

MAGNA COLOURS LIMITED
(Formerly Toshniwal Chemicals & Industries Limited)

ANNUAL REPORT

2009-2010

V. BAPNA & ASSOCIATES
CHARTERED ACCOUNTANTS

002, F-12, SPRING LEAF LOKHANDWALA COMPLEX,
KANDIVALI—(EAST)
MUMBAI - 400101

Phone No. 022-67255260 Fax No. 67255262

NOTICE

Notice is hereby given that the 20TH Annual General meeting of the Member of MAGNA COLORS LIMIED will be held on, 25th June, 2010 at 12.30 P.M. at its Registered office at D-21/23, MIDC IND AREA, BOISAR, THANE-401506 to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of meeting until the conclusion of next Annual General Meeting & fix their remuneration.

For and on behalf of the Board

Director

Place: Mumbai
Date: 02.06.2010
Notes:-

Umesh Yadav Rajendra Thorat

1. Explanatory statement as required under section 173 (2) of the Companies Act 1956, are Annexed
2. 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.
3. Proxies in order to be effective must be lodged with the company at least 48 hours before the Time of the meeting.
4. All Documents, referred to in the Notice and accompanying Explanatory Statement are open for Inspection at the Registered Office of the Company during Company's business hours on any Working day from Monday to Friday up to the date of the Meeting.

For and on behalf of the Board

Director

Director

Place: Mumbai
Date: 02.06.2010

Umesh Yadav Rajendra Thorat

DIRECTOR'S REPORT

To the Members of
MAGNA COLORS LIMITED

Your Directors have pleasure in presenting the Annual Report together with the audited accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS

During the year under review the company's performance in a summarized form is provided below.

	For the year ended 31 st March, 2010 (Rs.)	For the year ended 31 st March, 2008 (Rs.)
Profit before Taxation	(8989)	(8989)
Provision for Income Tax & FBT	NIL	NIL
Net Profit After Tax	(8989)	(8989)
Add : Balance B/F From Previous Year	(159,283,275)	(159,274,297)
Profit & Loss Account Balance C/F	<u>(159,292,275)</u>	<u>(159,283,286)</u>

2. DIVIDEND

Director of the company not declare any dividend for the year ended 31st March 2010.

3. DEPOSITS

The Company did not accept any deposits from the public during the year under review.

4. PERSONNEL

None of the employees of the Company come under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

5. AUDITOR

M/s. V. Bapna & Associates, Chartered Accountants, Statutory Auditors of the Company who retire at Annual General Meeting, offer themselves for re-appointment. Your Director recommended their re-appointment until the conclusion of the next Annual General Meeting.

The observation of the Auditors as contained in the Auditors Report read with notes on Accounts are self explanatory and do not call for any further clarification.

6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo:-.

As per Company has not commenced commercial operation, the Directors have nothing to report on Information as per Section 217(1) (e) of the Company Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 .

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) your Directors' confirm that: -

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2010 and of the profit or loss of the Company for the year ended 31st March, 2010.
- (iii) The Directors have 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 have prepared the annual accounts on a "going concern basis".

ACKNOWLEDGMENTS

Your Directors wish to place on record its appreciation of the Employees, Banks, , for their able guidance and support. Your directors thank all your customers for the confidence they have reposed in your company.

For and on behalf of the Board

Director

Director

Umesh Yadav

Rajendra Thorat

Place: Mumbai
Date :02.06.2010

V. Bapna & Associates
Chartered Accountant

002, F-12, Spring Leaf, Lokhandwala Complex, Kandivali (E), Mumbai

☎: (O) : 022 67255260

Fax: (022) - 67255262

AUDITOR'S REPORT

To
The Members of
MAGNA COLORS LIMITED
(Formerly Toshniwal Chemicals & Industries Limited)

We have audited the attached Balance Sheet of M/s **MAGNACOLORS LIMITED** (Formerly Toshniwal Chemicals & Industries Limited) as at 31st March, 2010 and also the Profit and Loss of the company for the year ended on that date annexed there to. These financial statement are the responsibility of the Company's Management. Our responsibility is to express as opinion on these financial statement based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosure in the financial statement. 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.

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, We enclosed in the Annexure a statement on the matter specified in the paragraph 4 and 5 of the said order to the extent applicable to the company during the year.

Further to our comments in the Annexure referred to in Para 3 above, we report as follows:

(i) The accounts of the year continued to be prepared on a going concern basis despite of fact that the management of the Company can not continue as a going concern in future. The said conclusion is a consequence of the erosion of entire net worth and disposal of substantial assets of the Company adversely affecting the Going concern concept, as referred to in Note No. II and 3 in Schedule-H regarding disposal of assets and inability to operate as a going concern in future.

