>		
Security Deposit	153.44	116.31
Provision for Leave Encashment	23.50	20.05
	<u>176.94</u>	<u>136.36</u>

## SCHABLONA INDIA LIMITED

### NOTES TO THE BALANCE SHEET

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>8 Long Term Provisions</b>		
Provision for Gratuity	42.46	33.32
	<u>42.46</u>	<u>33.32</u>
<b>9 Short Term Borrowings</b>		
<b>From Bank</b>		
Cash Credit	515.32	482.30
(Cash Credit is secured by way of First charge on all current assets of the Company by way of hypothecation of store, stocks , book debts and other current assets and Second charge on entire present and future fixed assets of the Company, except land & building which will be mortgaged in due course of time. The said financial assistance is additionally secured by way of a Corporate Guarantee of M/s. Somany Ceramics Limited)		
Current Maturities of Long Term Borrowings	2.33	41.28
	<u>517.65</u>	<u>523.58</u>
<b>10 Trade Payables</b>		
Sundry Creditors	412.37	465.73
	<u>412.37</u>	<u>465.73</u>
<b>11 Other Current Liabilities</b>		
Statutory dues	42.14	28.82
Advances from customers	-	24.33
Other liabilities	124.84	114.10
	<u>166.98</u>	<u>167.25</u>
<b>12 Short-Term Provisions</b>		
Provision for Leave Encashment	1.54	0.72
Unpaid Dividend	4.71	3.28
Proposed Dividend	25.27	25.27
Provision for Corporate Dividend Tax	4.10	4.21
	<u>35.62</u>	<u>33.48</u>



## SCHABLONA INDIA LIMITED

**Notes to the Balance Sheet**  
**13 Fixed Assets**

(Rs. in Lacs)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.03.11	Additions	Sales/ Adjustment during the year	As at 31.03.12	Upto 31.03.11	For the Year	Adjustment during the Year	Upto 31.03.12	As at 31.03.12	As at 31.03.11
1.	Land	9.53	—	—	9.53	—	—	—	—	9.53	9.53
2.	Building	186.20	11.07	—	197.27	30.74	6.42	—	37.16	160.11	155.46
	- Own										
	- Improvement to Leasehold Premises	39.38	—	—	39.38	3.33	1.32	—	4.65	34.73	36.05
3.	Plant & Machinery	542.17	14.10	—	556.27	129.56	42.83	—	172.39	383.88	412.61
4.	Furniture & Fixture	21.59	3.38	—	24.97	4.65	1.82	—	6.47	18.50	16.94
5.	Computer	55.48	6.45	—	61.93	22.35	9.93	—	32.28	29.65	33.13
6.	Office Equipment	26.15	0.66	—	26.81	7.14	1.88	—	9.02	17.79	19.01
7.	Vehicles	53.04	—	23.37	29.67	13.34	4.55	10.04	7.85	21.82	39.70
	<b>Total</b>	<b>933.54</b>	<b>35.66</b>	<b>23.37</b>	<b>945.83</b>	<b>211.11</b>	<b>68.75</b>	<b>10.04</b>	<b>269.82</b>	<b>676.01</b>	<b>722.43</b>
	Capital Work in Progress	—	9.70	—	9.70	—	—	—	—	9.70	—
	Previous Year	786.33	155.22	8.01	933.54	150.27	64.39	3.55	211.11	722.43	636.06

