



**SCANA COLOR (INDIA) LIMITED**

# **28th Annual Report 2004-2005**

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**28th Annual Report 2004 -2005****Board of Directors**

Mrs. Nandita Damani	-	Managing Director
Mr. Devvrat M Jaithalia	-	Director
Mr. Rajkumar R. Hissaria	-	Director
Mr. Navkesh Batra	-	Director
Mr. Rajeev Jain	-	Director
Mr. Rajendra Modi	-	Director

**Auditors**

Dosi & Jain .  
Chartered Accountants,

**Bankers**

Central Bank of India

**Registered office**

125, T. V. Industrial Estate,  
Opp. Hind Cycles,  
Pandurang Budhkar Marg, Worli,  
Mumbai – 400 025.

**Equity shares are listed on**

The Stock Exchange , Mumbai  
The Stock Exchange, Ahmedabad  
The Stock Exchange, Hyderabad.

**Register and share transfer agent**

System Support Services  
209, Shivai Industrial Estate,  
89, Andheri Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai – 400 072.

**Day & Date**

Friday, September 30, 2005

**Time**

11.30 A.M.



## ANNUAL REPORT 2004-2005

**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 28th Annual General Meeting of the members of SCANA COLOR (INDIA) LIMITED will be held on Friday, September 30, 2005 at 11.30 A. M. at the registered office of the Company at 125, T.V. Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 to transact, with or without modification(s) the following business:

**Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2005 and the Profit and Loss Account for the year ended March 31, 2005 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Navkesh Batra who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Nandita Damani who retires from office by rotation, and being eligible offers herself for re-appointment.

**Special business**

4. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of section 244A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Anil Singhi & Co., Chartered Accountants having their office at 217, 2<sup>nd</sup> Floor, Ashoka Shopping Centre, Near Metro Cinema, Mumbai-400 002 be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on a remuneration fixed by the Board excluding any fees that may be payable for other services rendered and out of pocket expenses incurred to fill casual vacancy caused by resignation of Messrs. Dosi & Jain., Chartered Accountants, the retiring auditors who have expressed their unwillingness to be re-appointed".

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Rajeev Kumar Jain who was appointed as an Additional Director at the meeting of the Board of Directors held on March 14, 2005 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rajeev Kumar Jain as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Rajendra Modi who was appointed as an Additional Director at the meeting of the Board of Directors held on March 14, 2005 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rajendra Modi as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

**Registered Office:**

SCANA COLOR (INDIA) LTD  
125, T. V. Industrial Estate  
Pandurang Budhkar Marg,  
Worli, Mumbai – 400 025.  
August 29, 2005

For and on behalf of the Board

**Nandita Damani**  
Managing Director



**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from September 29, 2005 to September 30, 2005 (both days inclusive).
3. Members who desire to seek any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
4. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
5. The Company its shares are listed on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and The Stock Exchange, Hyderabad.
6. Members holding Shares in Physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below and in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.

M/s. SYSTEM SUPPORT SERVICES,  
[ Unit : Scana Color (India) Limited ]  
209, Shivai Industrial Estate, 89, Andheri Kurla Road,  
Sakinaka, Andheri (East), Mumbai - 400 072.  
Telephone No. 95 22 28500835

7. All documents referred to in the Notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
8. Members / Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
9. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
10. In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in demat form, they must quote their DP ID and Client Id Number.
11. The explanatory statement U/s. 173 of the Companies Act, 1956 is enclosed herewith.



## ANNUAL REPORT 2004-2005

## EXPLANATORY STATEMENT AS REQUIRED U/S. 173 (2) OF THE COMPANIES ACT, 1956

**ITEM 4**

*Messrs. Dosi & Jain., Chartered Accountants, the retiring auditors have expressed their unwillingness to be re-appointed. The Company has received a special notice under the provisions of Section 225 read with Section 190 of the Companies Act, 1956, proposing the appointment of Messrs. Anil Singhi & Co., Chartered Accountants as Auditors of the Company in the place falling vacant due to the unwillingness of Messrs. Dosi & Jain, to be re-appointed.*

Your Directors commend the resolution at item No. 4 of the Notice for your approval.

None of the Directors of the Company is deemed to be concerned or interested in the Resolution.

**ITEM 5**

Mr. Rajeev Jain was appointed as an additional Director of the Company with effect from March 14, 2005. By virtue of the provisions of Section 260 of the Companies Act, 1956, read with Article 97 of the Articles of Association of the Company, Mr. Rajeev Jain would hold office only upto the date of the ensuing Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Rajeev Jain as a candidate for the office of Director of the Company.

Mr. Rajeev Jain is a Chartered Accountant and has vast experience in finance, taxation and marketing.

Your Directors commend the resolution at item No. 5 of the Notice for your approval.

Mr. Rajeev Jain is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

**ITEM 6**

Mr. Rajendra Modi was appointed as an additional Director of the Company with effect from March 14, 2005. By virtue of the provisions of Section 260 of the Companies Act, 1956, read with Article 97 of the Articles of Association of the Company, Mr. Rajendra Modi would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Rajendra Modi as a candidate for the office of Director of the Company.