However, the financial statements for the current year have not been adjusted for the recoverability and classification of assets and liabilities as a consequence of the inability of the Company to continue as a going concern. The Company is of the opinion that the extent of the effects of the resultant adjustments to the assets and liabilities of the Company as at the year end and loss for the year is presently not ascertainable. We disclaim our opinion in the matter.

1. 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.
2. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of such books.

3. The Balance Sheet and the Profit and Loss Account referred to this report are in agreement with the books of account.
4. In our opinion Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standard referred to in section 211 (3C) of the Companies Act 1956.
5. On the Basis on representation made by all Director's of the Company and the information and explanation given by the Director's none of the Director's are disqualification as on 31st March 2010 from being appointed as Directors under clause (g) sub section (1) of section 274 of the Companies Act 1956
6. Attention is invited to the following Notes in Schedule-H
 - a) Note no. II- 5,2 & 4 regarding non-provision of interest in respect of outstanding bridge loan with SICOM Limited and regarding non-provision of interest in respect of Term Loan, Cash Credit and Working Capital facility from a bank – Amount presently unascertainable,
 - b) Note no. II-14 regarding non-provision of Deferred Tax in the accounts, contrary to the recommendations of the Accounting Standard-22, Accounting for Taxes on Income,
 - c) Note No. II-15 regarding non-provision of Gratuity and other retirement benefits on cash basis, contrary to the recommendations of the Accounting Standard – 15 Accounting for Retirement Benefits in the financial Statements and
 - d) Note no. II-18 regarding non availability of Confirmation in respect of Balances of Loans & Advances, Deposits and current Liability which are subject to confirmations, reconciliations and consequential adjustments, if any.
 - e) Note No. II-20 regarding non-compliance by the company with the clauses of Listing agreement with stock exchanges in declaration of financial results of the Company, various committees and with provisions of Companies Act, 1956 in respect to requirement of Company Secretary and with corporate Governance. The impact of the above on assets and liabilities and on the losses of the year of the Company is presently unascertainable.
7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Notes there on give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view,
 - (1) in the case of Balance Sheet, of the affairs of the company as at 31st March 2010
 - (2) in the case of Profit and Loss account, of the Loss for the period ended on that date.
 - (3) in the case of the Cash Flow statement , of the Cash Flows for the year ended on that date

Place : Mumbai
Date : 02.06.2010

For V. Bapna & Associates.
(Chartered Accountant)

Vinod G. Bapna
(Proprietor)
M.No.049060

Annexure to the Auditors Report

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such check as we considered appropriate, we further report as under:

(I) Fixed Assets:

1. In 2004-05 year the Company has disposed off all its fixed Assets, thus adversely affecting the going concern status of the Company. (Refer Note no. II.2 & 3 of the Schedule-II at present no fixed assets in the Company

2. **Inventories:**

The Company was not having any inventory at the year beginning nor purchased any during the year under review

3. **Loans & Advances either granted or taken:**

The Company has not taken any interest-free unsecured loans from a body corporate during the year covered in the register maintained under section 301 of the companies Act, 1956. The maximum outstanding balance during the year including opening balances of the party aggregates to Rs. 3.85 Lacs and the balance as at the close of the year amount to Rs. 3.85 Lacs.

No agreement has been entered with the party in respect of above loan taken by the Company. We have been explained that the said loans are repayable on demand and hence no repayment schedule has been stipulated. No such demand to repay the said loans was received by the Company during the year and hence the question of overdue principle does not arise. Based on explanations given to us, in our opinion other terms and condition of such loans taken are not prima—face prejudicial to the interests of the Company.

During the year under review, the company has not granted any loans to parties covered in the register maintained under Section 301 of the companies Act, 1956. However, in respect of opening balance of loan given to such parties, payment of the principal amount and interest was not regular. No agreement was produced for verification of rate of interest and other terms and conditions, we are unable to comments whether or not the rate of interest and other terms and condition of such loans, are prima facie prejudicial to the interest of the company. In our opinion, the reasonable steps have not been taken by the Company for recovery of the principal and interest there on.

4. **Internal Controls:**

In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the year, there was neither purchase of inventory or fixed assets nor sale of goods. We have not come across any continuing failure to correct major weakness in internal control.

5. **Transactions covered by Section 301 of the Companies Act, 1956:**

In our opinion, transaction entered with the parties listed in the register maintained under Section 301 of the Company Act, 1956 have been no entered. However, there were no transactions aggregating to Rs 5.00 Lacs (Rupees Five Lacs) or more with such party during the year under review.

6. **Public Deposits:**

During the year, the Company has not accepted any deposits from the public within meaning of Section 58 A and AA of the Companies Act, 1956.

