*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 :*
Central 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

*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

*CONTENTS*


| | |
|---|---|
| Notice ..... | 02 |
| Directors' Report ..... | 04 |
| Management Discussion & Analysis .. | 07 |
| Secretarial Compliance Certificate ..... | 08 |
| Report on Corporate Governance ..... | 10 |
| Auditors' Report ..... | 15 |
| Balance Sheet ..... | 18 |

# SCHABLONA INDIA LIMITED

NOTICE is hereby given that the 27th ANNUAL GENERAL MEETING of the Members of Schablona India Limited will be held at Somany Conference Hall of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on ***Saturday***, the ***3rd September, 2011*** at ***11.30 A.M.*** to transact the following business:

***ORDINARY BUSINESS***

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account 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. G. L. Sultania, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

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

New Delhi
Dated, the 28th May, 2011

***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. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 27th August, 2011 to Saturday, the 3rd September, 2011 (both days inclusive).
3. 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 27th August, 2011 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.
4. Members who have not encashed their dividend warrants for the year ended 31st March, 2008 to 31st March, 2010 may write to the Company or RTA for revalidation of the same.
5. Members/Proxyholders are requested to bring their copies of Annual Report along with them at the meeting.
6. 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.
7. 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.
8. 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.

9. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.

10. The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Depositories for crediting dividend to the account of respective shareholders. Accordingly, the Company has made arrangements for crediting the dividend through National Electronic Clearing Services (NECS) / Electronics Clearing Services (ECS) to Members account where NECS/ECS 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.

11. The Securities and Exchange Board of India (SEBI) has now 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**

**BRIEF RESUME AND OTHER INFORMATION IN RESPECT OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

Mr. G. L. Sultania, aged about 65 years, is B.Com., FCA & FCS. He is associated with the Company since its inception. He was Executive Director and Secretary of HSIL Limited. Mr. G. L. Sultania is having in-depth knowledge of Financial Restructuring, Corporate Laws and Legal Compliances. He is Chairman of Audit Committee and Shareholder'/Investors' Grievance Committee of the Company. He is on the Board of HSIL Limited, Somany Ceramics Limited, SKP Securities Limited, Intimate Fashions Limited and many other Companies.

Mr. N. Goenka, aged about 46 years is a graduate in Commerce. He has over 23 years of experience in Finance and Secretarial. His long standing experience and knowledge will be useful to the Company. He is member of Audit Committee and Shareholder'/Investors' Grievance Committee of the Company. He is also on the Board of few Group's Investment Companies.

## DIRECTORS' REPORT

***To the Members***

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

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

### DIVIDEND

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

### GENERAL DESCRIPTION

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

### OPERATION

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

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

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

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

### MARKET AND FUTURE PROSPECTS

**Ceramic Transfer Sheets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any ;
(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year on 31st March, 2011 and of the profit of the Company for that period;
(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
(iv) the Directors had prepared the annual accounts on a going concern basis.

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

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

New Delhi
Dated, the 28th May, 2011

**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**

| | | Rs./000 |
|---|---|---|
| A. | Foreign Exchange Outgo - | 3437 |
| B. | Foreign Currency Earned - | 513 |

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

New Delhi
Dated, the 28th May, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### Industry Structure & Development

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

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

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

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

### Risk Factors and its Mitigations

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

### Internal Control Systems

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

### Human Resources & Industrial Relations

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

For and on behalf of the Board

New Delhi
Dated, the 28th May, 2011

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

## SECRETARIAL COMPLIANCE CERTIFICATE

**CIN NO of the Company: L51109WB1983PLC036899**
**Nominal Capital: Rs. 5,00,00,000/-**
**Paid up Capital: Rs. 1,26,36,860/-**

To,
The Members
SCHABLONA INDIA LIMITED
2, Red Cross Place, Kolkata - 700 001

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

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

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

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

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

**ANNEXURE – 'A'**
Register as maintained by the Company

| Sl. No | Particulars | Section |
|---|---|---|
| 1. | Register of Members | 150 |
| 2. | Directors Minutes Book | 193 |
| 3. | Shareholders Minutes Book | 193 |
| 4. | Register of Directors | 303 |
| 5. | Register of Transfer | - |
| 6. | Register of Directors' Shareholding | 307 |
| 7. | Register of Contracts & Agreements | 301 |
| 8. | Register of Charges | 143 |
| 9. | Register of Investments | 372A |
| 10. | Shareholders' Attendance Register | - |

**ANNEXURE – 'B'**
Forms and returns as filed by the Company with the Ministry of Corporate Affairs during the financial year ended on 31st March, 2011

| Sl. No. | Form No. / Returns | Filed under Section | Date of Filing | Whether filed withing statutory time period |
|---|---|---|---|---|
| 1 | Balance Sheet and Profit & Loss Account as at 31st March, 2010 in e forms 23AC & 23ACA | 220 | 03/09/2010 | Yes |
| 2 | Compliance Certificate for Financial Year ended 31st March, 2010 in e form 66 | 383A | 03/09/2010 | Yes |
| 3 | Annual Return made upto 03/09/2010 in e form 20B | 159 | 20/09/2010 | Yes |
| 4 | Creation of Charge on 21/08/2010 in e form 8 | 125/127/ 130/135 | 15/09/2010 | Yes |
| 5 | Modification of Charge on 21/08/2010 in e form 8 | 125/127/ 130/135 | 15/09/2010 | Yes |

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS

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

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

($) Excluding directorship in Private Limited Companies.

### Code of Conduct:

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

### COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

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

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

### Terms of reference

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