## SCHABLONA INDIA LIMITED

### NOTES TO THE BALANCE SHEET

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>14 Long Term Loans and Advances</b>		
<b>Security Deposit</b>		
Secured, Considered Good :		
With Government Departments	7.79	7.73
Other Deposits	11.55	10.99
Advance Payment of Income Tax (net of provisions)	9.65	15.08
	<u>28.99</u>	<u>33.80</u>
<b>15 Other Non-Current Assets</b>		
Contribution in Gratuity Fund	33.59	33.29
Deferred Revenue Expenditure	5.08	-
	<u>38.67</u>	<u>33.29</u>
<b>16 Inventories</b>		
(As taken, valued and certified by the Management)		
Raw Material	96.44	152.10
Work-in-Progress	19.62	30.88
Finished Goods	201.41	214.52
Stock-in-Trade	182.94	72.12
Stores & Spares	17.63	32.42
	<u>518.04</u>	<u>502.04</u>
<b>17 Trade Receivables</b>		
<b>Outstanding for more than six months</b>		
Unsecured, Considered Good	18.79	9.97
<b>Others</b>		
Unsecured, Considered Good	613.12	625.86
	<u>631.91</u>	<u>635.83</u>
<b>18 Cash &amp; Cash Equivalents</b>		
Cash in hand (including cheques & stamps)	3.31	2.38
With Scheduled Banks :		
In Current Accounts	284.83	182.18
In Fixed Deposit Accounts (lodged as security)	15.61	7.77
In Unpaid Dividend Accounts	4.72	3.29
	<u>308.47</u>	<u>195.62</u>
<b>19 Short-Term Loans and Advances</b>		
Deposit with Others	10.58	4.55
Balances with Government Authorities	127.65	105.97
Prepaid expenses	4.55	2.55
Advance to Suppliers	13.06	48.98
	<u>155.84</u>	<u>162.05</u>

## SCHABLONA INDIA LIMITED

### NOTES TO THE STATEMENT OF PROFIT AND LOSS

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>20 Revenue from Operations</b>		
Sales	3,075.89	3,407.16
Sale of traded goods	<u>1,515.61</u>	<u>763.27</u>
	4,591.50	4,170.43
<u>Other Operating revenue</u>		
Job Work Income	2.93	17.02
Insurance recovered on Sales	10.49	9.86
Miscellaneous Sales	<u>8.08</u>	<u>13.48</u>
	4,613.00	4,210.79
Less : Excise Duty	<u>201.11</u>	<u>103.46</u>
	<b><u>4,411.89</u></b>	<b><u>4,107.33</u></b>
<b>21 Other Income</b>		
Prior Period Adjustment	0.11	4.75
Liabilities no longer required written back	38.68	6.38
Interest received	<u>1.63</u>	<u>4.17</u>
	<b><u>40.42</u></b>	<b><u>15.30</u></b>
<b>22 Cost of Materials Consumed</b>		
Raw Material (with processing charges)	1,192.21	1,445.40
Packing Material	<u>135.84</u>	<u>181.40</u>
	<b><u>1,328.05</u></b>	<b><u>1,626.80</u></b>
<b>23 Change in Inventories</b>		
<b>Closing Stock</b>		
Finished Goods	201.41	214.52
Work-in-Progress	19.62	30.88
Stock-in-Trade	<u>182.94</u>	<u>72.12</u>
	<b><u>403.97</u></b>	<b><u>317.52</u></b>
<b>Opening Stock</b>		
Finished Goods	214.52	178.77
Work-in-Progress	30.88	38.79
Stock-in-Trade	<u>72.12</u>	<u>29.12</u>
	<b><u>317.52</u></b>	<b><u>246.68</u></b>
Increase/(Decrease) in Stock	86.45	70.84
Add: Increase/(Decrease) in excise duty on stock	<u>(12.79)</u>	<u>(9.68)</u>
	<b><u>73.66</u></b>	<b><u>61.16</u></b>
<b>24 Employees Benefit Expenses</b>		
Salary, Wages, Bonus & Gratuity	596.12	549.28
Contribution to Provident Fund and Other Funds	30.19	28.17
Workmen & Staff Welfare	<u>28.56</u>	<u>26.49</u>
	<b><u>654.87</u></b>	<b><u>603.94</u></b>
<b>25 Finance Costs</b>		
Interest on Borrowings	79.39	73.82
Other Borrowing Cost	<u>8.19</u>	<u>4.06</u>
	<b><u>87.58</u></b>	<b><u>77.88</u></b>

