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Schablona India Limited

Nineteenth Annual Report

2002-2003

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Directors :

H. L. Somany, *Chairman*
G. L. Sultania
R. K. Lakhotia
N. Goenka

Auditors :

Sandeep Parwal & Associates
25, C-Block, Community Centre
Janak Puri
New Delhi-110 058

Bankers :

Central Bank of India
Punjab National Bank
Standard Chartered Bank
Centurian Bank Ltd.
The Lakshmi Vilas Bank Ltd.

Registered Office :

2, Red Cross Place
Kolkata-700 001

Works :

Sankhol, Kassar
Rohtak
(Haryana)

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 **NINETEENTH** ANNUAL GENERAL MEETING of the Members of Schablona India Limited will be held at Jhajharia Committee Hall of Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata-700 001 on Friday, the 19th September, 2003 at 2.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri G. L. Sultania, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

AS A SPECIAL RESOLUTION :

4. "RESOLVED THAT subject to the provisions of Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions of Securities and Exchange Board of India/Stock Exchange(s), as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "The Board" which shall include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent of the Company be and is hereby accorded to delist its Equity share from The Calcutta Stock Exchange Assocation Ltd."

By order of the Board

New Delhi
Dated, the 30th May, 2003

G. L. Sultania
Director

NOTES :

1. Relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will ramain closed from Tuesday, the 2nd September, 2003 to Friday, the 19th September, 2003 (both days inclusive).
4. Members/Proxyholders are requested to bring their copy of Annual Report along with them at the meeting.
5. In accordance with the Provision of Section 205(A) of the Companies Act, 1956 the Company has from time to time transferred unclaimed/unpaid dividends for and upto the Financial Year ended 31st March, 1993 to the General Revenue Account of the Central Government. No dividend was declared for the year 1994 and onwards.
6. Members are requested to intimate to the Company, their query(ies), if any, on the Accounts and operations atleast 10 days before the Meeting to keep the information ready at the meeting.
7. Members who hold shares in dematerialised form are requested to bring their depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
8. Members having multiple folios in the same order of name(s) may inform the Company for consolidation into one folio.

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Brief Resume and other Information of Shri G. L. Sultania

Aged about 57 years, is FCA & FCS. He has to his credit varied and extensive knowledge and practical experience in Administration and General Management. He is an outstanding expert in Tax planning and in the field of Finance and Corporate Laws. He also specialises in take-over, merger and revival of sick units and has considerasable involvement in International Finance. He is a member of Capital Market Committee of Merchant Chamber of Commerce and he has been nominated by FICCI as the Member of Cost Accounting Standard Board of ICWAI. He is on the Board of following Companies, apart from various Investment Companies of Somany Group.

Sl. No.	Name of the Company in which he is Director	POSITION HELD IN Audit Committee	Share Transfer Committee	Investors Grievance Committee	Remuneration Committee
1	Hindustan Sanitaryware & Industries Limited	-	Chairman	Member	-
2	SPL Limited	Member	Chairman	Member	Member
3	The United Provinces Sugar Co. Ltd.	-	-	-	-
4	SKP Securities Ltd.	Chairman	-	-	-
5	Schablona India Ltd.	Chairman	Member	Chairman	-

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4

Company's shares are presently listed at The Calcutta Stock Exchange Association Ltd., Kolkata & The Stock Exchange, Mumbai.

The Stock Exchange, Mumbai is having nationwide trading terminals thereof the Members of the Company have access to online dealing in the company's shares across the country through the said Stock Exchange.

Trading volume in the Company's shares at The Calcutta Stock Exchange Association Ltd., Regional Stock Exchange is negligible, as apparent from the following datas :-

Period From	To	No. of Shares Traded	No. of Trades	% of total Paid-up Capital of the Company
1.4.1999	31.3.2000	2900	3	0.09%
1.4.2000	31.3.2001	1800	8	0.06%
1.4.2001	31.3.2002	300	2	0.01%
1.4.2002	31.3.2003	1600	3	0.05%

Considering the trading volume as above, it does not justify the payment of listing fee to the Regional Stock Exchange. Delisting of the Company's Equity Shares from the regional stock exchange will not adversely affect the Members/Investors, since the Company's shares will continue to remain listed on The Stock Exchange, Mumbai. The proposed delisting from Regional Stock Exchange is in pursuant of Securities And Exchange Board of India (SEBI) (Delisting of Securities) Guidelines 2003.

The Board of Directors at its meeting held on 30th May, 2003 recommends the requisite resolution under Item No. 4 for acceptance by the Members.

