



SEEING
OPPORTUNITIES
IN CHALLENGES

ASAHI SONGWON COLORS LIMITED
ANNUAL REPORT 2012-13

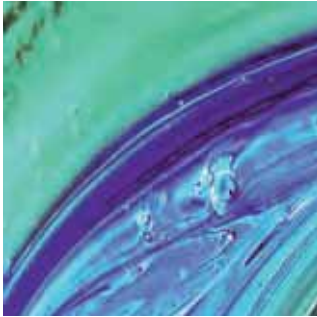
Disclaimer

The disclosures of forward-looking information contained in this annual report are made to enable investors to comprehend the prospects and make informed investment decisions.

This report and other statements – written or oral – may contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. Maximum effort has been made to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. However, the entire realisation of these forward-looking statements cannot be guaranteed, although the assumptions have been prudent enough to rely upon. The achievement of results is subject to risks, uncertainties and unforeseen events. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. The management does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.

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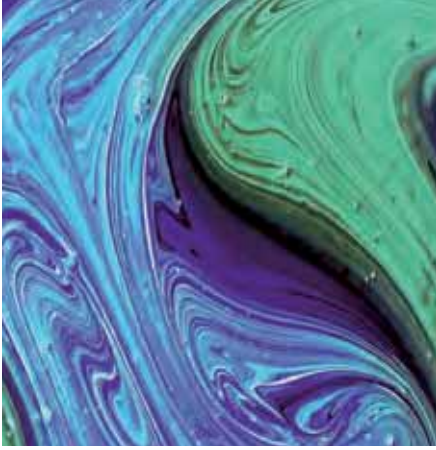
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For all those shareholders who are likely to be disappointed by the Company's performance in 2012-13 – flat revenue growth and a 54% decline in profit after tax – we have a few assurances.

That the sector's fundamentals continue to remain strong, that the Company strengthened its business model during the year under review and that the performance decline is likely to be temporary.

So even as people may be apprehensive about probable challenges, we at Asahi Songwon would prefer to be driven by emerging opportunities instead.



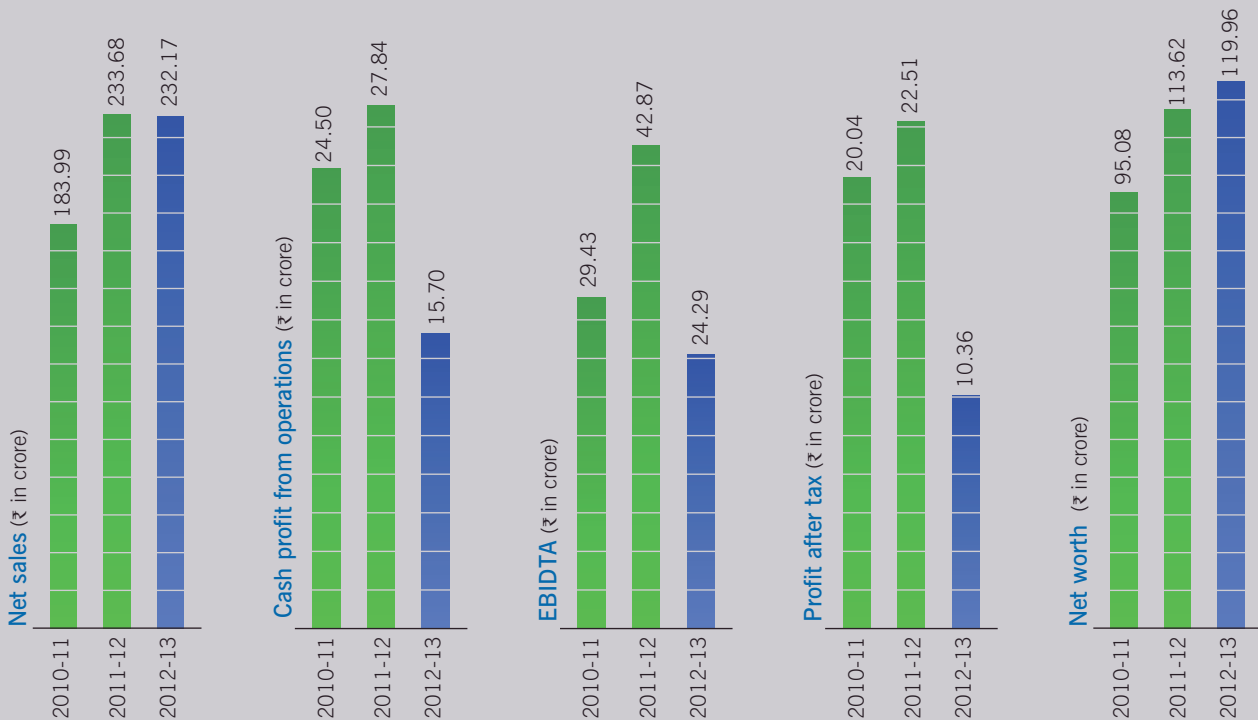
Whenever you see blue or green, think of us.

Because Asahi Songwon Colors is more than just India's leading pigment manufacturer.

It is also one of the most competitive the world over. Having made extensive investments in capacity, knowledge, operating efficiency and environment compliances.

Resulting in enduring and growing relationships with some of the largest downstream users across 20 countries.

Key highlights, 2012-13



Background

The Company was incorporated in 1990 by Mrs. Paru M. Jaykrishna and is managed by Gokul Jaykrishna and Munjal Jaykrishna.

Offerings

- The Company is engaged in the manufacture of Phthalocyanine pigments (Pigment Green 7, Beta Blue and CPC Blue Crude).
- The Company possessed a consolidated manufacturing capacity (12,840 TPA) as on 31st March, 2013.
- The Company has an installed capacity of 1,440 TPA of CPC Green and 11,400 TPA of CPC Blue pigments.

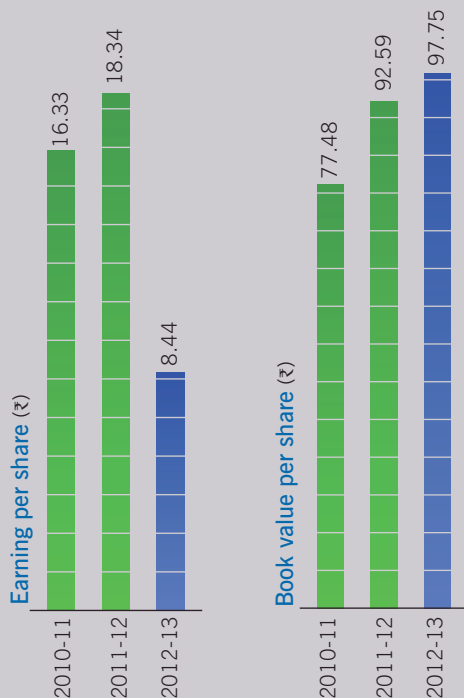
Clientele

The Company's clientele comprises global giants like DIC (Japan), Sun Chemicals (USA), Clariant Chemical India Ltd and BASF (Korea).

Awards and accolades

- The Company's plants are certified with ISO 9001:2008 and ISO 14001:2004, resulting in stringent health, safety and environmental compliances.
- Given an award for outstanding export performance for four years by GDMA.
- Given an award for 'Outstanding performance in the export of dye and dye intermediaries' by CHEMEXCIL for three years.

- Given an award for 'Excellent export performance' in the category of 'Export House' by FIEO in 2000-01.
- Given an award for 'Emerging SME across all sectors' in India by Dun and Bradstreet and Fullerton India in 2008; given an award for 'SMEs in the chemical and petrochemical sectors' by Dun and Bradstreet and Fullerton India in 2008.
- Conferred the 'International Trade award in the chemical category by DHL-CNBC TV 18 in 2009 and 2010-11.