## SCHABLONA INDIA LIMITED

### NOTES TO THE STATEMENT OF PROFIT AND LOSS

<u>Particulars</u>	<u>31.03.2012</u>	<u>(Rs. in Lacs)</u> <u>31.03.2011</u>
<b>26 Other Administrative Expenses</b>		
Power & Fuel	111.93	124.69
Stores & Spares	114.48	116.07
Insurance	1.06	1.30
Travelling expenses	121.89	115.12
Repair & Maintenance	22.49	40.47
Training & Recruitment expenses	16.77	25.65
General expenses	3.84	5.92
Miscellaneous expenses	10.48	6.07
Legal & Professional expenses	12.88	8.03
Postage, Telegram & Telephone Expenses	22.00	26.04
Rent	53.03	54.12
Rates & Taxes	2.34	3.96
Freight Outward and Handling charges	43.81	34.64
Rebate & Discounts	43.98	59.37
Selling & Distribution expenses	290.20	273.74
Exchange Rate difference	2.39	0.05
Director Fees	0.47	0.43
Directors Commission	2.08	2.56
Deferred Revenue Expenses Written Off	0.46	11.94
Prior Period Adjustment	0.16	-
Bad Debts	0.26	-
Bank Charges	3.23	1.83
Payment to Auditors		
- Audit Fees	1.12	1.10
- Out of pocket expenses	0.49	0.67
	<b>881.84</b>	<b>913.77</b>

# SCHABLONA INDIA LIMITED

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### NOTE 1 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 preparation of accounts except where otherwise stated.

#### b) Use of Estimates

The preparation of financial statements are 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 to 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 up to 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 is 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 average weighted cost.
- ii) Stock of Work in process is valued at cost of Raw Material.
- iii) Finished stocks are valued at lower of 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.

## SCHABLONA INDIA LIMITED

### 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 realized and unrealized exchange adjustment, gain and losses are dealt with in the Statement of Profit and Loss.

### f) Excise & Customs Duty

Excise duty is 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 "Short-Term Loans and Advances".

### h) Research & Development Expenditure

Revenue expenditure is charged to Statement of Profit and Loss and capital expenditure is added to the cost of fixed assets in the year in which it is incurred.

### i) Earning 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, if any. 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 recognized 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 Statement of Profit and Loss 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.

## SCHABLONA INDIA LIMITED

- 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 material 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 on accrual basis.

### 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 Statement of Profit and Loss.

### 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. Provision 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.

## NOTE 2 NOTES TO THE FINANCIAL STATEMENTS

	<u>31.03.2012</u>	(Rs. in Lacs) <u>31.03.2011</u>
<b>1. Contingent Liabilities not provided for</b>		
a) Contingent liabilities not provided for in respect of Co-surety given to Sales Tax authorities on behalf of M/s. Somany Ceramics Limited	12.50	12.50
b) Sales Tax demand against which appeal has been filed by the Company	<u>8.41</u>	<u>0.71</u>
	<u>20.91</u>	<u>13.21</u>

## 2. Related party disclosure in accordance with the Accounting Standard "18" issued by The Institute of Chartered Accountants of India:

- A. Related Parties with whom transactions have taken place & description of relationship :  
M/s. Scope Vinimoy Private Limited (Enterprise having Common Key Management Person)
- B. Transaction that have taken place during the period 1st April, 2011 to 31st March, 2012 with related parties by the Company :

(Rs. in Lacs)					
Name of the Related Party	Naure of Transaction	Debit Transactions	Credit Transactions	Balance as at 31.03.2012	Balance as at 31.03.2011
M/s. Scope Vinimoy	Unsecured Loan	Nil	Nil	20.00	20.00
Private Limited	Interest on Unsecured Loan	2.00	Nil	Nil	Nil

## SCHABLONA INDIA LIMITED

### 3. Earnings Per Share (EPS) :

	<u>31.03.2012</u>	<u>31.03.2011</u>
Profit attributable to the equity shareholders (Rs. in lacs)	137.08	171.68
Weighted Average No. of Equity Shares outstanding during the year	3,159,215	3,159,215
Paid up Value of each Equity share (Rs.)	4	4
EPS (Rs.)	4.34	5.43

4. In terms of Accounting Standard "22" issued by The Institute of Chartered Accountants of India, the Company has recognized a net deferred tax assets of Rs. 11.38 lacs (previous year liability Rs. 7.07 lacs) on a reasonable and conservative basis, which would be available for set off against the future profits of the Company.

	<u>31.03.2012</u>	<u>31.03.2011</u>
(Rs. in Lacs)		
Deferred Tax Liability comprises of :		
A. Deferred Tax Liabilities		
Deferred Tax Liability on account of Depreciation	74.02	75.36
B. Deferred Tax Assets		
Leave Encasement	8.12	6.89
Gratuity	2.96	Nil
Bonus & Ex-gratia	5.85	Nil
C. Net Deferred Tax Liability (A-B)	57.09	68.47

5. 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.