7. **Internal Audit:**

The company does not have a formal internal audit system throughout the year under review

8. **Cost Records:**

Central government has prescribed maintenance of cost records clause (d) of section (1) of section 209 of the companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. **Statutory Dues:**

As per the records verified by us, the Company was irregular in depositing the statutory dues involving provident fund of earlier years, Sales Tax and Income Tax, with the appropriate authorities during the year. The undisputed amounts representing the above and remaining outstanding for more than six months, as at close of the financial year in respect of Provident fund, income tax, sales Tax amounting to Rs.11,330 (Previous year - Rs. 11,330), Rs.21,878 (Previous year- Rs. 21,878) and Rs. 2,27,614 (Previous year - 2,27,614) respectively.

Keeping in view the present circumstances, statutes pertaining to Employees' State Insurance Corporation, Wealth tax, Excise Duty, Customs Duty, Investor Education and protection Fund and Cess are not applicable to the Company during the year under review.

As per the records of the Company and based on explanations given to us, even though there were disputed cases relating to Income Tax pertaining to disallowance of losses, no demand of Income Tax has been raised on account of disallowance of losses, all liability PF/TDS write back in the previous year.

10. **Accumulated Losses:**

The Company's accumulated losses as at the end of financial year have eroded the Net worth of the company to a substantial extent. The company has suffered Cash Losses in the current financial year and in the immediately preceding financial year.

11. **Dues to Financial Institutions / Banks / Debenture Holder:**

As per the records verified by us and based on our audit procedures, in following cases the Company has defaulted in repayment of dues to banks, financial Institution:

Particulars	Amount Overdue Including Interest (Rs.)	Period of Outstanding
Bank of Baroda (refer Note No. II.2 of Schedule H)	36,596,823	Not Ascertained
Total	36,596,823	

The period of Overdue in respect of above facilities was not provided to us. The above information was based on the information made available to us. (Also Refer Note no. II.4 of Schedule-H)

12. **Loans against pledge of /Securities**

Based on the records verified by us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities during the year.

13. **Dealing in shares, securities, etc.**

The Company has not dealt with any shares, securities, etc., during the year under review in respect of the investments held by the Company, even though timely entries in respect of the same have been made in the books of the Company, physical possession of the same yet to be obtained by the company

14. **Guarantees given:**

As per the records verified by us, during the year the Company has not given guarantee for loans taken by others from banks of financial institutions, the terms and conditions, whereof are, in opinion prejudicial to the interest of Company.

15. **Application of Funds raised:**

- During the year, the Company has not raised any Term Loans.
- Based on the overall examination of the Balance Sheet of the Company, in our opinion there are no fund raised on short-term basis, which have been used for long-term investment and vice versa.

16. **Preferential allotment of shares:**

According to information and explanations given to us, the Company has not made any preferential allotment of share to parties and companies covered in register maintained under section 301 of the Companies Act, 1956 during the year under review.

17. **Security against Debentures:**

As per the records verified by us, Company has not issued any debentures from its inception and hence the question of creation of security does not arise.

18. **Frauds:**

As per the records verified by us, no fraud on the Company or Company has been noticed during the year.

19. **Other Clauses**

Other clause of the said Order is not applicable to the Company during the year under review.

For V. Bapna & Associates
Chartered Accountant

Vinod Bapna
(Proprietor)
M.No. 049060

Date :- 02.06.2010

Mumbai

MAGNA COLORS LIMITED
 (Formerly Toshniwal Chemical & Industries Ltd.)
BALANCE SHEET AS AT 31st MARCH, 2010

	BCH	31st MARCH, 2010		31st MARCH, 2009	
I. SOURCES OF FUNDS ::					
SHAREHOLDERS' FUNDS					
Share Capital	A		115,000,000		115,000,000
Reserves & Surplus	B		908,400		908,400
LOAN FUNDS					
Unsecured Loans	C	43,180,994	43,180,994	43,180,994	43,180,994
TOTAL ::			159,089,394		159,089,394
II. APPLICATION OF FUNDS ::					
1. CURRENT ASSETS :					
c) Cash & Bank Balances	D	47,327	47,327	47,327	47,327
d) Loan & Advances		422,351	422,351	422,351	422,351
2. Less: Current Liabilities and Provisions	E		469,678		469,678
NET CURRENT ASSETS			672,559		663,570
PROFIT & LOSS ACCOUNT			(202,861)		(193,892)
TOTAL ::			159,292,275		159,283,286
			159,089,394		159,089,394

As per our Report of even date.