₹ 72.28 crore

Market capitalisation as on 31st March 2013

7%

Global market share as on 31st March 2013

10.46%

EBIDTA margin in 2012-13

4.46%

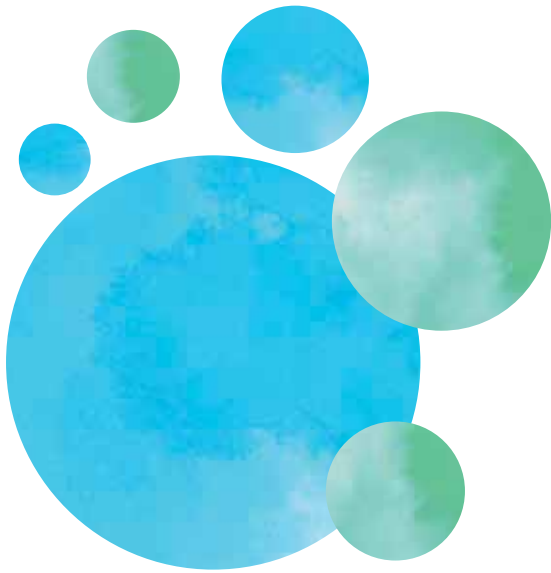
Net profit margin in 2012-13

4.93x

Interest cover in 2012-13

10%

ROCE in 2012-13



Not a decline, but an improvement

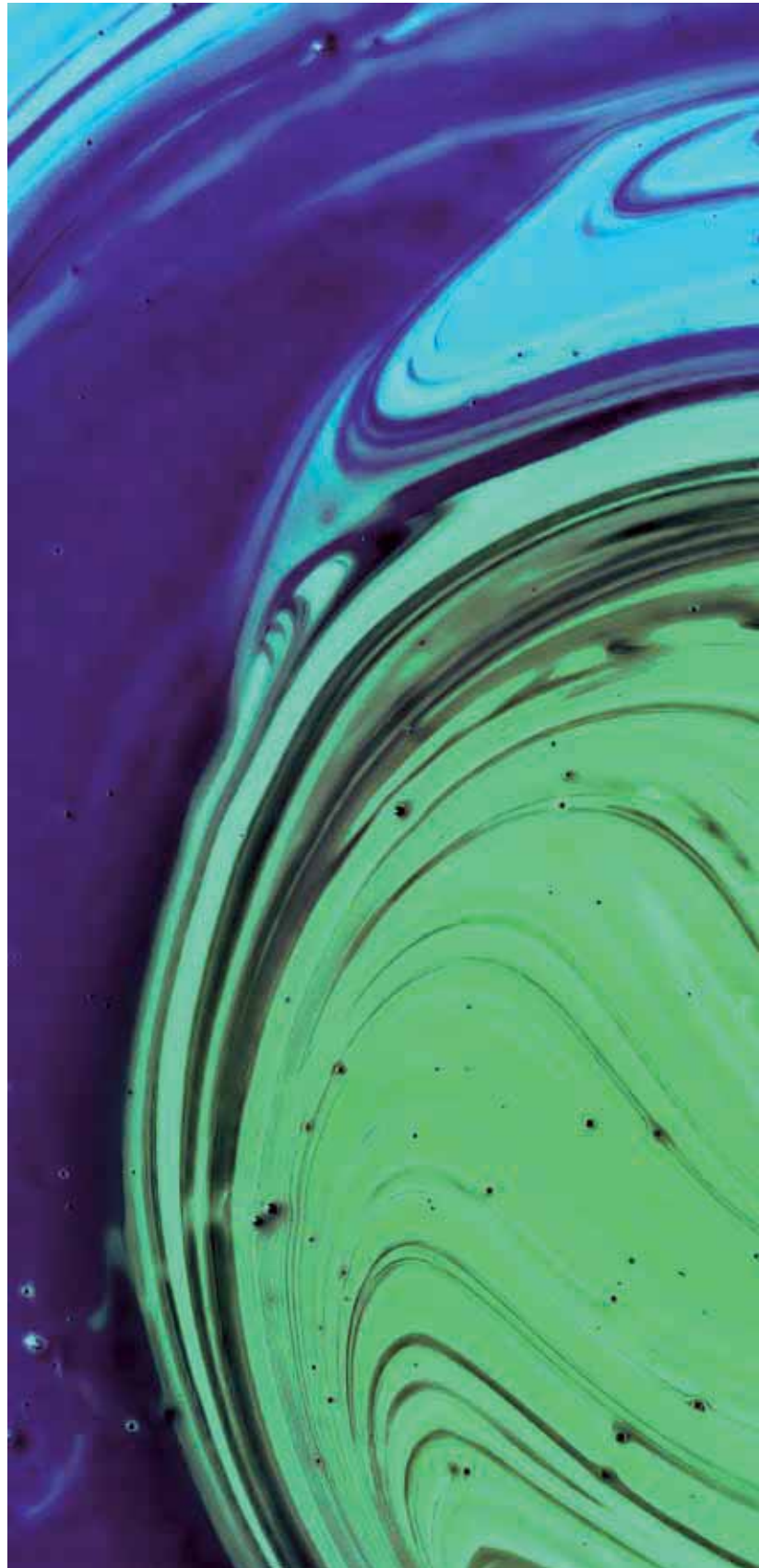
It would be simplistic to ascribe a 54% decline in Asahi Songwon's profit after tax in 2012-13 as a sign of weakening competitiveness.

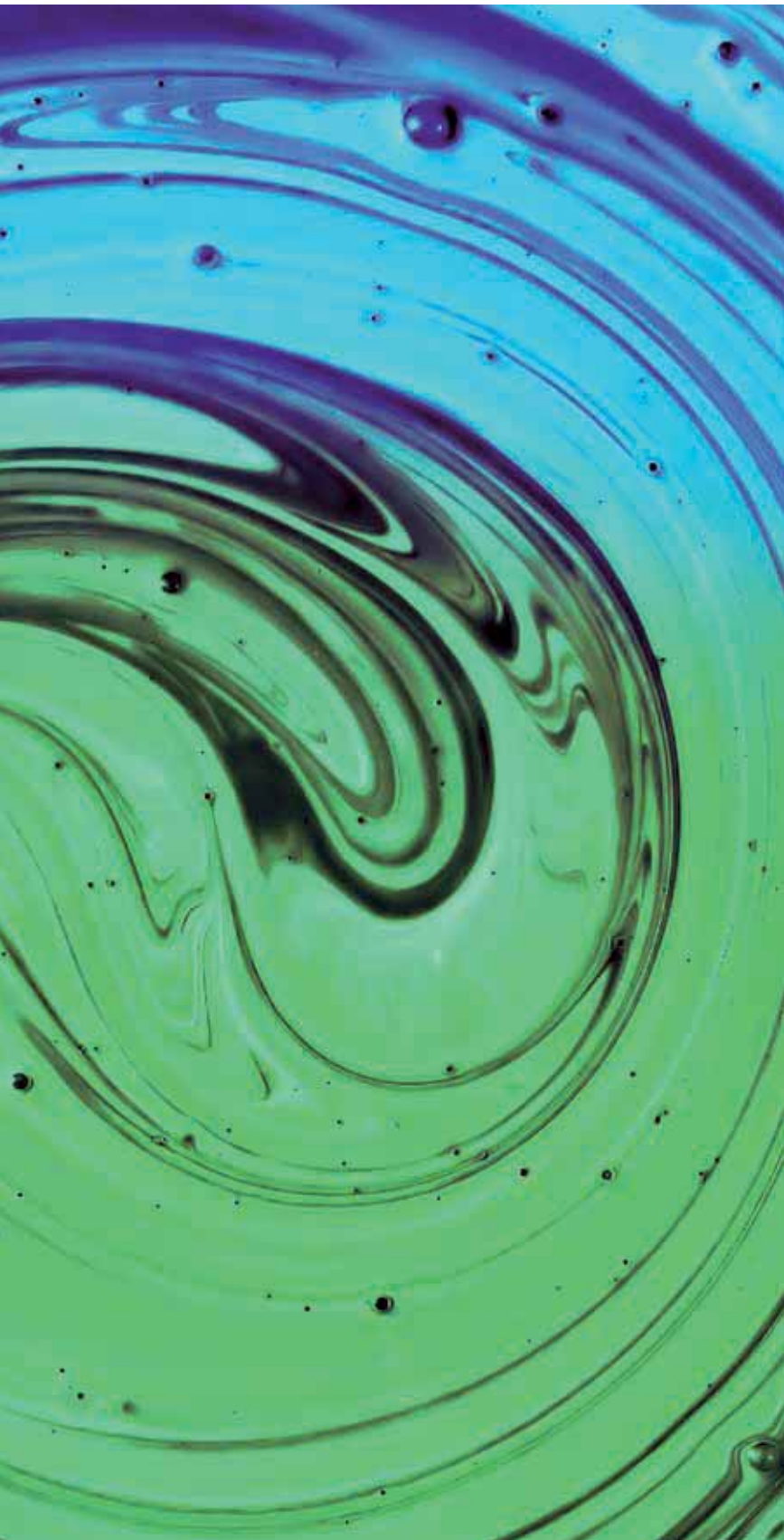
At the Company, we would see this as a temporary aberration in our otherwise-consistent growth journey.

There are some credible reasons behind our conviction that the core of the Company's competitive advantage continues to be robust.

- The Company did not lose a single customer in 2012-13; 98% of the Company's revenues were derived from customers engaged with the Company for three years or more.
- The Company's terms of trade continued to stay protected; the receivables cycle was 76 days of turnover equivalent in 2012-13 (84 days in 2011-12).
- Interest outflow declined 10% to ₹3.84 crore in 2012-13.

So while most analysts would probably look at the Company's Profit and Loss account and pronounce a weakness in the Company's competitive position, the contrarian could look at some not-so-evident numbers and conclude that the core fundamentals improved in a challenging year.





