

29th Annual Report 2005-2006



SCANA COLOR (INDIA) LIMITED

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For Scana Color (India) Limited

Rajain
Director

SCANA COLOR (INDIA) LIMITED**29TH ANNUAL REPORT 2005 –2006****Board of Directors**

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

Auditors

Anil Singhi & Co.
Chartered Accountants,

Bankers

Central Bank of India

Registered office

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

Equity shares are listed on

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

**Registrar and
Share Transfer Agent**

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

Day & Date

Saturday, September 30, 2006

Time

11.30 a.m.

SCANA COLOR (INDIA) LIMITED

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ANNUAL REPORT 2005-2006**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 29TH Annual General Meeting of the members of SCANA COLOR [INDIA] LIMITED will be held on Saturday, September 30, 2006 at 11.30 am at the Registered Office of the Company at 125, T.V. Industrial Estate, Pandurang Budhakar 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 31st March, 2006 and Profit and Loss Account for the year ended March 31, 2006 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 Special Resolution.

"RESOLVED THAT pursuant to the provisions of section 244A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Arvind Darji Associates, Chartered Accountants, 402-A, Chandan Chamber, 4th Floor, 138, Modi Street, Mumbai – 400 001. 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 Anil Singhi & Co., Chartered Accountants, the retiring Auditors who have expressed their unwillingness to be re-appointed."

Registered Office :

SCANA COLOR [INDIA] LTD
125, T.V.Industrial Estate
Pandurang Budhakar Marg, Worli
Mumbai-400 025
September 01, 2006

For and behalf of the Board

Rajeev Jain
Director

SCANA COLOR (INDIA) LIMITED**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 / HERSELF AND THAT 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-EIGHTY 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, 2006 to September 30, 2006 [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.
- 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 am and 1.00 pm 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 dematerialised 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.

EXPLANATORY STATEMENT AS REQUIRED U/S. 173[2] OF THE COMPANIES ACTS, 1956**ITEM 4**

Messrs. Anil Singhi & Co., 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. Arvind Darji Associates, Chartered Accountants as Auditors of the Company in the place falling vacant due to the unwillingness of Messrs. Anil Singhi & Co., 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.

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For and behalf of the Board

Rajeev Jain
Director

ANNUAL REPORT 2005-2006**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have great pleasure in presenting the 29th Annual Report together with the Audited Accounts for the year ended on 31st March 2006.

FINANCIAL RESULTS

	Year Ended 31.03.2006 Rs. in'000	Year Ended 31.03.2005 Rs. in'000
Sales & Other Income	259	9,088
Profit before tax and appropriations	(956)	(646)
Profit after tax	(848)	161
Add: Balance brought forward from previous year	(15,040)	(15,201)
Loss carried to Balance Sheet	(15,888)	(15,040)

DIVIDEND

Due to losses, your Directors do not recommend any dividend for the year ended 31st March 2006.

OPERATIONS

As already reported in last years performance, the Company has was not able to do much business as most of the machinery of the Company had become absolute and overall there was staff competition from other players in the printing 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

Mr. Dev Raj Jaithalia and Mr. Rajeev Jain, Directors of the Company retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

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 the 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 the March 31, 2006.
- 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. Anil Singhi & Co., Chartered Accountants, the retiring Auditors have expressed their unwillingness to be re-appointed. It has been proposed to appoint Messrs. Arvind Darji Associates, Chartered Accountants as Auditors of the Company in the place falling vacant due to the unwillingness of Messrs. Anil Singhi & Co. 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.

SCANA COLOR (INDIA) LIMITED**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 "17" 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 of 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 dematerialised form. The Company has been allotted ISIN No.INE416F01019. Shareholders therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has taken effective steps to conserve and minimize power and 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 their 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 show 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 with in 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.

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September 01, 2006

For and behalf of the Board

Rajeev Jain
Director

ANNUAL REPORT 2005-2006**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 Company is largely hit with the obsolescence of its machinery, which has proved very fatal to the Company.

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 growth to a modest rate. 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, 2006 has 1 Executive Directors and 5 Non-Executive Directors. The number of independent Directors are 3.

SCANA COLOR (INDIA) LIMITED

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 Meeting Attended	Attendance 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 NANDITA DAMANI	MD/E	9	Yes	NO	NO	NO	NO
SHRI NAVKESH BATRA	IND/NED	7	Yes	NO	NO	NO	NO
SHRI DEV VRAJ 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

- MD stands for Managing Director.
- NED stands for Non Executive Director AND IND for Independent Director.
- During the financial year ended March 31, 2006, Board meetings were held on April 28, 2005, July 30, 2005, August 29, 2005, October 31, 2005, January 30, 2006.

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, 2005, July 30, 2005, August 29, 2005, October 31, 2005 and January 30, 2006

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

Name of the Members	Status	No. of Meetings Attended
SHRI RAJENDRA MODI [C.A.]	CHAIRMAN	5
SHRI NAVKESH BATRA	MEMBER	5
SHRI RAJEEV JAIN [C.A.]	MEMBER	5

3.2] **REMUNERATION**

Although Remuneration Committee (being a non-mandatory requirement) has not been constituted by the Company, all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Board within the overall limits approved by the Members.

The Company pays remuneration to its Managing Director by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders. The Board approves all the revisions in salary, allowances and perquisites subject to the overall ceiling prescribed by Section 198, 309 and

ANNUAL REPORT 2005-2006

Schedule XIII of the Companies Act, 1956

Given below are the details of remuneration paid to Directors during the financial year 2005-06:

Director	Sitting Fees Rs.	Salary & allowances Rs.	Perquisites Rs.
SMT NANDITA DAMANI	NIL	NIL	NIL
SHRI NAVKESH BATRA	NIL	NIL	NIL
SHRI DEV VRAJ JAITHALIA	NIL	NIL	NIL
SHRI RAJEEV JAIN	NIL	NIL	NIL
SHRI RAJENDRA MODI	NIL	NIL	NIL

Note: The Directors have voluntarily waived the sitting fees for attending meeting

3.3] SHAREHOLDERS' GRIEVANCE COMMITTEE

The Company has constituted a Shareholders' Committee to specifically look into Investors' complaints, if any, and to redress the same expeditiously. The Committee redresses complaints of investors like transfer of shares, non-receipt of Balance Sheet and non-receipt of declared Dividend etc. The Shareholder's Committee met 1 [Once] during the year ended March 31, 2006.

The composition of the Shareholder's Grievances Committee and details of the meetings attended by the Directors are given below:

Name of Members	Category	No. Of Meetings attended during the year 2005-2006
SHRI RAJENDRA MODI [C.A.]	CHAIRMAN	2
SHRI NAVKESH BATRA	MEMBER	2
SHRI RAJEEV JAIN [C.A.]	MEMBER	2

Mr. Rajeev Jain is also the Compliance Officer.

DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR

Sr. No	Nature of Complaints	Received	Disposed	Pending
1.	Non-receipt of Dividend Warrants.	NIL	NIL	NIL
2.	Non-receipt of Share Cert. After Transfer	NIL	NIL	NIL
3.	Non -receipts of annual report	NIL	NIL	NIL
	TOTAL	NIL	NIL	NIL

4] GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2005	30.09.2005	11.30 A.M.	Registered Office
31.03.2004	25.09.2004	11.30 A.M.	Registered Office
31.03.2003	30.09.2003	11.30 A.M.	Registered Office

All the matters as set out in the respective notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.