For V. BAPNA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

(VINOD BAPNA)
PROPRIETOR
M.No.049060
Place : Mumbai
Dated : 02.06.2010

Director Umesh Yadav Director Rajendra Thorat

MAGNA COLORS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	SCH	2009-2010	2008-2009
INCOME ::			
Other Income	F	-	-
TOTAL ::		-	-
EXPENDITURE ::			
Administrative & Other Expenses	G	8,989	8,989
TOTAL ::		8,989	8,989
Profit Before Taxation		(8,989)	(8,989)
Provision for Taxation			
Profit/Loss after Taxation		(8,989)	(8,989)
Add: Balance brought forward from last year		(159,283,286)	(159,274,297)
Balance Carried to Balance Sheet		(159,292,275)	(159,283,286)
Notes Of Accounts	H		

As per our Report of even date

For V. BAPNA & ASSOCIATES
 Chartered Accountants

For and on behalf of the Board

(VINOD BAPNA)
 PROPRIETOR
 M.No.049060
 Place : Mumbai
 Dated : 02.06.2010

Director Director
 Umesh Yadav Rajendra Thorat

MAGNA COLORS LIMITED
 (Formerly Toshniwal Chemical & Industries Ltd.)
 Schedule Annexed To and Forming Part of The Balance Sheet
 As At 31st March, 2010

SCHEDULE - A SHARE CAPITAL		31.03.2010		31.03.2009	
Authorized :					
15000000 Equity Shares of Rs. 10 each		150,000,000		150,000,000	
Issued, Subscribed and Paid up :					
11500000 Equity Shares of Rs. 10/- fully paid up		150,000,000		150,000,000	
		115,000,000		115,000,000	
		115,000,000		115,000,000	
SCHEDULE - B RESERVES & SURPLUS		31.03.2010		31.03.2009	
State Subsidiary Reserve	908,400	908,400	908,400	908,400	
TOTAL :::		908,400		908,400	
SCHEDULE - C UNSECURED LOANS AND OTHERS		31.3.2010		31.3.2009	
Bank Of Branch Loan		36,596,823		36,596,823	
Differed Sales Tax Liability		6,152,431		6,152,431	
Loan From body Corporate		431,740		431,740	
Total ::		43,180,994		43,180,994	

MAGNA COLORS LIMITED
(Formerly Toshniwal Chemical & Industries Ltd.)
 Schedule Annexed To and Forming Part of The Balance Sheet
 As At 31st March, 2010

SCHEDULE - D				
CURRENT ASSETS, LOANS AND ADVANCES				
	31.03.2010		31.03.2009	
I. CURRENT ASSETS :				
1. Cash & Bank Balance				
Cash on Hand		10,539		10539
Balances with scheduled banks		11,788		11,788
In Current Account		25,000		25,000
In Fixed Deposit				
TOTAL - I		47,327		47,327
II. LOANS AND ADVANCES :				
(Unsecured considered good other wise state:)				
Advances Receivable in Cash Or Kind	422,351		422,351	
		422,351		422,351
TOTAL - II		422,351		422,351
TOTAL I + II		469,678		469,678
SCHEDULE - E				
CURRENT LIABILITIES AND PROVISIONS				
	31.03.2010		31.03.2009	
I. Current Liabilities:				
Sundry Creditors For Goods	400,000		400,000	
Sundry Creditors For Exp.	44,945		35,956	
Other Liability	227,614	672,559	227,614	663,570
Total ::		672,559		663,570

MAGNA COLORS LIMITED
 (Formerly Toshniwal Chemical & Industries Ltd.)
 Schedule Annexed To and Forming Part of The Profit & Loss Account
 As At 31st March, 2010

SCHEDULE - F		
OTHER INCOME	31.03.2010	31.03.2009
Other Income	-	-
	-	-
SCHEDULE - G		
Administrative & Selling Expenses	31.03.2010	31.03.2009
Office Exp.	-	-
Audit Fees	-	-
Total ::	8,989	8,989
	8,989	8,989

MAGNA COLORS LIMITED
(Formerly Toshniwal Chemical & Industries Limited)

Significant Accounting policies and Notes on Accounts-31/03/2010

Schedule - II

I) Significant Accounting Policies

1. Basis of preparation of financial statements:-

The financial statements have been under the historical cost convention and on the basis of a going concern (Refer No. II 3 of this schedule) in according with the generally accepted accounting principles the provision of the Companies Act, 1956 as adopted as consistently by the Company except as expressly stated otherwise.

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis except in respect of insurance claims, discounts and rebates, gratuity and other retirement's benefits, which are consistently accounted for on receipt/ cash basis.

3 Investments:

Investment are stated at cost Diminution in the book value of the Investments, other than temporary in nature, is consistently accounted as per the recommendations of Accounting Standard - 13, "Accounting for Investments".