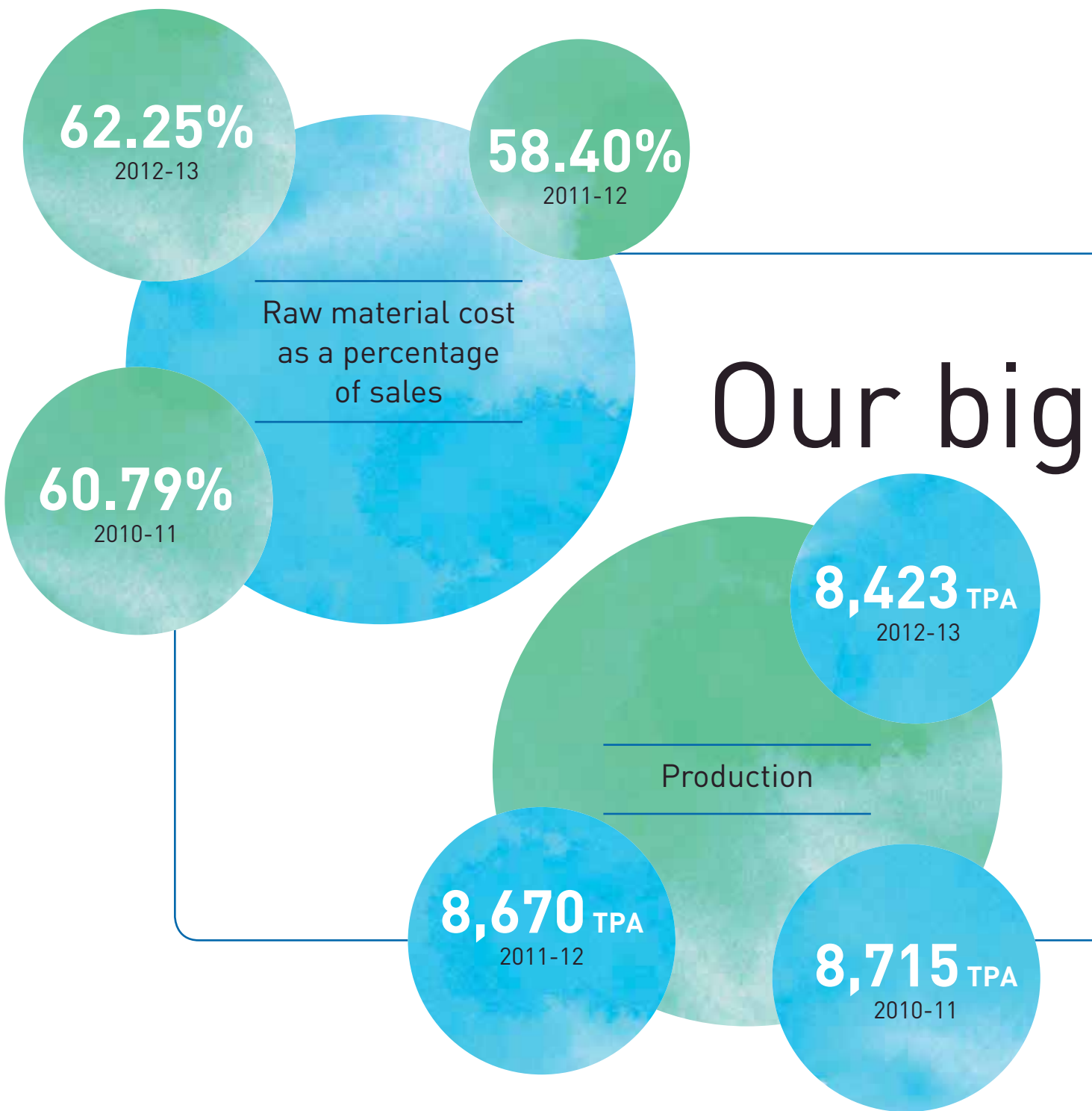
Not an expense, but an opportunity

In the three years leading to 2012-13, Asahi Songwon invested a sizeable ₹13.93 crore in effluent and emission management infrastructure.

This investment comprised 23% of the Company's total gross block as on 31st March 2013.

The sizeable quantum was invested to send out a message to the Company's customers – large, global and respected – that Asahi Songwon possessed a long-term business commitment. The Company made this confidence-enhancing initiative with the objective that the Company's credentials would translate into large repeat orders of value-added products even as the market progressively displaced producers without similar fundamentals.

So while companies in most sectors would have seen this sizeable investment in supposedly non-productive assets as an expense, at Asahi Songwon we see this as an investment and an opportunity.

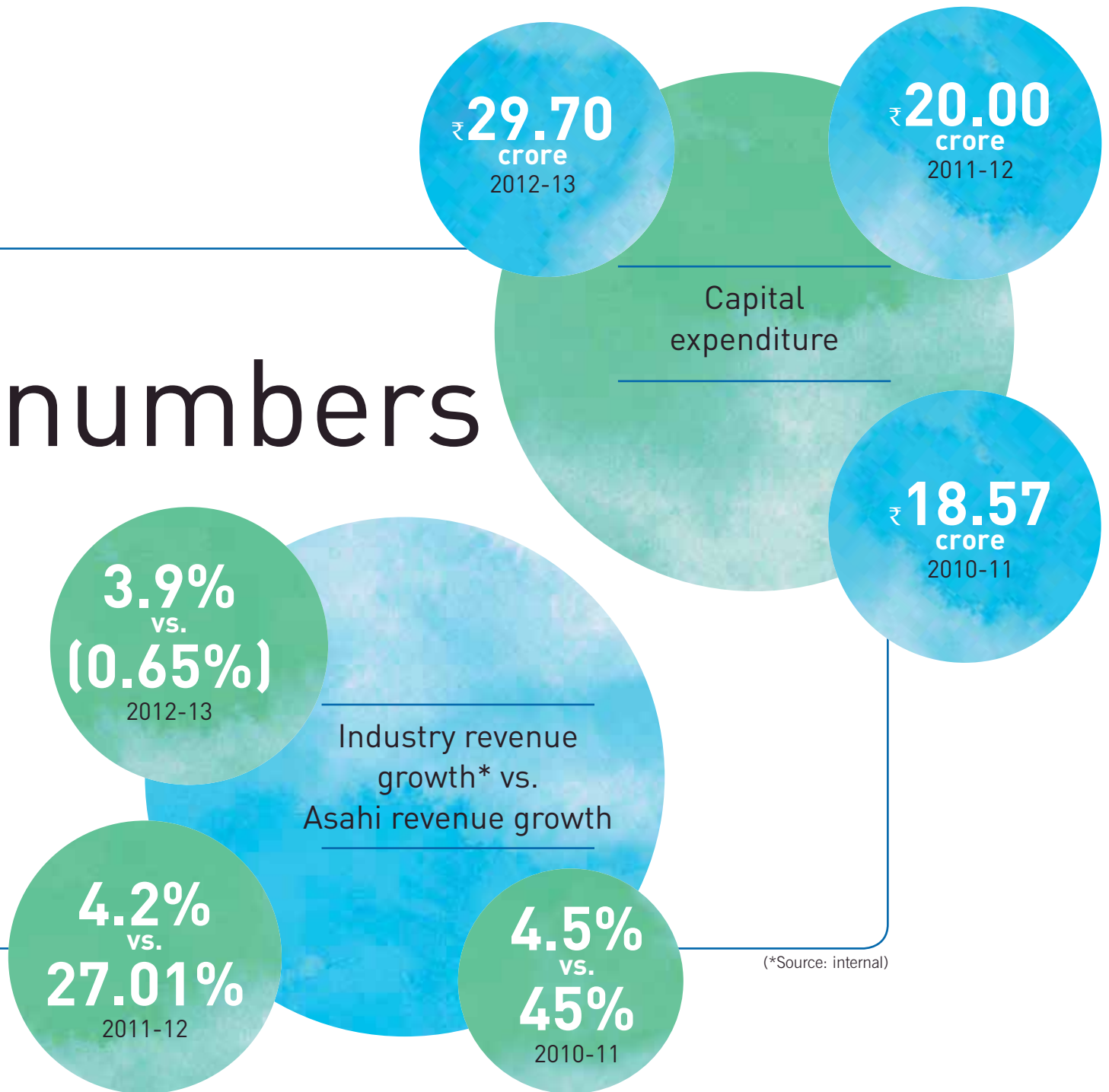


The Gujarat advantage

Over the years, Gujarat has emerged as a preferred industrial destination due to sound infrastructure, abundant manpower, efficient connectivity and adequate raw materials.

Gujarat achieved an annual growth rate of ~ 10% p.a. in the past five years, contributing ~ 17% to the country's industrial production.

numbers



The state's chemical-petrochemical industry is among the fastest growing in the state's economy. Gujarat has emerged as the 'petro capital' of India, accounting for 62% of the country's petrochemicals production, 51%

of the chemical production and 35% of the pharmaceutical production.

Asahi Songwon is in the right state and the right sector at the right time.

CHAIRPERSON'S REVIEW

“The decline in our performance was the cost that the Company was required to pay to stay in business in an increasingly environment-sensitive world.”

Mrs. Paru Jaykrishna, Chairperson and Managing Director, holds out the optimism that the downtrend in the Company's 2012-13 performance is expected to be fleeting



Mrs. Paru Jaykrishna, *Chairperson and Managing Director* (centre), with Mr. Gokul Jaykrishna, *Joint Managing Director* (left), and Mr. Munjal Jaykrishna, *Joint Managing Director* (right)

Q: How would you appraise the performance of the Company during the year under review?