Mr. Rajendra Modi is a practicing Chartered Accountant and has over 20 years experience in the field of Accounts, Audit and Taxation.

Your Directors commend the resolution at item No. 6 of the Notice for your approval.

Mr. Rajendra Modi is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

Registered Office:  
SCANA COLOR (INDIA) LTD  
125, T.V. Industrial Estate,  
Pandurang Budhkar Marg,  
Worli, Mumbai - 400 025.  
August 29, 2005

For and on behalf of the Board

**NANDITA DAMANI**  
Managing Director



**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have great pleasure in presenting the 28<sup>th</sup> Annual Report together with the Audited accounts for the year ended March 31, 2005.

**FINANCIAL RESULTS**

	<b>Year ended 31.03.2005 Rs. In '000</b>	<b>Year ended 31.03.2004 Rs. In '000</b>
Sales and Other Income	7,136	9,747
Profit before tax and appropriations	(646)	(3,200)
Profit after tax	161	(2,686)
Add: Excess provision for taxation of Earlier years	-	649
Add: Balance brought forward from Previous year	(15,201)	(13,164)
Loss carried to Balance Sheet	(15,040)	(15,201)

**DIVIDEND**

Due to losses, your Directors do not recommended any dividend for the year ended March 31, 2005.

**OPERATIONS**

As already reported in last years performance, the company has introduced digital printing as additional product line. The company has put in substantial efforts in color management, technicians to improve the quality. The company has received very good response from existing and new clients and been able to secure substantial business.

**RESEARCH & DEVELOPMENT**

The company has been arduously working to improve the R & D so as to provide quality and value for money to the customers in keeping with market trends.

**FIXED DEPOSITS**

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from Public and the rules made there under.

**BOARD OF DIRECTORS**

Your Directors deeply regret to inform shareholders about the sad demise of Mrs. Sushila Devi Birla on January 2, 2005. Mrs. Sushila Devi Birla was a Director on the Board of Directors of your Company since August 30, 1977. Her active participation and contribution at the meetings of the Board and various Committees have been invaluable. Your Directors place on record the valuable guidance and support extended by her during her tenure as Director.

Mr. Dev Vrat Jaithalia was appointed as a Director to fill the casual vacancy caused by the sad demise of Mr. Ajay Daga.

Mr. Rajeev Jain and Mr. Rajendra Modi were appointed as additional Directors, by the Board at its meeting held on March 14, 2005 and Mr. Rajkumar Hissaria was appointed additional Director by the Board at its meeting held on November 01, 2004. They hold office upto the date of the forthcoming Annual General Meeting. The Company has received notices from the members signifying their intention to propose Mr. Rajeev Jain and Mr. Rajendra Modi as candidates for the office of Director, whereas Mr. Rajkumar Hissaria would cease to be a Director of the Company on the date of the Annual General Meeting.

Mr. Kamal Lakhotia and Ashok Kela, Directors of the Company resigned from the Board of Directors of the Company with effect from March 14, 2005. The Board desires to place on record their appreciation for the efforts put in by them during their tenure as Directors of the Company.



Mr. Navkesh Batra and Mrs. Nandita Damani, Directors of the Company retire at the ensuing Annual General meeting and being eligible offers themselves for reappointment.

#### **CORPORATE GOVERNANCE**

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanations relating to material departures.
2. Appropriate accounting policies have been selected and applied consistently and judgements and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2005.
3. Proper and sufficient care has been taken 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.
4. The annual accounts have been prepared on a going concern basis.

#### **AUDITORS**

Messrs. Dosi & Jain., Chartered Accountants, the retiring auditors have expressed their unwillingness to be re-appointed. It has been proposed to appoint Messrs. Anil Singhi & Co., Chartered Accountants as Auditors of the Company in the place falling vacant due to the unwillingness of Messrs. Dosi & Jain, to be re-appointed. The Company has received a certificate from them that they are qualified under section 224(1) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the financial year ending March 31, 2006 as set out in the Notice convening the Meeting.

#### **AUDITORS' OBSERVATIONS**

The observations of the auditors contained in their Report have been adequately dealt with in the Notes to the Accounts given in Schedule "18" which are self-explanatory and, therefore, do not call for any further comments.

#### **AUDIT COMMITTEE**

In accordance with the provisions of the Section 292A of the Companies Act, 1956 and the Corporate Governance requirements as per the Listing agreement the Company has reconstituted an Audit Committee comprising of the following Directors viz., Mr. Rajendra Modi, Mr. Rajeev Jain and Mr. Devvrat M Jaithalia as members. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

#### **DEPOSITORY SERVICES**

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL). As a result the investors have an option to hold the shares of the Company in a dematerialized form. The Company has been allotted ISIN No. INE416F01019.

Shareholder's therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [ DP's ] with whom they have their Demat Accounts for getting their holdings in electronic form.



**FINANCIAL PERFORMANCE**

The highlights of the financial performance of the Company for the year under review are as under:

- a. The Net Loss has come down by 75%
- b. The Company has incurred a nominal Capital Expenditure of Rs. 1,19,600/- during the year.
- c. The Net Investment in Working Capital was Rs. 15,35,693/-
- d. The Net Term Borrowing decreased by Rs. 34,42,791/-

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGOING**

The Company has taken effective steps to conserve and minimize power & fuel consumption and has also installed capacitor for minimizing the power consumption.