4 Recognition of transactions:

Revenue in respect of interest, commission etc, is recognized upon establishment with reasonable certainty of the ultimate collection. Bill discounting charges are recognized on the date of discounting.

II) Notes Account:

1. Contingent Liabilities not provided for in respect of the following:-

- a. Liability towards penal interest claimed by various unsecured creditors who have filed / under the process of filing winding up cases against the Company under Section 433 of the Companies Act, 1956 and under section 138 of the Negotiable Instruments Act, 1881 - Amount unascertainable (Previous Year-Amount unascertainable).
- b. Liability as may rise due to non / delayed compliance of certain fiscal status Amount unascertainable (Previous year - Amount unascertainable).
- c. Liabilities as may arise due to non-performance by the Company as per the Undertaking given to various Banks and Financial institutions - Amount unascertainable (Previous Year - Amount unascertainable).

- d. Liabilities as may rise to the Company on account of writing back of balances in sundry creditors and other payables – Amount unascertainable (Previous Year – Nil).
- e. Liabilities as may arise on the company and its directors in their individual capacity and a group company as co-guarantors of the Loan / facilities borrowed by the Company from time to time from Banks / financial Institutions- Amount presently unascertainable (Previous Year- Amount unascertainable).

2. The accumulated losses of the Company had eroded its entire Net worth and the lenders of term loans and working capital facilities have recalled term loans and working capital facilities along with interest thereon and proceeded against the Company through the Debt Recovery Tribunal for recovery. The lenders have since taken the possession of the Factory Land and Building, Plants and Machinery and other assets situated at Tarapur Plants of the Company. The said Tribunal has ordered for the disposal the above assets vide its Order dated 24.08.2004.

As per the Debt Recovery Tribunal Order No. 339 / 2002 dated 22nd November 2004, the auction of the Company's situated at Tarapur realized Rs. 101.00 Lacs, of which Rs. 50.00 Lacs was realized subsequent to the said Order (ie on 24.02.2005). Apart from the above, as per the said Order, the Bank had earlier received an of the amounts received / appropriated by the Bank amount to Rs. 10.29 Lacs. Thus the aggregate leaving a balance of Rs. 441.13 Lacs (upon inclusion of an interest claim of Rs. 75.16 Lacs and after adjustments of the interest income, net of bank charges which is accounted for by the Company up to previous year.).

The said loans and facilities, no longer secured by assets of the Company, have become unsecured loans and shown as such in the financial statements as at the close of the year. The said balance has now become joint and several liability of the Company, its two directors (including one Ex-director) and M/s Toshniwal Chemicals Ltd, being the borrower and guarantors of the said loans / facilities.

The above amounts as represented by the accounts of the Company are exclusive of interest to be calculated at 1.50% per annum with quarterly rests from the date of filing of original application till full realization. Amount of such interest is presently no ascertained.

3. The accounts of the Company for the year continued to be prepared on a going concern basis in spite of fact that the management of the Company has also concluded that the Company can not continue as a going concern in future. The said conclusion is a consequence of the erosion of entire net worth and disposal of substantial assets of the Company adversely affecting the going concern concept. However, the financial statements for the current year have not been adjusted for the recoverability and classification of assets and liabilities as a consequence of the inability that the extent of the effects of the resultant adjustment to the assets and liabilities of the Company as at the year end and loss for the year is presently not ascertainable.

4. In view of the above events, the balances in the Term Loan Cash Credit and Working Capital facilities obtained from Bank which became unsecured to the extent of non-realizability from disposal of assets secured against the said Loans / facilities have been shown in a combined manner – Amount not individually ascertainable (Previous Year – Amount unascertainable).

Also, the Mumbai Debts Recovery Tribunal in its Demand Notice date 10th August 2005 (subsequent to the Balance Sheet date) has also shown the total dues from the Company in a combined form.

5. The Company has defaulted in the matter of the one time settlement with SICOM Ltd., due to which the original liability along with accrued interest thereon company paid during the year .
6. No provision for interest on the Term Loan and other facilities was made during the year under review. These continued to be considered as Non Performing Assets by the Bank of Baroda during the year under review.
7. In the opinion of the management, the closing balances of the Current Assets, Loan and Advances after the above write off, are stated at the expected realizable values and adequate provision have been made for all known liabilities.
8. Company of Earning Per Share (Basic and Diluted)

	Current Year	Previous Year
Amount used as numerator in calculating Basic EPS. (Rs.)	(8989)	(8989)
No of Equity Shares used as denominator (Nos.)	1,15,00,000	1,15,00,000
Nominal value per Equity Share (Rs.)	10	10
Earning / (Loss) Per Share (Basic and Diluted (Rs.)	(0.0009)	(0.0009)