A: The Company reported a significant 54% decline in its profit after tax during the year under review. In some ways, this was not entirely expected for reasons that one will explain. As we see it at our Company, the decline in our performance was the cost that the Company was required to pay to stay in business in an increasingly environment-sensitive world and now that this cost has indeed been paid, the Company is expected to do much better over the foreseeable future.

Q: What were the specific reasons for the decline in the Company's performance in 2012-13?

A: Over the 12 months leading towards the close of 2012-13, the Company invested ₹29.70 crore in capital expenditure, of which a sizeable ₹13.93 crore was deployed in environment treatment assets and infrastructure. The usual capex in capacity over the years had been productive, enabling the Company to generate an increase in throughput that translated into enhanced revenues and profits. However, the sizeable investment in environment-

protecting assets did not generate any increase in revenues (though this is expected to generate repeat and growing business over the foreseeable future), which reduced the Company's cushion against probable cost increases or price declines. The result is that when raw material costs increased in 2012-13, the Company could not amortise its fixed costs across a larger production spread and the result was a relatively more severe impact on the bottomline.

Q: Shareholders are likely to ask whether this sizeable investment was at all necessary?

A: The latter investment was necessary from a number of perspectives: pollution control norms are tightening faster than ever with Gujarat, the state that accounts for nearly 65% of all of India's chemical businesses (where the Company's operations are located) leading the way. The Gujarat Pollution Control Board is a taskmaster regarding this point and the result is that over the last year, a number of operating industries have actually been shut down for reasons of environmental non-compliance.

Even as the Company had always been

a responsible investor in effluent-management assets, it selected to make a sizeable one-time investment that would graduate its effluents management assets to internationally benchmarked standards. In this regard, the Company emerged as a proactive investor reinforcing the confidence of its prominent downstream customers that the Company conforms to a progressive global order; besides, this rigid environment is likely to force a number of non-complying manufacturers out of business, which could result in an attractive business-strengthening opportunity for environment-friendly manufacturers.

Q: Shareholders are likely to feel that returns from environment management assets could be long-drawn.

A: At Asahi Songwon, we had always reckoned that our sizeable investments in pollution mitigation assets would generate a return when those not complying would be compelled to shut down and the resulting demand-supply gap would strengthen realisations and benefit the first-movers. I am pleased to report that this is happening faster than we had anticipated; during the first quarter of the current financial year, the Company has been successful in effecting its first round of price increases – the first such increase in quarters – that promises to generate a higher business payback than what we encountered in 2012-13, vindicating our decision to invest in pollution-mitigating equipment. I might add here that even as we have completed our sizeable capex cycle,

there are a number of companies either contemplating or just entering into their capex cycle, which puts us at least two years ahead of them in capitalising on the market upturn and reporting an attractive payback.

Q: In what other ways did the Company strengthen its business during the year under review?

A: During a year when our revenues plateaued and our bottomline declined, it would have been reasonable to believe that most of our financial indicators weakened as well. Interestingly, this was not the case; except for the fact that our raw material costs increased and profits declined, we continued to protect the quality of our business. For instance, we reported a lower interest outflow by 10% to ₹3.84 crore during the year under review which was achieved through robust terms of trade on the one hand and ₹6.47 crore debt repayment, on the other. So the message that we wish to send out to our shareholders is that even as the Company's Profit and Loss account weakened temporarily, the Company continued to strengthen its Balance Sheet.

Q: How is the global sectoral space evolving and how does the Company expect to strengthen its place in it?

A: Over the last number of years, even as China emerged as the global leader in the Azo dyes segment, India gradually emerged as the global hub for Pthalo pigments on account of a growing access to international technologies, superior technical

professionals and stronger respect for environmental compliances. Asahi Songwon's, specialisation in the pthalo space, helped it carve out a global share of 7%. Rather than be merely content with a linear increase in the share for Pthalo dyes, the Company selected to extend its product basket – from Green and Beta to Alpha Blue – with the objective to carve out a larger share of the customer's wallet.

Q: A more pertinent question. How is the Company placed following the weakening of the rupee in the first quarter of the current financial year?

A: The Company is expected to benefit to the extent of the value-addition (export value less import cost) following the weakening of the Indian currency. Besides, one must take this opportunity to communicate to the shareholders that our conservatism in selecting to mobilise all our debt in rupees will not increase our repayment liability.

The Company is a net foreign exchange earner so the weakening of the Indian rupee will have a positive impact on earnings. A major portion of the Company's debt is also in Indian rupees so will not have any impact on debt repayment.

Q: What can the Company's shareholders expect during the current financial year?

A: At Asahi Songwon, we expect to grow our volumes by 15% over the previous year, which we expect should translate into an attractive increase in margins and profits, returning the Company to its erstwhile state of profitability.

Our competitiveness

MANUFACTURING

Location: Asahi Songwon Colors enjoys an abundant access to technically qualified personnel as Gujarat (the state in which the Company's plants are located) is the largest producer of chemicals in India.

Scale: Asahi Songwon Colors is a leading manufacturer of Phthalocyanine pigments (blue and green) and derivatives in India.

Coverage: Phthalocyanine pigments (blue and green) account for 60% of the world's organic pigments followed by Azo pigments (red and yellow).

Portfolio: Asahi Songwon Colors is engaged in the manufacture of Phthalocyanine pigment varieties like CPC Green, CPC

Blue Crude and a range of Beta Blue pigments. The Company's 2012-13 turnover was ₹232.17 crore, out of which 70% accounted for CPC Blue Crude and Beta Blue and the rest was of Green pigments.

Applications: About 60% of the Phthalocyanine pigments are used in the manufacturing of printing inks, while the rest find their applications in paints, plastics, textiles and paper. Beta Blue pigments account for 50% of the pigments used for manufacturing of printing inks, followed by Green pigment and Alpha Blue, in that order.

Flexibility: The Company has two

plants - (Chhatral, which manufactures Green pigment with a capacity of 1,440 TPA, and Padra, which manufactures Blue pigment with a capacity of 11,400 TPA).

Benefits: The CPC Blue division is registered as an export-oriented unit (EOU). The Company's windmill enjoys tax benefits under Section 80 IA of the Income Tax Act.

Competitiveness: Over the years, the Company rationalised manufacturing costs through periodic investments, superior technology absorption and monitoring, to emerge as one of the most competitive in its segment globally.

QUALITY

Equipment: The Company has got the ink and plastic testing equipment which include vibro shaker, muller machine, injection moulding machine which help us to meet the changing requirements of our customers around the globe.

Certifications: The Company is ISO 9001-2008-certified, validating its quality management system as well as accredited with the ISO-14001-2004 certification.

Policy: The Company's quality policy focuses on meeting/exceeding customer expectations by delivering products of the highest quality through ongoing improvements, reliability and service.

Process: The Company's quality management is driven by efficient systems and processes, resulting in operational predictability and consistency. The Company's procedural compliance is periodically

audited by a third party.

Initiatives: The Company strengthened its product excellence through continuous improvements in procedural control and variability reduction, waste elimination across all business processes, continuous competence upgradation and investments to procure top-of-the-line technology.

KNOWLEDGE

Rich experience: The Company has an experience spanning more than two decades.

Focus: The R&D team's objective is to widen its product range, enhance product quality, rationalise consumption and reduce effluent generation.

Compliance: The Company strengthened its environmental management system to rationalise effluent generation.

Investment: The Company commissioned an R&D (approved by the Central Government) department in 2010. We developed a process for Beta Blue 15:4 and other products which are in the pipeline.

Validation: The Company's products have been validated by MNCs who are leaders in downstream (ink, paint and plastic) industries. The Company is registered with Department of Scientific and Industrial Research (operating under Ministry of Science and Technology).

Competence: The Company's average age is 36 (across 170 employees) more than 15% of whom are engineers; 30% recruits of those recruited in the last three years have been engineers.

Training: The Company sent employees to various programmes, organised by reputed management institutes and associations, related to management, environmental control, cost reduction and chemicals.

MARKETING

Channel: The Company adopted the direct route to market products to major MNCs resulting in enduring relationships (although it has distributors in South Africa, Taiwan, Spain among others)

Coverage: Nearly 84% of the Company's revenues were derived from exports, positioning it effectively as globally pervasive company.

Relationships: The strength of the Company's research capabilities was showcased in the introduction of value-added products in the three years leading to 2012-13; 100% of the Company's revenues in 2012-13 were derived from customers with relationships extending for three years or more.

Customers: The Company's customers comprise some of the largest global companies like DIC

(Japan), Sun Chemicals (USA), Clariant Chemicals India Ltd and BASF (Korea) with a large and growing product appetite. 69.63% of the Company's revenue was derived from exports to multinationals in 2012-13.

Strong financials: The Company emphasised its dependability also through its Balance Sheet, reflected in a networth of ₹119.96 crore.

Risk management at Asahi Songwon

01

The business may cease to remain attractive.