None of the Directors of the Company may be deemed to be concerned or interested in this Resolution except to the extend of their shareholding in the Company.

By order of the Board

New Delhi
Dated, the 30th May, 2003

G. L. Sultania
Director

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DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2003.

ACCOUNTS	31.03.2003 Rs./(000)	31.03.2002 Rs./(000)
Gross Profit for the year under Reivew	**3742**	2693
Less : Depreciation for the year	**2358**	2294
Profit for the year	**1384**	399
Less : Provision for income tax	**98**	0
	1286	399
Less : Loss brought forward from the previous year	**(7543)**	(7942)
Loss carried to balance Sheet	**(6257)**	(7543)

DIVIDEND

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

OPERATION

Production and sales have been maintained. The company produced 2.84 Lac sheets and sold 2.99 Lac sheets during the year under report as against 2.76 Lac sheets (produced) and 2.88 Lac sheets (sold) in the previous year.

MARKET AND FUTURE PROSPECTS

Due to overcapacity and stiff competition, the ceramic tableware industry, main buyers of our decals, have been operating under extreme pressure for the past several years. Conditions had worsened after opening up of the economy and better quality imports from Sri Lanka and other Asian countries. To meet the challenge, the local maufacturers have now started offering more designs in higher priced segment. This is expected to benefit the company, which specializes in gold decals.

One of our good clients in North India is now regularly exporting coffee mugs to U.K., once the leading supplier of bone-china to the world, and to other countries like Canada, Australia, etc. They are in the process to further increase their capacity for exports. The demand for quality decals is expected to rise and your company is well poised to meet such demand.

Your directors, however, wish to point out that the seven year sales tax exemption hitherto enjoyed by the company has come to an end in the current year. The Company is now required to charge sales tax on its sale of decals. This can neutralize some of the expected gains, but overall the results are expected to improve.

To further improve the profitability from its operations, the company has decided to offer value added end products in the ceramic tiles segment. Tile borders and designer tiles decorated with screen printing, transfers and hand painted effects are proposed to be produced and sold through a dealers' net work.

TRADING ACTIVITIES

Trading activity, started in the previous year has been continued. Addition of decorated borders and designer tiles is expected to add to overall profitability of the company.

AUDITOR'S REPORT

All the items on which, cements have been made by the auditors in their report to the shareholders self explanatory, as explained by way of notes to the accounts.

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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 is eligible for re-appointment.

AUDITORS

M/S Sandeep Parwal & Associates, Chartered Accountants, auditors of the company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

CORPORATE GOVERNANCE

Your Company has taken necessary steps for implementation of the provisions of Corporate Governance Code during the Financial Year 2002-03, as provided in the Listing Agreements with the Stock Exchanges.

As a part of this, Company has constituted Audit Committee and Shareholders/Investors' Grievence Committee in its Board Meeting held on 28th January 2003, under the Chairmanship of Shri G. L. Sultania and Shri R. K. Lakhotia & Shri N. Goenka being the Members of the Committee. Company has also constituted Share Transfer Committee under the Chairmanship of Shri N. Goenka and Shri G. L. Sultania & Shri Shyamal Banerjee as Members of the Committee.

Since the Committees were constituted in the last quarter of the year under review and are under its implementation stage, detailed version on the Code of Corporate Governance will be incorporated in the report of the coming year.

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 Exchange 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 is not being given since no employee is covered under this clause.

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;

ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 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.

For and on Behalf of the Board

New Delhi
Date, the 30th May, 2003

H. L. Somany
Chairman

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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 :

The measures taken in the previous years have kept consumption of energy at the lowest level.

b) Additional investments and proposals, if any, being implemeted 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 production of goods :

Energy consumption vis-a-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 ABSOPRTION

FORM - B

1. Research and Development (R & D)

i) Specified areas in which R & D carried out by the Company :

The development activities of the Company are mainly towards improvement of product quality, testing and information of new materials, 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 :

R & D will be continued in the areas mentioned in (i) above as an ongoing process.

No separate record of the expenditure incurred is maintained.

2. Technology absorption, adaptation and innovation.

Efforts in brief and benefits derived :

Manufacturing technology for transfers (decals) imported from collaborators has been fully absorbed and has been adapted to suit the needs of our various markets. Innovations are made as needed. We keep ourselves abreast of the new developments in our field.

3. Foreign Exchange Earnings and Outgo	Rs./000
A. Foreign Exchange Outgo -	37
B. Foreign Currency Earned -	Nil

For and on Behalf of the Board

New Delhi
Date, the 30th May, 2003

H. L. Somany
Chairman

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