6. 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 31.03.2012 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 31.03.2012 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".

7. 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. 94.42 lacs (previous year Rs. 106.12 lacs). However, the above has no impact on the profitability of the Company for the year. Further, sales include export sales of Rs. 54.52 lacs (including Rs. 39.78 lacs exported to Nepal) previous year Rs. 51.62 lacs (including Rs. 46.87 lacs exported to Nepal).

8. 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.

9. Balances in Trade Receivables, Trade Payables, Short-Term Loans and Advances, Long-Term Loans and Advances & Other Non-Current Assets are subject to confirmation/reconciliation/adjustment, if any. The effect of such adjustments shall be determined and accounted for in the year of determination.

10. An amount of Rs. 5.54 lacs is incurred during the financial year 2011-12 on addition and alteration of Furniture & Fixture on rented premises. The said amount is amortized over a period of three years based on lease period as per rent agreement. Rs. 0.46 lacs is debited under the head Deferred Revenue Expenditure Written Off and balance of Rs. 5.08 lacs shown under the head "Other Non Current Assets in Balance Sheet.

11. Payments to Auditors  
(Exclusive of Service Tax)

	<u>31.03.2012</u>	<u>31.03.2011</u>
(Rs. in Lacs)		
i) Audit Fees	0.75	0.75
ii) Tax Audit Fees	0.25	0.25
iii) Out of Pocket Expenses	0.49	0.67



## SCHABLONA INDIA LIMITED

### 12. Employee Benefit :

Statement of the Gratuity, Leave encashment & Sick Leave as at 31 March, 2012 is as follow :

(Rs. in lacs)

		Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)	Gratuity (Funded)	Leave Encashment and Sick Leave (Non-Funded)
		31.03.2012		31.03.2011	
<b>I</b>	<b>Expense recognized in the Statement of Profit and Loss</b>				
a	Current Service cost	6.10	5.99	5.67	4.30
b	Interest cost	2.76	1.76	2.04	1.32
c	Expected return on plan asset	(2.86)	-	(2.07)	-
d	Net actuarial (gain)/loss recognised in the period	3.56	0.75	2.51	0.54
e	<b>Expenses recognised in Statement of Profit and Loss</b>	<b>9.56</b>	<b>8.50</b>	<b>8.15</b>	<b>6.16</b>
<b>II</b>	<b>Net Assets/(Liabilities) Recognised in the Balance sheet as at March 31, 2012</b>				
a	Present value of obligation as at the end of the period	42.46	25.04	35.11	20.77
b	Fair Value of plan asset as at the end of the period	33.59	-	35.80	-
c	<b>Funded status</b>	<b>(8.87)</b>	<b>(25.04)</b>	<b>0.69</b>	<b>(20.77)</b>
d	<b>Net Assets/(Liabilities) recognised in the balance sheet</b>	<b>(8.87)</b>	<b>(25.04)</b>	<b>0.69</b>	<b>(20.77)</b>
<b>III</b>	<b>Change in present value of obligation</b>				
a	Present value of obligation as at beginning of the period	35.11	22.48	25.69	16.53
b	Interest cost	2.76	1.76	2.04	1.32
c	Current Service cost	6.10	4.28	5.67	4.30
d	Benefits Paid	-1.15	(4.23)	(0.40)	(1.92)
e	Actuarial (Gain)/Loss on obligation	-0.36	0.75	2.11	0.54
f	<b>Present value of obligation at the end of the period</b>	<b>42.46</b>	<b>25.04</b>	<b>35.11</b>	<b>20.77</b>
<b>IV</b>	<b>Changes in the fair value of plan assets</b>				
a	Fair value of plan assets as at beginning of the period	35.80	-	25.81	-
b	Expected return on plan assets	2.86	-	2.07	-
c	Contributions	-	-	8.72	-
d	Benefits Paid	(1.15)	-	(0.40)	-
e	actuarial (Gain)/Loss on plan assets	(3.92)	-	(0.40)	-
f	Fair value of plan assets at the end of the period	33.59	-	35.80	-
<b>V</b>	<b>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</b>	<b>Actuarial Assumptions</b>				
	<b>Economic Assumptions-</b>				
	Discounting Rate	8.00%	8.00%	8.00%	8.00%
	Future salary Increase	5.00%	5.50%	5.00%	5.50%
	Expected Rate of return on plan assets	8.00%	-	8.00%	-
	<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%