Mitigation:

The global pigment sales are estimated to grow to US\$ 24.5 billion in 2015 and US\$ 27.5 billion in 2018. The global demand for dyes and organic

pigments is expected to increase annually at a rate of 3.9% over 2013. Phthalocyanine pigments account for a considerable 35% share of the world's organic pigments, growing annually at 4%. An increasing number of customers have shown an inclination to work with organised players on account of stricter environment compliances within the

sector, which should translate into a growing market for the Company. The traction is visible in the numbers: the Company reported a revenue CAGR of 22.38% in the three years leading to 2012-13, outperforming its sectoral average.

02

The Company may lose market share if it is unable to respond to market changes.

Mitigation:

The Company has clients like DIC (Japan), Sun chemicals (USA), Clariant

(India), BASF (Korea). The equity investments by Clariant 5.86% and DIC 7.05% in Asahi vindicate their faith in the Company. The fact that 69.63% of its revenues were derived from sales to large international giants operating has resulted in the Company benefiting from

sectoral developments. Besides, the Company invested around ₹0.34 crore mediated towards cutting-edge research and development in the three years leading to 2012-13.

03

Presence in a limited number of markets could result in stagnant revenues in the event of

an unexpected de-growth in those markets.

Mitigation:

The Company's products are marketed in

20 countries. The Company's order book was secured through long-term contracts with four large global players across four countries.

04

The unchecked release of waste water and unsafe disposal can invite censure and even

closure.

Mitigation:

The Company complies extensively with relevant statutory and environmental requirements. The Company's facilities have passed each statutory audit by the Gujarat Pollution Control Board. The Company upgraded its environment

management system and invested in state-of-the-art technology to rationalise effluent generation and emission. The Company's manufacturing facilities are certified with industry-best ISO 14001:2004 norms.

05

The Indian currency volatility could affect profitability.

Mitigation:

The Company earned revenues worth ₹194.36 crore in 2012-13 via exports, benefiting from the Indian currency's

weakness. The Company follows a systematic and consistent approach in managing its foreign exchange-related risks.

STATUTORY SECTION

Board of Directors and Their Profile

MRS. PARU M. JAYKRISHNA

Chairperson and Managing Director

Mrs. Paru M. Jaykrishna, is the Chairperson and Managing Director of the Company. She is B.A. & M. A. in Philosophy, Sanskrit and English Literature and also holds a degree in Law. She is one of the renowned women entrepreneurs of India. She was the first lady elected as Executive Member and President of Gujarat Chambers of Commerce and Industry. She has been founder director, president to many of the Gujarat Government Boards and Organizations. She is the founder of the Company and looks after policy making and growth strategies of the Company.

MR. H. K. KHAN

Mr. H. K. Khan, IAS (Retd.), very senior position both in Government of India and Government of Gujarat. Besides holding Chairman / Director on the Board of several public sector as well as private sector companies, he has served very important position in Gujarat Government as Chief Secretary. Adviser to Chief Minister, Additional Chief Secretary and Principal Secretary of Industry. In 1988, he was appointed as Secretary to the Government of India in the Department of Chemicals and Petrochemicals. He held following Corporate posts: Chairman – Gujarat State Fertilizer Company, Chairman – Gujarat Narmada Fertilizer Company, Chairman – Gujarat Alkalies and Chemicals Ltd., Chairman – Gujarat Power Corporation and Ahmedabad Electric Company, Chairman – Gujarat Ambuja Cement Ltd., Director – I.P.C.L. He is a member of remuneration committee of the Company. He is a director of Calcom Visions Ltd.

MR. R. K. SUKHDEVSINHJI

Mr. R. K. Sukhdevsinhji, is the son of late Maharaja Rajendrasinhji. He graduated from St. Stephens College, Delhi. In 1981 he was deputed to the Ministry of Petroleum and Natural Gas, as Director (Operations) in the Oil Coordination Committee (OCC). He has also served as Chairman and Managing Director of Bharat Petroleum Corporation Ltd. He has held Board level position in various Central Government, Public Sectors Companies / Corporations. He is a member of Audit Committee of the Company.

MR. ARVIND GOENKA

Mr. Arvind Goenka, is a graduated from St. Xavier College, Kolkatta, is an industrialist hailing from the renowned family of late Sir Badridas Goenka associated with the Industrial Group

popularly known as DUNCAN. Mr. Goenka commands rich experience over 25 years in managing and / or looking after industries of diverse business interests such as jute, cotton textiles, rubber, chemical and sophisticated industrial engineering products. He is on the board of reputed companies like Oriental Carbon and Chemicals Ltd., Schrader Duncan Ltd, Associated Polymers Ltd.

MR. GAURANG N. SHAH

Mr. Gaurang N. Shah, is an industrialist having more than 32 years experience in business and in particularly in the chemical industry. He is the Chairman of Audit Committee, Remuneration Committee and Shareholders / Investors Grievances Committee of the Company.

DR. PRADEEP JHA

Dr. Pradeep Jha, is an academician with over 36 years of experience in teaching. He has published research papers on inventory management. He has remarkable contribution in operation research. He is a professor in L. J. Institute of Engineering and Technology, Ahmedabad. He is a member of Audit Committee, Remuneration Committee and Shareholders / Investors Grievances Committee of the Company.

MR. GOKUL M. JAYKRISHNA

Mr. Gokul M. Jaykrishna, is the Joint Managing Director of the Company looking after the finance, marketing and overall development of the Company. He is a major in finance and marketing from Lehigh University, Bethlehem. He has the experience of working with Krieger Associates, New Jersey, USA, one of the most influential currency and currency option traders in the World. He is with the Company since 1996.

MR. MUNJAL M. JAYKRISHNA

Mr. Munjal M. Jaykrishna, is the Joint Managing Director of the Company looking after production, marketing, quality control and overall development of the Company. He is a Bachelor of Science in business and economics from Lehigh University, Bethlehem. Before joining the Company, he has worked with Bank of California, San Francisco as Financial Analyst & Paragon Knits, Bethlehem as a consultant.

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of ASAHI SONGWON COLORS LIMITED will be held on Friday, 27th day of September, 2013 at the Registered Office of the Company situated at 167-168, Village Indrad, Kadi - Kalol Road, Dist: Mehsana, Gujarat, at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2013 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditor's report thereon.
2. To declare Final Dividend.
3. To appoint a Director in place of Mr. H. K. Khan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Arvind Goenka, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Statutory Auditors and fix their remuneration.

By the Order of the Board of Directors

Place : Indrad, Mehsana

Date : 30th July, 2013

MRS. PARU M. JAYKRISHNA

Chairperson & Managing Director

Registered Office :

167-168, Village Indrad


Kadi – Kalol Road, Dist : Mehsana

Gujarat – 382 727 (India)

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.**

THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, MUST BE DULLY FILLED IN ALL RESPECT AND SHOULD BE LODGED WITH THE COMPANY AT IT REGISTERED OFFICE ATLEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 19th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
3. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be paid :
 - a. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on 18th September, 2013.
 - b. To all Members in respect of shares held in physical form after giving effect to valid transfer in respect of transfer requests lodged with the Company on or before the close of business hours on 18th September, 2013.
4. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, contact numbers, email address among others, to their Depository Participant (DP). Changes intimated to DP will then be automatically reflected in the Company's record which will help the Company and the Company's Registrars and Transfer Agents (RTA). Members holding shares in physical form are requested to intimate such changes to RTA.

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5. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send duly certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
 6. As required under Clause 49 of the Listing Agreements entered into with the stock exchanges, particulars of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice.
 7. Members are requested to note that, pursuant to Section 205C of the Companies Act, 1956 dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to Investor Education and Protection Fund. The Shareholders who have not claimed their dividend are advised to do the same as once dividend is transferred to IEPF, no claim lie in respect thereof with the Company. The shareholders who have not encashed dividend for the financial year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are requested to approach the Company or RTA for the payment thereof.
 8. The Ministry of Corporate Affairs has under taken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this Green Initiative by registering/updating their email addresses for receiving electronic communication.
 9. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the meeting.
 10. Members desirous of obtaining any information / clarification concerning accounts and operations of the Company are requested to send in writing to the Company at least 7 days before the date of the Meeting.