9. Related parties' disclosure as per the recommendations of Accounting Standard - 18

i. KEY Managerial Personnel

Mr. R. A. Thorat - Director

Mr. Suhas Uthekar - Director

Mr. Umesh Yadav - Director

II. Associates

Louts Global Limited

TCL Technologies Limited

Toshniwal Holdings Private Limited

III. Subsidiaries - None

IV. Transaction with related Parties

Nature of transaction	Key Managerial Personal & others		Associate Companies	
	Current Year	Previous Year	Current Year	Previous Year
Sales	Nil	Nil	Nil	Nil
Conversion Charges	Nil	Nil	Nil	Nil
Material Handling Loading & Unloading Charges received	Nil	Nil	Nil	Nil
Business Services	Nil	Nil	Nil	Nil
Balances Written Off	Nil	Nil	Nil	Nil
Balance written back	Nil	Nil	Nil	Nil

Note : Related parties relationships are derived by the Management and upon by the auditors

10. No differed tax Assets / Liability has been recognized in the accounts, keeping in view the substantial current as well as carried forward losses and unabsorbed depreciation as per the prevailing Income Tax Laws and the management's opinion that there will be no taxable income in the future. Also no deferred tax Assets has been recognized on the timing difference in depreciation between the Companies Act 1956 and the Income Tax Act, 1961.
- 11 The Company follows cash basis of accounting for gratuity and leave encashment and accounts for the same only upon payment, for which amount is unascertainable (Previous Year - unascertainable), in contravention of the mandatory Accounting Standard- 15 which prescribe for provision on accrual basis. However, there are no qualifying employees as at the

12. The debtor's balances represent the balances in which directors are interested - Nil (Previous Year - Rs. Nil).
13. Sums due to small scale industrial undertaking under Current Liabilities as per the information available with the Company and relied upon by the auditors - Amount unascertained (previous Year - Amount unascertained).
14. Balances appearing in Loans and Advances, Deposits and Current liabilities are subject to conformation from the respective parties.
15. Deferral of Sales Tax is under Sales Tax incentive Scheme, 1983 of government of Maharashtra and the same is payable in five Annual installments after the expiry of 10 Year from the date of availment (i.e., financial year 2002-2003 onwards). However, demand has been raised by the Sales Tax Department till date. Amount paid by the Company towards the above during the year - Nil (Previous Year - Nil).
16. The Company has not complied with provision of Section 292A of the Companies Act 1956, the requirement of Clauses 41 and 49 of listing Agreements with the Stock Exchanges and the Securities and Exchange Board of India as regards constitution of Audit Committee and convention of Audit Committee meetings and declaration of Financial results and Corporate Governance During the year.
17. Information Pursuant to 3 and 4 Part II of Schedule VI to the Companies Act, to the extent applicable. NIL
18. Information Pursuant to Part IV of Schedule VI to the Company Act regarding balance Sheet Abstract and Company's General Business Profile.

I.	<u>Registration Details</u>			
	Registration No	11-54424	Sate Code	11
	Balance Sheet	31.03.2010		
II.	<u>Capital Raised during the year</u>			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement/	
	Calls unpaid Received	Nil	Promoter's Contribution	Nil

III. Position of Mobilisation and Deployment of Fund (Rs. In Lacs)

Sources of Funds:

Total Liabilities	6.73	Assets	4.70
Paid up Capital	1150.00	Reserves & Surplus	9.08
Secured Loans	0.00	Unsecured Loans	431.81

Application of Funds:

Net Fixed Assets	0.00	Investments	0.00
Capital Work in Progress	0.00	Miscellaneous Exp	0.00
Net Current Assets	(2.03)	Accumulated	1592.92

IV. Performance of Company

Turnover and Income	0.00	Total Expenditure	0.09
Profit / (Loss) Before Tax	(0.09)	Profit/(Loss) After Tax	(0.09)
Earning per share (Rs.)	(0.0009)	Dividend Rate %	Nil

V. Generic Name of three Principal Product/Services of Company
(As Monetary Terms)

Item Code No (ITC Code) 32041625
Product Description FAST RED BASE

Item Code No (ITC Code) 32041921
Product Description FAST BORDEAUX BASE

Item Code No (ITC Code) 32041751
Product Description CPC GREEN

19. Previous year's figures have been re-grouped/rearranged wherever considered Necessary

For and on behalf of the Board

For V. BAPNA & ASSOCIATES
Chartered Accountants

VINOD BAPNA
Proprietor
Place: Mumbai 49060
Date :02.06.2010

Director Director
Umesh Yadav Rajendra Thorat

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in functioning in a transparent manner with the basic philosophy being to enhance the shareholder value, keeping in mind the needs and interest of other shareholder. The following information is placed before the shareholders.