## SCHABLONA INDIA LIMITED

**13. 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, 2012**

		Rs. in lacs						
		<u>2011-12</u>	<u>2010-11</u>					
<b>A. Trading Activities</b>								
<b>Tiles</b>								
Opening Stock		72.12	29.12					
Purchase		1301.57	644.31					
Closing Stock		182.94	72.12					
Sale		1515.61	763.27					
<b>B. Raw Material and Packing Material consumed</b>								
Class of Goods								
Plain Tiles		639.51	762.22					
Paper		83.43	124.92					
Colours & Chemicals		290.79	310.55					
Others		178.48	247.71					
Packing Material		135.84	181.40					
		<u>1,328.05</u>	<u>1,626.80</u>					
<b>C. Value of imported &amp; indigenous Raw Material, Packing Material &amp; Spare Parts consumed during the year</b>								
Particulars	Raw Material & Packing Material				Stores & Spares			
	2011-12		2010-11		2011-12		2010-11	
Imported	20.35	1.53%	18.97	1.17%	3.81	3.33%	4.93	4.25%
Indigenous	1,307.70	98.47%	1,607.83	98.83%	110.67	96.67%	111.14	95.75%
	<u>1,328.05</u>	<u>100.00%</u>	<u>1,626.80</u>	<u>100.00%</u>	<u>114.48</u>	<u>100.00%</u>	<u>116.07</u>	<u>100.00%</u>
<b>D. Details of work in progress</b>				<u>2011-12</u>	<u>2010-11</u>			
Plain Tiles				3.25	9.09			
Paper				3.45	3.19			
Colour & Chemicals				12.41	17.50			
Others				0.51	1.10			
				<u>19.62</u>	<u>30.88</u>			
<b>E. CIF value of Imports</b>								
- Spare Parts				2.82	1.33			
- Raw Material				24.39	7.80			
				<u>27.21</u>	<u>9.13</u>			
<b>F. Earnings in Foreign Currency</b>								
FOB Value of Exports				14.74	4.75			
<b>G. Expenditure in Foreign Currency</b>								
- Travelling Expenses				5.04	2.38			
- Training Expenses				10.81	18.44			
				<u>15.85</u>	<u>20.82</u>			

14. Previous year's figures have been regrouped/ rearranged/ reclassified to confirm to the revised Schedule VI to the Companies Act, 1956 which has become applicable for accounting year commencing on 1st April, 2011.

As per our Audit Report of even date attached

For **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)  
**(CA. A. K. Maheshwari)**

*Proprietor*

Membership No. 073875

Place : Noida  
Dated : 26th day of May, 2012

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

## SCHABLONA INDIA LIMITED

### ANNEXURE -"A" Segment Wise Revenue, Results and Capital Employed (Under Clause 41 of the Listing Agreement)

		(Rs. in Lacs)	
Sl. No.	Particulars	(31.03.2012)	(31.03.2011)
1	Segment Revenue		
	a) Designer Tiles	3,728.53	3,334.40
	b) Transfer Sheets	756.28	838.69
	c) Others	21.50	40.36
	Total :	<u>4,506.31</u>	<u>4,213.45</u>
	Less : Inter segment revenue	94.42	106.12
	Net sales/income from operations	<u>4,411.89</u>	<u>4,107.33</u>
2	Segment Results: Profit(+)/(Loss)(-) before tax and interest from segment		
	a) Designer Tiles	245.46	242.18
	b) Transfer Sheets	44.93	86.70
	c) Others	0.50	1.70
	Total :	<u>290.89</u>	<u>330.58</u>
	Less : i) Interest	87.58	77.88
	ii) Other un-allocable expenditure net off un-allocable income	6.29	0.65
	Total Profit before Tax :	<u>197.02</u>	<u>252.05</u>
3	Capital Employed		
	a) Designer Tiles	1,225.40	979.28
	b) Transfer Sheets	307.85	469.63
	c) Others	-	-
	Total :	<u>1,533.25</u>	<u>1,448.91</u>