By the Order of the Board of Directors

Place : Indrad, Mehsana
Date : 30th July, 2013

MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

Registered Office :
167-168, Village Indrad
Kadi – Kalol Road, Dist : Mehsana
Gujarat – 382 727 (India)

ANNEXURE TO THE NOTICE

Disclosure pursuant to Clause 49 of the Listing Agreement with regards to directors seeking reappointment/appointment at the forthcoming Annual General Meeting (Refer 3 and 4) of the Notice

Name of Director	Mr. H. K. Khan	Mr. Arvind Goenka
Date of Birth	15.08.1933	05.06.1962
Date of Appointment	28.11.2006	16.04.1996
Expertise in specific functional areas	Retired IAS	Rich Experience in the business of Jute, Chemicals and Textiles.
Qualification	B. A. (History)	Commerce Graduate
No. of Equity Shares Held	NIL	NIL
List of outside Company Directorships Held	<ol style="list-style-type: none"> Shreewood Infrastructures (India) Pvt Ltd Calcom Visions Ltd 	<ol style="list-style-type: none"> Oriental Carbon & Chemicals Ltd Schrader Duncan Ltd Associated Polymers Ltd Tomkins Consulting Services India Pvt Ltd
Chairman/Member of the Committees of the Board of Directors of the Company	<ol style="list-style-type: none"> Remuneration Committee-Member 	NIL
Chairman / Member of the Committees of Directors of other Companies in which he/she is a Director a) Audit Committee b) Shareholders / Investors Grievances Committee	<ol style="list-style-type: none"> Calcom Visions Ltd - Audit Committee Member 	<ol style="list-style-type: none"> Schrader Duncan Ltd - Audit Committee Member - Remuneration Committee Member Oriental Carbon & Chemicals Ltd Shareholders/ Investor Grievance & Share Transfer Committee member

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 23rd Annual Report together with the Audited Financial Statement of your Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

The financial performance of your Company in the year under review is summarised below:

(₹ in Lacs)

Particulars	2012-2013	2011-2012
Revenue from Operations (Net of Excise Duty)	23,216.59	23,367.96
Other Income	46.30	44.04
Total Income	23,262.89	23,412.00
Profit for the year before Finance Costs & Depreciation	2,533.57	4,392.82
Less : Finance Costs	489.56	534.88
Profit for the year before Depreciation	2,044.01	3,857.94
Less : Depreciation	533.96	532.85
Profit for the year before Taxation	1,510.05	3,325.09
Less : Current Tax	188.60	918.37
Less : Deferred Tax	285.82	155.57
Net Profit for the year	1,035.63	2,251.15
Add: Balance brought forward from previous year	4,433.10	2,981.16
Surplus available for Appropriation	5,468.73	5,232.31
Appropriation:		
General Reserve	150.00	300.00
Proposed Dividend at ₹3.50 (Previous Year ₹2.25) per Equity Shares	429.53	276.13
Interim Dividend at ₹Nil (Previous Year ₹1.25) per Equity Shares	-	153.40
Dividend Distribution Tax	73.00	69.68
Balance Carried to Balance Sheet	4,816.20	4,433.10
Total	5,468.73	5,232.31
Earning per share (EPS) in ₹		
(Basic & Dilute per share of face value of ₹10/-)	8.44	18.34

DIVIDEND

After considering the Company's profitability, cash flow and overall financial performance, your Board of Directors are pleased to recommend final dividend of ₹3.50 (35.00%) per equity share on the face value of ₹10 each subject to approval of the shareholders in the ensuing Annual General Meeting.

The final dividend, if declared as above would involve an outflow of ₹430 Lac towards dividend and ₹73 Lac towards dividend distribution tax.

During the previous financial year, the Company had paid a dividend of ₹3.50 per equity shares.

REVIEW OF OPERATIONS

General

The financial year 2012-2013 has been challenging for Global and Indian economy. The year was marked by inflation, high energy prices and weakening of the Indian Rupee. High interest rates and spiraling prices of raw material added to the woes.

The market of the Pthalo Pigment was also sluggish during the year, which challenged the volume. The profitability was also impacted by steep increase in input price and on account of planned partial shutdown from January 11, 2013 to February 15, 2013 of its unit at Padra, Vadodara to carry out de-bottlenecking of the CPC Blue Crude capacity.

Financial Performance

During the year under review, the Company has earned a total income of ₹23,263 lac as compared to ₹23,412 lac in the previous year. Profit after Tax (PAT) stood at ₹1,036 lac as compared to ₹2,251 lac in the previous year.

Operations

Exports

Your Company continued to show growth in export sales. Export sale for the year under review amounts to ₹19,436 lac as against ₹17,893 lac during the previous year showing a growth of 9%. Your Company is constantly exploring new markets to enhance the exports of its product despite stiff competition in the global market.

Capital Expenditure

The Company has incurred a capital expenditure of ₹2,970 Lac in year under review compared to ₹2,000 Lac in the previous year.

TRANSFER TO RESERVE

Your Company proposes to transfer ₹150 lac (Previous Year ₹300 lac) to the General Reserves. An amount of ₹4,816 lac is proposed to be retained in the Statement of Profit and Loss.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

A detailed review of operations performed and future outlook of your Company and business is given in the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) is presented in a separate section forming part of the Directors' Report.

CORPORATE GOVERNANCE

Your Company has been practicing principle of Corporate Governance over the years. As per Clause 49 of the Listing Agreement with the Stock Exchange(s) a separate section on corporate governance practice followed by the Company, together with a certificate from M/s. Trushit Chokshi & Associates,

Chartered Accountants, Ahmedabad, statutory auditors of the Company confirming compliance with the conditions of Corporate Governance is set out in the Annexure forming part of this report.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. H. K. Khan and Mr. Arvind Goenka retire by rotation as Directors at the conclusion of the forthcoming Annual General Meeting and offer themselves for reappointment. Your Directors recommend their reappointment as Directors of the Company. A brief resume and other information have been detailed in the Notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirement under section 217(2AA) of the Companies Act, 1956, with respect to the Directors Responsibility Statement, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanations in case of material departures;
- (ii) the Directors have 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, 2013 and of the profit or loss of the Company for that period;
- (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 for the year ended 31st March, 2013 on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. Trushit Chokshi & Associates, Chartered Accountants, Ahmedabad (Firm Registration No.111072W) the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. They have confirmed their

eligibility under Section 224 of the Companies Act, 1956 for reappointment as Auditors of the Company. You are requested to consider their reappointment.

The notes on financial statement referred to in their Audit Report are self explanatory and do not call for any further explanation.

COST AUDITORS

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company is required to maintain the cost accounting records for the year. Accordingly, the Company has appointed Ms. Stuti R. Shah, Cost Accountant, Ahmedabad as cost auditors to audit the cost records maintained by the Company for the year 2012-13. The said appointment has been approved by the Central Government.

FIXED DEPOSITS

Your Company has not invited or accepted any deposits from public during the year under review within the meaning of Section 58(A) of the Companies Act, 1956. As on 31st March, 2013 there was no outstanding deposits.

FINANCE AND INSURANCE

The Company has been financed by State Bank of India for both working capital and term loans.

All the insurable interests of your Company including inventories, plant and machinery, building, stocks, vehicles, stores and spares have been adequately insured against various risks and perils.

CREDIT RATING

CARE has reaffirmed credit rating of "CARE A+" (Single A Plus) for long term bank facility and "CARE A1+" (A One Plus) for the short term bank facilities.

LISTING

The Equity Shares of the Company continue to be listed on BSE Limited and National Stock Exchange of India Limited and Listing Fees for the year 2013-14 has been paid to them.

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

The information pertaining to conservation of energy, technology

absorption and foreign exchange earnings and outgo, as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as per Annexure – A forming part of this Report.

PARTICULARS OF EMPLOYEES

The particulars of employees under the Companies (Particulars of Employees) Rules, 1975 as amended, which is required to include in the Directors Report pursuant to Section 217(2A) of the Companies Act, 1956 is attached herewith as per Annexure “B” forming part of this Report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Overall the industrial relations of the Company during the year were cordial. Your Directors wish to place on record their sincere appreciation for the devoted services of all the employees and workers of the Company.

ENVIRONMENT, HEALTH AND SAFETY

Your Company continues to give greater importance to health and safety of its employees and its neighbourhood. Safety and environmental standards are periodically reviewed and upgraded. The Company preserves in its efforts to educate safe and environmentally accountable behavior in every employee, as well as its vendors.

The solid waste generated at the Works, after treatment of its liquid effluent is shifted to a Gujarat Pollution Control Board (GPCB) approved site.

The Company has maintained a greenbelt around its sites as a part of its commitment to environment management.

The Company continues to demonstrate its commitment to

a clean and safe environment. The state of the art effluent treatment plant continues to run satisfactorily, so that the treated wastewater discharged is well within the stipulated norms set by GPCB. As a part of water conservation efforts, the Company has implemented suitable engineering solution to utilise recycled water as much as possible in cleaning, gardening and other utilities.

Your Company has ISO 14001:2004 certification of its both units and ISO 9001-2008 for quality management system.

GREEN INITIATIVE

Your Directors would like to bring it to your notice that the Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” allowing paperless compliance by Companies through electronic mode and the Companies are now permitted to send various notices/documents (including annual report) to its shareholders through electronic mode at the registered e-mail addresses of shareholders.

To support this green initiative, we hereby once again appeal to all members who have not registered their e-mail addresses so far are required to register their e-mail addresses, in respect of electronic holdings with their concerned Depository Participant and in respect of shares held in physical form with Registrar and Share Transfer Agents of the Company.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and cooperation received from the Government of India, Government of Gujarat, Electricity supply companies and Bankers during the year under review.

The Company is thankful to the shareholders for reposing trust in the Company and their unflinching enthusiasm and patronage.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 19th June, 2013

Registered Office :
167-168, Village Indrad
Kadi – Kalol Road, Dist : Mehsana
Gujarat – 382 727 (India)

MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

ANNEXURE – “A” TO THE DIRECTORS’ REPORT

Additional Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the year ended 31st March, 2013.

