



SCANA COLOR (India) Ltd.

25th Annual Report 2001 - 2002

25th ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS

Smt. Sushila Devi Birla

Chairperson

Smt. Nandita Damani

Managing Director.

Shri Ajay Daga

Shri Kamal Lakhota

Shri Navkesh Batra

Shri Ashok Kela

AUDITORS

M/s. Dosi & Jain

Chartered Accountants.

BANKERS

Central Bank of India

REGISTERED OFFICE

125, T.V. Industrial Estate,

Opp. Hind Cycle,

Pacharang Budhar Marg,

Work, Mumbai - 400 025

INDIA

E-mail: sansac@vsnl.com

REGISTRARS AND SHARE
TRANSFER AGENT

System Support Services

209, Shivaj Industrial Estate,

89, Andheri Kurla Road,

Sakinaka, Andheri (E)

MUMBAI - 400 072.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the Shareholders of Scana Color (India) Limited will be held at 125, T.V.Industrial Estate, Opp Hind Cycle, Pandurang Budhkar Marg, Worli, Mumbai 400 025 on Saturday, September 28th, 2002 at 11.30 a.m. to transact the following Business.

ORDINARY BUSINESS

1. To receive consider and adopt the Profit & Loss Account for the year ended March 31, 2002, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ashok Kela who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Navkesh Batra who retires by rotation and being eligible, offers himself for reappointment.
4. To reappoint Auditors M/s. Dosi & Jain Chartered Accountants, from the conclusion of this AGM until the conclusion of the next AGM.

By Order of the Board of Directors
For Scana Color (India) Limited

Place: Mumbai
Dated: 30th August, 2002

Smt. NANDITA DAMANI
(Managing Director)

NOTES:

- (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the company. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.
- (b) The Register of Members and Transfer Books of the company will be closed from Wednesday, September 25th, 2002 to Saturday, September 28th, 2002 both days inclusive.
- (c) Members are requested to immediately intimate to the Company any change in their address as registered with Company, mentioning the Pin Code number.
- (d) Members who hold shares in identical order of name in more than one Folio, are requested to write to the Company to enable consolidation of their holding in one Folio.
- (e) Members are requested to intimate to the company details, if any, required in relation to this Annual Report at least 7 (seven) days before the meeting to enable the Management keep the information ready at the meeting.
- (f) All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting, except on Sunday and other Holidays.
- (g) A member or his proxy is requested to produce at the entrance of the Meeting Hall Admission Slip forwarded to the Members duly completed and signed by the Member in accordance with the specimen signature registered with the Company. Xerox copy/torn Admission Slip will not be accepted at the entrance of the Meeting Hall.
- (h) Members are requested to bring their copies of the Annual Report at the meeting.
- (i) Dematerialisation of Shares and liquidity - With effect from February, 2000 it has been mandatory to trade in the company's shares in the dematerialized segment only. The company's shares are available for the trading in the depository systems of both the national securities depository limited and central depository services (India) Ltd. and ISIN NO: INE416F01019

By Order of the Board of Directors
For Scana Color (India) Ltd.

Place: Mumbai
Dated: 30st August, 2002

Smt. Nandita Damani
Managing Director

DIRECTORS REPORT,**TO THE MEMBERS**

Your Directors hereby present the Twenty Fifth Annual Report with the Audited Accounts for the year ended 31st March, 2002.

1. Financial Results

	Current Year	(Rs.in '000s) Previous year
Profit before depreciation & interest	2724	2718
Less: Depreciation	4359	4346
Interest	896	984
Profit/(Loss) before tax	(2531)	(2612)
Deferred Tax credit	846	-
Profit/(Loss) after tax	(1685)	(2612)
Add: Income Tax paid earlier years	-	(21)
Less Excess Depreciation of earlier year w/back	-	92
Add: Balance B/F from previous year	(12303)	(9762)
Loss carried to Balance Sheet	(13988)	(12303)

2. Year in retrospect

The Indian Economy continued during last year to be in a recessionary situation and despite this the company made all efforts to maintain the tempo of the sales. However, with the pressure on the margin the profitability could not be improved. The Company has in the meantime taken measures to drastically reduce the expenses by more efficient utilisation of resources. The new product line of digital printing is well established. The company has entered into negotiation with the manufacturer to take over the leased equipment so that there is substantial reduction in the cost. The company hopes to get a good deal and in that event the margins are expected to improve further. The energy expenses which formed major part of the costs has also been substantially reduced through change in the layout of the equipment etc. On the personnel side also there has been reduction in cost. With all the above measures, company hopes to tide over the present situation.

3. Dividend

Your Directors do not recommend any dividend in view of loss incurred during the year ended 31st March 2002.

4. Energy Conservation

The Company has taken effective steps to minimise power and fuel consumption at their unit and have also installed capacitor for minimising the power consumption.

5. Technology absorption

No technology was imported by the company during the year under review.

6. Research and Development

The Management of the company keeps itself abreast of the latest changes in this field by visiting the factories of the machinery manufacturers abroad as well as attending Trade Fairs from time to time.

