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FOR SCHABLONA INDIA LIMITED

[Signature]
Director

Schablona India Limited

FIFTEENTH

ANNUAL

REPORT



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Directors

H. L. Somany, Chairman

Thomas R. Hartinger

Abhishek Somany

G. L. Sultania

Auditors

D. K. Chhajer & Co.

5, Old Court House Street

Calcutta-700 001

Bankers

Central Bank of India

Punjab National Bank

Canara Bank

Standard Chartered Bank

The Lakshmi Vilas Bank Ltd.

Registered Office

2, Red Cross Place

Calcutta-700 001

Works

Sankhol, Kasar

Rohtak

(Haryana)

SCHABLONA INDIA LIMITED

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Schablona India Ltd. will be held on Tuesday the 14th September, 1999 at 1-00 P.M at Jhajharia Committee Hall, Merchants' Chamber of Commerce, 15-B, Hemanta Basu Sarani, Calcutta - 700 001 to transact the following business.

1. To receive, consider and adopt the Directors' Report, Auditors' Report and the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account of the Company for the year ended as on that date.
2. To appoint a Director in place of Shri G. L. Sultania, who retires by rotation, and is eligible for re-appointment.
3. To appoint Auditors and to fix their remunerations.

Registered Office :
2, Red Cross Place,
Calcutta 700 001
Dated : 31st May, 1999

By Order of the Board
G . L . SULTANIA
Director

NOTES :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the 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) The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1999 to 14th September, 1999 (both days inclusive).
- 3) Members are requested to notify immediately change in their address, if any, to the Company.
- 4) Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready.
- 5) In accordance with the Provisions of Section 205A of the Companies Act, 1956, the Company as from time to time, transferred unclaimed/unpaid dividend for and upto the Financial Year 31.03.1993 to the General Revenue Account of the Central Government. Members who have a valid claim to any unclaimed/unpaid dividends may claim the same from the Registrar of Companies, West Bengal, in the prescribed manner. No dividend was declared for the year 1994 and onwards.

SCHABLONA INDIA LIMITED**DIRECTORS' REPORT**

To the Members

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts of the Company for the Financial year ended 31st March, 1999.

ACCOUNTS

	31.03.99 Rs./ (000)	31.03.98 Rs./ (000)
Gross Profit/(Loss) for the year Under Review	2794	(1839)
Less : Depreciation for the year	2144	2434
Profit/(Loss) for the year	650	(4273)
Less : Provision for income tax for earlier years	4430	—
	(3780)	(4273)
Add : Losses brought forward from previous year	(8177)	(3904)
Loss carried to balance sheet	(11957)	(8177)

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

OPERATION

This industry is facing severe competition. Ceramic Crockery Industry, the main consumer of transfer sheets, is in great difficulty. Most of the Crockery units in India are in the small scale sector. They are now facing competition from the imported goods from Sri Lanka and other Far East countries. Similarly, transfer sheets are also being imported.

Sale of high-quality transfer sheets have been reduced. Your company decided to go in for severe cost reduction and use of local decal papers and colours which in recent years have reasonably improved and are now receiving consumer acceptance. With this, your company's sale have improved from 1.39 Lacs sheets to 2.22 Lacs sheets during the year under review. Apart from this, there has been no significant improvement in the market condition. This has resulted into a partial recovery.

MARKET AND FUTURE PROSPECTS

Your Company will be looking for further improvement and consolidation in the current year. As the institutional loans get repaid, interest burden will also reduce and with increased competitiveness, the Company's share of the market is also expected to get better from year to year.

AUDITOR'S REPORT

All the items on which comments have been made by the Auditors in their Report to the Shareholders are self explanatory, as explained by way of Notes to the Accounts.

DIRECTORS

In accordance with the provisions of the companies act 1956, Shri G. L. Sultania retires by rotation at the ensuing Annual General Meeting and offer himself for reappointment.

AUDITORS

M/s. D. K. Chhajer & Co., Chartered Accountants, Auditors of the company retire at the forthcoming Annual General Meeting and are eligible for reappointment.

Y2K

The Company has taken adequate and effective steps to be Y2K compliant by October, 1999 and is not likely to have any material financial impact.

ADDITIONAL INFORMATION

As regards Disclosure 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 Earnings and outgo is annexed hereto and forms part of this report.

PARTICULARS OF EMPLOYEES

Information as required U/s 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975 in respect of Company's employees are not being given since no employee is covered under this clause.

For and on behalf of the Board

Calcutta

Dated, the 31st May, 1999

H. L. SOMANY
Chairman

SCHABLONA INDIA LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

ADDITIONAL INFORMATION GIVEN AS REQUIRED under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- a) Energy Conservation Measures taken :
The measures taken in the previous year have kept the consumption of energy at the lowest level.
- 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 at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Annual saving of around Rs. 1 Lac.
- 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

F R O M B

1. Research and development (R & D)
 - i) Specific areas in which R & D carried out by the Company :
the developmet activities of the Company are mainly towards improvement of product quality, testing and introduction of new material, import substitution, process improvement and cost effectiveness.
 - ii) Benefits derived, as a result of the above R & D :
Lower rejections, keeping pace with upgraded international technology and better quality.
 - iii) Future plan of action and expenditure on R & D :
 - a) Optimisation of process parameters particularly in screen production.
 - b) To substitute more and more imported elements with indigenous ones.
 - c) Development of new products based on feed back from the market. No separate record of the expenditure incurred is maintained.
2. Technology absorption, adaptation and innovation.
Efforts in brief and benefits derived :
Continuous efforts are being made to check on the actual performance against design.
manufacturing technology for transfer (decals) imported from collaborators has been fully absorbed and new innovations have been made to suit our local needs.
3. Foreign Exchange Earnings & Outgo.

	Rs./ (000)
A. Foreign Exchange Outgo	130
B. Foreign Currency Earned	252

Calcutta
Dated, the 31st May, 1999

For and on behalf of the Board
H. L. SOMANY
Chairman