I. (A) CONSERVATION OF ENERGY MEASURES TAKEN DURING THE YEAR 2012-13

a. Energy conservation measures taken	<p>The Company has a continuous focus on energy conservation. The Company regularly benchmarks its energy conservation levels and consistently work towards improving efficiencies towards getting the cost of energy down to every unit produced. Both units have strong team headed by senior personnel to continuously monitor energy consumption. Efforts have been taken to up grade plant and machinery.</p> <p>The Company has five DG sets installed at the Vadodara plant out of which two are of 1010 KVA, two of 700 KVA and one of 500 KVA and one DG set of 250 KVA installed at Chhatral plant as standby for continuous power supply.</p>
b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy	To conserve energy the Company has one windmill with total installed capacity of 600 KW WTG, which will help to generate energy through environmental friendly measure and also reduce carbon emission in the atmosphere.
c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	All resulted in there is energy saving and saving in the cost of production.
d. Total energy consumption and energy consumption per unit of production	As per Form A

FORM ‘A’

Sr. No.	Particulars	Unit of Measurement	2012-13	2011-12
A) POWER & FUEL CONSUMPTION				
1. Electricity				
a. Purchased				
	Unit	Thousand KWH	17,794.01	16,849.81
	Total amount	₹in Lac	1,227.65	1,048.75
	Rate/Unit	₹	6.90	6.22
b. Own Generation				
i)	Unit generated through diesel generator	Thousand KWH	NA	NA
	Unit per litre of diesel oil	₹in Lac	NA	NA
	Cost/Unit	₹	NA	NA
ii)	Unit generated through Wind Mills	Thousand KWH	1,095.44	1,119.48
	Total amount	₹in Lac	69.26	67.19
	Rate/Unit	₹	6.32	6.00
2. Diesel/Furnace Oil				
	Unit	Thousand Litres	363.265	341.735
	Total amount	₹in Lac	144.48	151.03
	Rate/Unit	₹	39.77	44.20

FORM 'A'

Sr. No.	Particulars	Unit of Measurement	2012-13	2011-12
3.	Natural Gas			
	Quantity	Thousand SCM	189.69	252.76
	Total Amount	₹in Lac	57.01	60.14
	Rate/Unit	₹	30.05	23.80
4.	Coal & other Fuels			
	Unit	Thousand Kgs	33,444.88	28,269.45
	Total amount	₹in Lac	1,368.47	1,153.09
	Rate/Unit	₹	4.09	4.08
B) CONSUMPTION PER UNIT OF PRODUCTION (PIGMENTS)				
Unit Cost per MT of Production				
	Electricity	(Units/Ton)	2,112.66	1,943.56
	Diesel/furnace oil	(Ltrs./Ton.)	43.13	39.42
	Coal and other fuels	(kg/ton)	3,970.86	3,260.77
	Natural Gas	(SCM/Tone)	22.52	29.15

1. (B) TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption in Form "B"

RESEARCH & DEVELOPMENT (R & D)
FORM "B"
1. Specific area in which Research & Development carried out by the Company

The Company is carrying out Research & Development activities for improvement in the quality of the products, develop new range of products, cleaner environment, reduce waste generation and developing cost effective processes and streamlining existing processes.

2. Benefits derived as a result of the above Research & Development

- High quality products and process rationalisation.
- Improved product quality, production and cost reduction to meet the changing requirements of customer.
- With installation of Quality System and Total Quality Management, we have been able to get ISO 9001:2008 accreditation and this in turn, has enabled us to plan, manufacture and supply material of International Standards. This activity has resulted in up gradation of all the documentation on the products to specify complete manufacturing and quality assurance needs.
- The company has ISO 14001: 2004 certification.
- Cost reduction by process improvement and cycle time reduction.
- Reduction in waste generation and energy inputs.
- Successful in developing value added pigments.

3. Future plan of action

Research & Development activities are being intensified to improve quality, develop product variants, and improve productivity, reduction in waste generated and energy inputs.

4. Expenditure on Research & Development
(₹ in lac)

Particulars	2012-13	2011-12
Capital	11.76	9.40
Recurring	22.35	19.77
Total	34.11	29.17
Total Research and Development Expenditure as percentage of total turnover	0.15	0.12

5. Technology absorption, adaptation and innovation
i) Efforts, in brief made towards technology absorption, adaptation and innovation:

The Research and Development centre of the Company is recognised by the Ministry of Science and Technology, Government of India.

The centre is engaged in development of new product, cost effective technology for existing and new product which are environment friendly, reduction back cycle time.

ii) Benefits derived as a result of the above efforts:

The above efforts have improved the quality of the product and improved the productivity and reduced wastages.

iii) Information regarding technology imported during the last five years: The Company has technological support from Clariant Pigments (Korea) Limited and DIC Corporation, Japan.

I (C) FOREIGN EXCHANGE EARNINGS AND OUT GO

a. **Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and service and export plans**

The Company is an export oriented company, where 84% of the total turnover comes from Exports. During the year the Company exported pigments (Green and Blue) valuing (FOB) ₹19,240 Lac (previous year ₹17,660 Lac) to various countries around the World. The Company is

global phthalocyanine pigment exporter to various countries, major to Europe, USA and Asian Markets. Your Company is constantly exploring new markets to enhance the exports of its products.

b. **Foreign Exchange used and earned** (₹ in lac)

Particulars	2012-13	2011-12
Foreign Exchange Earned (FOB)	19,239.49	17,659.58
Foreign Exchange Used	3,812.64	3,820.15

ANNEXURE – “B” TO THE DIRECTORS’ REPORT

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956 and the rules made therein and forming part of the Director’s Report for the year ended 31st March, 2013.

Name	Designation	Remuneration received (₹)	Qualification	Experience (Years)	Date of commencement of employment	Age (Years)	Previous employment held
Mrs. Paru M. Jaykrishna	Chairperson and Managing Director	83.05 lac	MA, LLB	42	Since Inception	70	Skyjet Aviation Pvt Ltd

Notes:

1. The employment is contractual.
2. Remuneration received includes salary, commission, Company’s contribution to provident fund and taxable value of perquisites.

ANNEXURE - "C" TO
THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Asahi Songwon is one of the leading manufacturers and exporter of Phthalocyanine pigments. The Company's product basket constitutes of Copper Phthalocyanine Green (CPC Green – Green 7), Copper Phthalocyanine (CPC Blue) and its derivatives.

The economic environment in 2012-13 had been tough. Indian economy witnessed one of its most challenging years, with GDP growth declining to 5% from 6.2% in the previous year on account of high fiscal deficit, high inflation, elevated interest rates, low industrial production and a depreciating Indian rupee. The global economy was also weakened with tight liquidity, contracting demand, declining trade and reduced investments. The eurozone continues to struggle, China's economy is slowing down and the US economy is sluggish too. The poor business sentiments also affected the overall performance of the Company.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Chemicals are an integral part of our modern day life. There is hardly any industry where chemical substances are not used. Pigments are an integral ingredient of the chemical industry. Pigments are colouring agents that can be classified into phthalo and azo pigments. Phthalocyanine pigments are one of the largest categories of pigments manufactured in India. Your Company is engaged in the manufacture of phthalo pigments. The Company has two dedicated plants operating, the Kadi plant near Mehsana manufactures green pigments and Padra plant near Vadodara manufactures CPC Blue Crude and Beta Blue Pigments. Pigment finds varied application in printing inks, paints, plastics, textiles and papers.

OPPORTUNITIES, THREATS, RISK & CONCERNS

The global pigments industry produces hundreds of colourants for a wide spectrum of industries and consumers. The major markets are printing inks, paints and coatings, plastics, paper, ceramics, textiles, glass, food and cosmetics.

With more and more people are moving to urban areas there has been a hefty growth in the paints and coating industry. The global pigments market revenues are expected to reach USD 14.7 billion in 2018, growing at a CAGR of 4.5% from 2013 to 2018. In terms of volumes, pigments demand is expected to reach 4.4 million tonnes by 2018 (Source: Transparency March Research). The Asia Pacific region is expected to grow as demand and production of pigment are shifting from the US, Europe and Japan to the emerging markets of Asia, especially China and India.

A steady increase in the large pigments markets such as paint and coating will catalyse volumes. With the printing ink industry also performing well, it will open up newer opportunities for the Company.

Raw material availability and their costs are always a concern. The key raw materials used in the manufacture of the pigments are derivatives of crude oil. Hence, prices of raw material vary with fluctuation in the international crude oil prices. The Company has an in built system of monitoring the inventory and logistics. Further production process of the Company is vertically integrated, where CPC Blue Crude is the primary raw material for the production of Pigment Green and Pigment Blue. This helps the Company to manage the raw material cost.

The future of pigment production is completely dependent on the ability to treat the waste water. The Company has been investing continuously in meeting its obligations towards protecting the environment. Towards this step, during the year the Company upgraded the Effluent Treatment Plant (ETP) of both the plants.