7. Particulars of employees

As no employee is covered under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975), the relevant information is not applicable.

No provision is made by the company in respect of gratuity and leave salary payable to employees, as the same will be accounted in the year of payment.

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8. Deposit

The company has not accepted any deposits from the public during the year under review.

9. Directors

Shri Ashok Kela and Shri Navkesh Batra, Directors of the company retire from the Board of Directors and being eligible offer themselves for re-appointment.

10. Directors Responsibility Statement

Pursuant to section 217 (2AA) of the companies (Amendment) Act 2000, the Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standard have been followed along with proper expelation relating to material departures:
- b) Appropriate accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fare view of the state of affairs of the company as at march 31,2002
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provision of the companies act, 1956, for safeguarding the assets of the company and or preventing and detecting fraud and other irregularities
- d) The annual accounts have been prepared on a going concern basis.

11. Auditors

M/s. Dosi & Jain Chartered Accountants, Statutory Auditors of the company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

12. Corporate Governance

With a step towards corporate governance, the company has constituted the audit committee comprising of Mr. Ajay Daga who will head the committee together with other directors namely Mrs. Nandita Damani and Mr. Ashok Kela.

13. Acknowledgements

Your directors wish to place on record their appreciation to Central Bank of India for their continued support from time to time. Further the directors wish to thank the employees of the company with out which it would not have been possible to run the company. The directors expect to receive the same cooperation from them in the future.

For and on behalf of the Board of Directors

Shri Ajay Daga
(Director)

Smt. Nandita Damani
(Managing Director)

Place: MUMBAI

Dated : 30st August 2002

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AUDITORS REPORT

The Members of
Scana Color (India) Ltd.

Dear Sirs,

We have audited the attached Balance Sheet of Scana Color (India) Limited, as at 31st March 2002 and also the Profit and Loss Account 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.

1. We conducted our audit in accordance with auditing 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and as per the information & explanations furnished to us and the books and records examined by us in the normal course of our audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 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 accounts as required by law have been kept by the company, so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act 1956 except for note No.2C of schedule 19 for non-compliance of AS-15 in respect of Retirement Benefits.
 - e) On the basis of written representation received from the directors as on 31st March 2002 and the same being taken on record by the Board of Directors, we report that none of the directors is disqualified as a director in terms of section 274 (1) (g) 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 subject to (d) above give the information required by 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 2002, and
 - ii) In the case of Profit and Loss Account, of the losses of the Company for the year ended on that date.

For Dosi & Jain
Chartered Accountants

Chandresh Gandhi
Partner

Place: Mumbai
Date: 30.08.2002

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ANNEXURE TO THE AUDITOR'S REPORT

As referred to in paragraph I of our report of even date to the members of Scana Color (India) Limited on the accounts for the year ended 31st March 2002

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets except in case of Furniture and Fixtures, Electrical Installations and Equipments for which quantitative records without item wise break up of value have been maintained. We are informed that the Fixed Assets have been physically verified by the management of the Company during the year and no material discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of Finished goods, Stores, Spare Parts, Work in Progress and Raw Materials have been physically verified by the management at reasonable intervals during the year.
4. In our opinion, the procedures followed for physical verification of stocks is reasonable and adequate considering the nature of the business and size of the Company.
5. The discrepancies noticed on physical verification of stocks as compared to book records, were not material in relation to the operations of the Company, have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loan from companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act 1956, except for unsecured loans from directors/shareholders and the terms & conditions of such loans are not prejudicial to the interests of the company. In terms of sub-section (6) of 370 of the Companies Act 1956, provisions of this section are not applicable to the company w. e. f. 31st October, 1998.
8. The Company has not granted unsecured loans to the Companies, firm or Parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or companies under the same management as defined under section 370(1B) of the Companies Act, 1956. In terms of sub-section (6) of 370 of the Companies Act 1956, provisions of this section are not applicable to the company w. e. f. 31st October, 1998.
9. The parties to whom Loans and Advances in the nature of loans have been given are generally repaying the principal amounts as stipulated and interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plants and machinery, equipments and other assets.
11. On the basis of information and explanation given to us in respect of transaction of purchase and sale of goods and materials, and services rendered, with the parties, whose names as entered in the Register maintained under section 301 of the Companies Act, 1956, as aggregating during the year to Rs. 50,000/- or more, we are of the opinion that the transactions are made at prices which are reasonable having regard to the prevailing market price.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable and/or damaged stores, raw materials or finished goods and for making adequate provision in the account for the loss arising on the items so determined.
13. The Company has not accepted any deposits from public during the year under review.
14. As explained to us, no scrap or by-product is generated during the process/job undertaken by the Company.
15. The Company does not have an Internal Audit System. However in our opinion the existing internal control procedures are adequate to commensurate with size and nature of its business.
16. We are informed that the Central Government has not prescribed maintenance of cost record under 209(1)(d) of the Companies Act, 1956, in respect of the activities undertaken by the Company