No Technology was imported during the year by the Company.

Foreign Exchange Earning and Outgoing NIL.

**PARTICULARS OF EMPLOYEES**

None of the employees of the Company come within the purview of the information required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended.

**LISTING**

The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and The Stock Exchange, Hyderabad.

**SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION**

The Company has taken all the necessary steps for safety and environmental control and protection at the plant.

**ACKNOWLEDGMENT**

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

Registered Office:  
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125, T. V. Industrial Estate,  
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Worli, Mumbai - 400 025

August 29, 2005.

For and on behalf of the Board

NANDITA DAMANI  
Managing Director



**MANAGEMENT DISCUSSION AND ANALYSIS****BUSINESS OVERVIEW**

The main business of the Company is Scanning, processing, Designing, Digital Printing & Offset Printing.

**OPPORTUNITIES, THREATS, RISKS, CONCERNS AND OUTLOOK**

The year under review experienced a global slow down in economic growth, which had its impact in India too.

The general outlook with respect to this Industry in India is of caution under immense competitive pressure. However the intrinsic strength of your company has helped us to effectively overcome such pressure and the sales therefore should register a modest but definite growth.

**PERFORMANCE OF THE COMPANY**

The challenges described above did restrict the sales to a modest level. During the current financial year the Company is working towards further improvement in its profitability.

**HUMAN RESOURCES**

The Company recognizes the need for continuous growth and development of its employees in order to provide greater job satisfaction and also to equip them to meet growing organizational challenges.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the management's authorization. The Statutory Auditors have evaluated the system of internal controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

The internal control systems are reviewed by the top Management and by the Audit Committee of the Board and proper follow up action ensured wherever required

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The main object of Corporate Governance is to create transparency and full disclosure regarding the working of the Company. Corporate Governance's aim is to create long-term value for all stakeholders viz. investors, employees, creditors, customers, Government and society at large. It is crucial to the progress of every business enterprise as it builds confidence and trust, which eventually leads to a more stable and sustained resource flow and long-term partnership with its investors and other stakeholders. The Company firmly believes in and continues to practice good corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis. The disclosures required by Clause 49 of the Listing Agreement are as under:

**2. BOARD OF DIRECTORS**

As per the listing Agreement the Board should have an optimum combination of both Executive and Non-Executive Directors, and at least one half of the Board has to comprise of independent Directors where the Chairman is Executive.

The Board of your Company as on March 31, 2005 has 1 Executive Directors and 5 Non-Executive Directors. The number of independent Directors are 4.

The details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:



	Category	No. of Board Meet-ing Atten-ded	Atten-dence At Last AGM	No. of Other Directorships Held Position As on 31.03.05		Outside Committee Held As on 31/3/05	
				Public	PriVate	Mem	Chmn.
SMT SUSHILADEVI BIRLA	CH/E	4	YES	NO	NO	NO	NO
SMT NANDITA DAMANI	MD/E	9	YES	NO	NO	NO	NO
SHRI KAMAL LAKHOTIA	IND/NED	9	YES	NO	NO	NO	NO
SHRI NAVKESH BATRA	IND/NED	7	YES	NO	NO	NO	NO
SHRI ASHOK KELA	IND/NED	8	YES	NO	NO	NO	NO
SHRI DEV VRAT JAITHALIA	IND/NED	7	NO	NO	NO	NO	NO
SHRI RAJEEV JAIN	IND/NED	1	NO	NO	NO	NO	NO
SHRI RAJENDRA MODI	IND/NED	1	NO	NO	2	NO	NO
SHRI RAJKUMAR HISARIA	IND/NED	3	NO	NO	NO	NO	NO

- MD stands for Managing Director.
- NED stands for Non Executive Director and IND for Independent Director.
- During the financial year ended March 31, 2005, NINE Board meetings were held on April 28, 2004, July 31, 2004, September 01, 2004, September 29, 2004, October 30, 2004, November 01, 2004, January 02, 2005, January 31, 2005 and March 14, 2005.

\*Appointed as additional Director on March 14, 2005.

\*\*Appointed as additional Director on Nov. 01, 2004.

### 3. COMMITTEES OF DIRECTORS

Non Executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement provides regular exchange of information and ideas between the non-executive Directors and the operating management.

To conform to the requirement of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956, the Board has constituted the required Committees.

#### 3.1 AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee comprising of 3 Non Executive Director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Clause 49 of the Listing Agreement.

The Committee held 5 meetings during the year on April 28, 2004, July 31, 2004, September 01, 2004, October 30, 2004 and January 31, 2005

The name of Members of Committee and their attendance are as follows:

Name & Educational Qualification of the members	Status	No. of meeting attended
SHRI KAMAL LAKHOTIA [B.Com]	CHAIRMAN	5
SHRI NAVKESH BATRA [B.Com],[LLM]	MEMBER	5
SHRI ASHOK KELA [B.Com]	MEMBER	5