BOARD OF DIRECTORS

Company has three members on the Board of the Company constituting Non – executive directors. Composition of board of directors is as under:

1. Mr. R. A. Thorat - Chairman (Independent ,Non Executive)
2. Mr. Suhas Utekar - Director (Independent ,Non Executive)
3. Mr. Umesh Yadav - Director (Independent ,Non Executive)

Numbers of Board Meeting held and the dates on which held:

During the year the Company has held 5 Board Meetings as against the minimum requirement of 4 meeting. The meetings were held on:

3rd May, 2009, 10th August, 2009, 30th September, 2009, 12th November, 2009, 2nd February, 2010.

Director's presence in the Board Meeting held during the year:

All directors were present in all Board Meetings of the Company.

Number of other Companies or Committees the Director is a Director / Member / Chairman of:

Name of the Director	Number of other Companies in which Director	Number of Committees in which Member
Mr. R. A. Thorat	NIL	NIL
Mr. Suhas Utekar	NIL	NIL
Mr. Umesh Yadav	NIL	NIL

AUDIT COMMITTEE

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause - 49 of the Listing Agreement with Stock Exchanges.

The audit committee consists of the following Three Director.

- | | | |
|---------------------|---|---------------------------------------|
| 1. Mr. R. A. Thorat | - | Chairman (Independent ,Non Executive) |
| 2. Mr. Suhas Utekar | - | Director (Independent ,Non Executive) |
| 3. Mr. Umesh Yadav | - | Director (Independent ,Non Executive) |

Powers of the audit committee includes:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The scope of committee includes:

1. Review of company's financial reporting process and the financial statement.
2. Review internal control systems and functioning of internal audit process.
3. Post audit review with statutory auditors.

During the year under review, Audit committee met four times where all the members were present.

The meetings were held on 3rd May, 2009, 10th August, 2009, 30th September, 2009, 12th November, 2009.

REMUNERATION COMMITTEE

The remuneration committee consists of the following Three Directors:

- | | | |
|---------------------|---|---------------------------------------|
| 1. Mr. R. A. Thorat | - | Chairman (Independent ,Non Executive) |
| 2. Mr. Suhas Utekar | - | Director (Independent ,Non Executive) |
| 3. Mr. Umesh Yadav | - | Director (Independent ,Non Executive) |

At present, no remuneration is paid to any Directors of the company. As there was no business to discuss, meeting of the Remuneration committee was not held during the year.

SHAREHOLDERS COMMITTEE

The Company has complied the requirement of the sub clause VI (A), (B) of the clause 49 of the Listing Agreement.

Shareholders Committee consists of following Three Directors:

1. Mr. R. A. Thorat - Chairman (Independent ,Non Executive)
2. Mr. Suhas Utekar - Director (Independent ,Non Executive)
3. Mr. Umesh Yadav - Director (Independent ,Non Executive)

During the year under review, Shareholders committee met Six times where all the members were present.

The meetings were on 3rd May, 2009, 10th August, 2009, 30th September, 2009, 12th November, 2009, 2nd February, 2010 and 28th March 2010.

During the year, the company resolved all the complaints within the time frame prescribed by the SEBI/Stock Exchanges except the disputed matters.

The Shares received for transfer are generally approved on 15th and 30th of the each month and are given effect by the Registrar and Share Transfer Agent.

Tentative Financial Calendar

Publication of Quarterly Results ending 30 th June, 2009	Last week of July 2009.
Publication of Quarterly Results ending 30 th Sept. 2009	Last week of Oct. 2009
Publication of Quarterly Results ending 31 st Dec. 2009	Last week of Jan. 2010
Publication of Quarterly Results ending 31 st March 2010	Last week of April, 2010

LISTING ON STOCK EXCHANGE

1. Bombay Stock Exchange

STOCK MARKET DATA

Shares of the Company are generally not traded in the Stock Market.

REGISTRAR AND SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd. Luthra Industrial Estate, Safed Pool, Andheri (E),
Mumbai

SHARE TRANSFER SYSTEM

Presently, the share transfers in physical form and the share certificates returned within a period of 15 to 30 days from the date of receipt, subject to the documents being clear in all respects. After the share transfer is effected, a letter will be sent to the transferee indicating the details of the transferred shares along with their Share Certificates.