Place : Noida  
Dated : 26th day of May, 2012

G. L. Sultania }  
N. Goenka } Directors

## SCHABLONA INDIA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	<u>31.03.2012</u>	(Rs. in Lacs) <u>31.03.2011</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and extra-ordinary items	197.02	252.05
Adjustment for		
- Depreciation	68.75	64.39
- Interest Expenses	87.58	77.89
- Interest Received	(1.63)	(4.17)
- Loss on sale of fixed assets	6.29	0.65
- Deferred Revenue Expenditure Written off	0.46	11.94
- Liabilities no longer required Written back	(38.68)	(6.38)
- Bad Debts	0.26	-
	123.03	144.32
Operating profit before Working capital changes	320.05	396.37
Adjustment for		
- Inventories	(16.00)	(47.06)
- Trade Receivables	3.65	19.68
- Other Receivables	4.97	(53.90)
- Trade Payables	37.02	(48.83)
	29.64	(130.11)
Cash generated from operations	349.69	266.26
- Direct Taxes Paid	(65.89)	(73.10)
Cash Flow before Extraordinary items	283.80	193.16
-Extraordinary items	-	-
Cash flow from operating activities	283.80	193.16
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Net Purchase/ Sale of Fixed Assets (Incl Cap WIP)	(38.31)	(148.93)
- Interest received	1.96	4.24
- Deferred Revenue Expenditure	(5.54)	-
Net cash used in Investing activities	(41.89)	(144.69)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Raising of Secured Loans	(12.00)	215.40
- Raising of Unsecured Loans	-	-
- Interest Paid	(87.58)	(77.89)
- Dividend Paid	(25.27)	(18.96)
- Dividend Tax Paid	(4.21)	(3.15)
Cash flow from Financing activities	(129.06)	115.40
Net increase in Cash & Cash equivalents	112.85	163.87
Cash & Cash Equivalents as on 01-04-2011	195.62	31.75
Cash & Cash Equivalents as on 31-3-2012	308.47	195.62

Place : Noida

Dated : 26th day of May, 2012

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

#### AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Schablona India Limited for the year ended 31.03.2012. 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 Statement of Profit and Loss and Balance Sheet of the Company covered by our report dated 26th day of May, 2012 to the Members of the Company.

For **A. K. Maheshwari & Associates**

Chartered Accountants  
(Firm Regn. No. 500106N)

**(CA. A. K. Maheshwari)**

Proprietor

Membership No. 073875

Place : Noida

Dated : 26th day of May, 2012

## SCHABLONA INDIA LIMITED

### SCHABLONA INDIA LIMITED

Registered Office : 2, Red Cross Place, Kolkata - 700 001

The Folio No. and Name(s) or the Member(s) are to be furnished below in BLOCK LETTERS.

Folio / Client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

Full Name(s) of Member / Joint Members

1. \_\_\_\_\_ 2. \_\_\_\_\_  
3. \_\_\_\_\_ 4. \_\_\_\_\_

Full Name of the Proxy if attending the meeting \_\_\_\_\_

I hereby record my presence at the Annual General Meeting of the Company being held on Friday, the 28th September, 2012 at 3.00 P.M.

Signature of the Member / Joint Members / Proxy attending the meeting \_\_\_\_\_

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE  
OF THE MEETING HALL



### SCHABLONA INDIA LIMITED

Registered Office : 2, Red Cross Place, Kolkata - 700 001

The Folio No. and Name(s) or the Member(s) are to be furnished below in BLOCK LETTERS.

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a Member / Members of Schablona India Ltd.

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

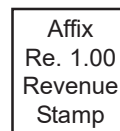
or failing him / her \_\_\_\_\_ of \_\_\_\_\_

of failing him / her \_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to vote for me/us on my/our behalf at the Twenty Eighth Annual General Meeting of the Company to be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B, Hamanta Basu Sarani, 2nd Floor, Kolkata - 700 001 on Friday, the 28th September, 2012 at 3.00 P.M.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Folio No. / DP ID No. / Client ID No. \_\_\_\_\_



- Notes :
1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
  2. Proxy can not speak at the meeting or vote on a show of hands.
-