SHAREHOLDING PATTERN OF THE COMPANY

	NO. OF SHARES	PERCENTAGE (%)
Indian Promoters Person acting in concert	3441900	29.93%
Private Corporate Bodies Indian Public	8058100	70.07%

Outstanding GDRs / ADRs / Warrants or any
Convertible Instruments, Conversion date and
Likely impact on equity:

Not Applicable

Plant Location:

Address for correspondence:

Registered Office of the Company

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

For, Magna Colors Limited

Director

CEO CERTIFICATION

We, Mr. Suhas Utekar, Director certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2010 and that to the best of their knowledge and belief;
- (b) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (c) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (d) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (e) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (f) We have indicated to the auditors and the Audit committee.
- (g) Significant changes in internal control during the year;
- (h) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (i) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For, Magna Colors Limited

Director

M.G.Shouche & Co.

M.Com.F.C.A

CHARTERED ACCOUNTANTS & AUDITORS

Shree Swami Samarth Krupa, 18, Prakash Nagar, Near Andha Shala, Shikivadi, Nashik Road, Nashik.

To,
The Members
Magna Colours Limited
Mumbai

We have examined the compliance of the conditions of Corporate Governance by Magna Colours Limited for the year 31st March 2011 as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression on the financial statements of the Company.

In our opinion and to the best of our information, and according to the explanations given to us, we certify, that the Company has partly complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

We state that majority of the investor grievances were attended within one month as per maintained by the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: -Mumbai
Date: 2nd June, 2010

For M. G. Shouche & CO
(Chartered Accountants)

(M. G. Shouche)
Membership No. 13102

Management Discussion And Analysis

Overall review, Industry Structure and Developments:

Economic Overview:

After global meltdown, India is emerging as the strong economy in the globe thanks to its Rising domestic savings and investment which are chief engines of growth. There is slow recovery in global economic and financial situation. This will generate more inflows in the form of FDI in the Indian economy. But Regulatory uncertainty, both at the federal level and between federal and state levels continues to pose challenges. Further, even though infrastructure spending is increasing, tighter credit conditions may result in a slowdown of private sector activity.

Performance

During the year under review, the company could do marginal business in the form of trading activities. But directors are hopeful of exploring more and more better business avenues in the coming days. The year under review, proved to be better for the company as compared to previous years. Being the debt free company, the company looks forward for strategic restructuring which will boost the chances of reviving the company.

The company is taking strategic decisions in regards with the projects which will offer good returns and will enhance the shareholder's value down the line.

Internal control systems

The internal control system is looked after by the executive directors themselves, who also look after the day to day affairs of the company to ensure compliance of guidelines and policies, adhere to the management instructions and policies to ensure improvements in the system. The internal audit reports are regularly reviewed by the management.

Financial management and financial performance

The company has plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind of borrowing wherever possible.

Environmental issues:

As the company is not carrying on any manufacturing activity, the matter relating to produce of harmful gases and the liquid effluents are not applicable.

Statutory compliance

The company could not make payment of listing fees to the stock exchanges due to financial problems. But the company is in the process of complying with all the pending compliances with all the regulatory authorities and move forward with its first step of reviving the operations of the company.

Caution:

Statements which are based on and describe about management's expectations, estimates, projections, objectives, intentions and assumptions are forward looking statements. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, segment performance, cash flows. Forward-looking statements are made pursuant to the Companies Act, 1956, securities laws and all other applicable acts, statues, rules and regulations as amended from time to time. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what was forecasted in forward-looking statements, expressed or implied.

The Company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	Current Year	(Rupees in Lacs) Previous Year
	Rs.	Rs.
A. <u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit/(Loss) before tax and extra-ordinary items	(0.09)	(0.09)
<u>ADJUSTMENT FOR :</u>		
Depreciation	--	--
Miscellaneous Expenditure written off	--	--
Deferred Tax adjustment	--	--
Loss of Depreciation on sale of Assets	--	--
Operating Profit/(Loss) before Working capital changes	--	--
<u>ADJUSTMENT FOR :</u>		
Trade & other receivable	--	Nil
Book Debts	--	--
Inventories	--	--
Trade Payables	--	--
Cash generated from operation	--	--
NET CASH FROM OPERATING ACTIVITIES	(0.09)	(0.09)
B. <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	--	--
Sale of Fixed Assets	--	--
Miscellaneous Expenditure	--	--
NET CASH USED IN INVESTING ACTIVITIES	--	--
C. <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from issue of share capital	--	--
Proceeds from borrowings	--	--
State Subsidy	--	--
NET CASH FROM FINANCING ACTIVITIES	(0.00)	(0.00)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(0.00)	(0.00)
OPENING CASH AND CASH EQUIVALENTS	0.47	0.47
CLOSING CASH AND CASH EQUIVALENTS	0.47	0.47

For M. G. Shouche & CO.,
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(M.G. Shouche)
Proprietor.

DIRECTORS.

Place : Mumbai.
Dated : 2nd June, 2010