The Company is exposed to the risk of foreign currency fluctuations as it derives substantial portion of its revenues from the exports. Though the Company has a natural hedge, if there is any adverse fluctuation in the foreign currencies, it may affect the overall performance of the Company.

The Company is having a well structured risk management system under the guidance of experienced Board of Directors. The Audit Committee monitors the implementation of the risk mitigation plans.

OUTLOOK

Indian economy is expected for slow revival with continued inflationary prices, rising raw material cost, depreciating rupee. The global economy shows signs of revival but with no significant upturn. Developed economics like North America and Europe which are major consumers of pigment are gradually recovering and accordingly demand for printing inks, paints and coating is expected to pick up, which will benefit the Company.

The Company will continue its efforts to increase the utilisation of its installed capacities, which will be crucial to achieve an improvement in the operational results. Priority will be on the quality of the products. The disciplined focus will be cost reductions, operating efficiencies and diligent cash deployment in value creating opportunities.

The Company is also taking efforts to increase the product line whereby company will be in a position to increase the margin on sales.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its size and business operation to

ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorised use or disposition and compliance with all applicable regulatory laws and company policies.

Internal control systems are reviewed by Audit Committee on a regular basis for its effectiveness and the necessary changes suggested are incorporated into the system. Internal Audit Reports are reviewed by the Audit Committee of the Board.

FINANCIAL PERFORMANCE

The year under review has been difficult one in terms of the operating business environment. Persisting inflationary conditions together with poor market sentiments hampered growth of the Company and infrastructure bottlenecks hampered profitability. However, the company was sustain its performance:

(₹ in lac)

Particulars	2012-13	2011-12
Revenue from Operations	23,216.59	23,367.96
Other Income	46.30	44.04
Total Income	23,262.89	23,412.00
Operating Profit	2,533.57	4,392.82
Finance Costs	489.56	534.88
Depreciation	533.96	532.85
Profit Before Tax	1,510.05	3,325.09
Tax Expenses	474.42	1,073.94
Profit after Tax	1,035.63	2,251.15

Results of Operations

The economic downturn, both at global and national level has not spared the performance of the Company during the year under review. The Company's production, sales and profit has suffered adversely. The Company took a planned partial shutdown from January 11, 2013 to February 15, 2013 of its unit at Padra, Vadodara to carry out de-bottlenecking of the CPC Blue Crude capacity, which also affected the performance of the Company.

However, despite all odds, the Company has earned a total income of ₹23,263 lac as compared to ₹23,412 lac in the

previous year. Profit after Tax (PAT) stood at ₹1,036 lac as compared to ₹2,251 lac in the previous year. The total sales remained at ₹23,217 lac as compared to ₹23,368 lac in the previous year.

Exports

Export sale for the year under review amounts to ₹19,436 lac as against ₹17,893 lac during the previous year showing a growth of 9%.

HUMAN RESOURCES DEVELOPMENT

The Industrial relations climate of your Company continues to remain harmonious with focus on productivity, quality and safety. During the year under review, there were, no significant labour issues outstanding or remaining unresolved during the year.

The Board records their appreciation of the commitment and support of the employees and looks forward to their continued support.

CAUTIONARY STATEMENT

Some of the statements in this “Management Discussion and Analysis”, describing the Company’s objectives, projections, estimates, expectations and predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company’s operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



ANNEXURE - "D" TO
THE DIRECTORS' REPORT

REPORT ON
**CORPORATE
GOVERNANCE**

Annexure "D" to the Directors' Report for the financial year ended March 31, 2013 pursuant to revised Clause 49 of the Listing Agreement is set out as below:

1. Company's Philosophy on Corporate Governance

Asahi Songwon Colors Limited is committed to doing business in an efficient, responsible and ethical manner. Corporate Governance practice ensures transparency, integrity and accountability in its functioning. The Company constantly endeavours towards the best Corporate Governance practices to ensure the complete satisfaction of all its shareholders.

Our governance practice is to build the trusts between the Company and its stakeholder's viz. shareholders, customers, suppliers and employees. The Company believes that Corporate Governance is a prerequisite for attaining sustained growth in this competitive world.

In the line with this philosophy, your company continuously strives for excellence through timely compliances and maximum disclosure of information to investors.

2. Board of Directors

2.1 Composition of the Board

The Company has a balanced mix of Executive and Non-Executive Independent Directors. As at March 31, 2013, the total strength of the Board of Directors of the Company is eight members including three executive directors and five non executive directors. All five (5) Non-Executive Directors are independent directors. The Board of Directors of your Company represents optimum combination of professionalism, knowledge and experience.

The independent directors on the Board are senior, competent and highly respected persons from their respective fields.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than five committees. Necessary disclosures have been made by the Directors in this regards.

The Board does not have any Nominee Director representing any institution.

2.2 Non-Executive Directors' Compensation and Disclosures

The Non-Executive Directors are entitled for sitting fees only which have been approved by the Board of Directors. Apart from sitting fees no other fees/compensation are paid to them.

2.3 Other provisions as to the Board and Committees

The Board plays an important role to ensure good governing practices and functioning of the Company. The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the Company is vested in the Board of Directors presided over by the Chairperson and Managing Director. The Board has delegated some of its powers to the executives of the Company. The Board reviews from time to time such delegated powers and their utilisation for executive functioning of the Company. The Board also reviews compliance reports of all laws applicable to the Company as well as take necessary steps to rectify instances of non-compliances, if any.

The Board meetings of the Company are normally held at the Registered Office of the Company. The information as required under Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board. The meeting dates of the Board Meeting are decided well in advance

and the agenda and notes on agenda are circulated in advance to the directors. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. Senior Level Executives are often invited to attend the Board Meeting and provide clarifications as and when required.

The Company held a minimum of one Board Meeting in each quarter as required under the Companies Act, 1956 and maximum gap between any meetings did not exceed four months which is in compliance with the listing agreement. During the year under review, the Board of Directors met five (5) times.

The details of Board Meeting and Attendance thereof are as below:

Sr. No.	Date of Board Meeting	Place	No. of Directors Present
1.	14th May, 2012	Indrad, Kadi	5
2.	12th July, 2012	Indrad, Kadi	5
3.	13th August, 2012	Indrad, Kadi	5
4.	6th November, 2012	Indrad, Kadi	5
5.	30th January, 2013	Indrad, Kadi	5

The composition of the Board of Directors and attendance at the Board Meeting and the last Annual General Meeting and also the number of Directorships, Committee Chairmanships and Memberships held by them in other Companies are given here below:

Name of the Director	No. of Outside Directorship Held		No. of Outside Committee Positions Held		No. of Board Meetings		Attended at Last AGM
	Public	Private	Public	Private	Held	Attended	
Mrs. Paru M. Jaykrishna	1	4	-	-	5	5	No
Mr. H.K. Khan	2	1	2	-	5	-	No
Mr. R. K. Sukhdevsinhji	1	2	-	-	5	-	No
Mr. Arvind Goenka	3	1	3	-	5	-	No
Mr. Gaurang N. Shah	1	3	-	-	5	5	Yes
Dr. Pradeep Jha	1	-	3	-	5	5	No
Mr. Gokul M. Jaykrishna	2	5	-	-	5	5	No
Mr. Munjal M. Jaykrishna	1	6	-	-	5	5	Yes

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr. H. K. Khan and Mr. Arvind Goenka retire by rotation at the ensuing Annual General Meeting and offers themselves for reappointment.

Information required under Clause 49 of the listing agreement with the stock exchange on Directors seeking appointment / reappointment is annexed to the notice convening ensuing Annual General Meeting.

2.5 Code of Conduct

The Board has formulated Code of Conduct for all Board members and senior level employees of the Company. Requisite annual affirmations of compliance with the Code have been made by the Board member and senior level employees for the financial year 2012-13. A certificate from Chairperson and Managing Director to this effect is annexed at the end of this report.

3. Committees of the Board

The Board has constituted several committees of Directors with specific terms of reference. The Committee members are appointed by the Board with the consent of the individual directors. This committee meets as often as required or as statutorily required. The minutes of the meeting of all the committees of the Board are placed quarterly at the Board Meeting for noting.

The Company has three Board level Committees, namely;

1. Audit Committee
2. Remuneration Committee
3. Shareholders' / Investor Grievances Committee

The detailed terms of reference, composition, quorum, meetings, attendance and other details of the Committees are as under:

3.1. Audit Committee

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process.

A. Composition of Audit Committee

The Audit Committee comprises of three Non Executive Directors all of whom are independent directors. All members of the Audit Committee are financially literate and a majority having accounting or financial management

expertise. The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and of Clause 49 of the Listing Agreement.

The following are members of Audit Committee:

1.	Mr. Guarang N. Shah	Chairman
2.	Mr. R. K. Sukhdevsinhji	Member
3.	Dr. Pradeep Jha	Member

Mr. Guarang N. Shah, Chairman of the Audit Committee attended the last Annual General Meeting (AGM).

B. Invitees

The Managing Director, Joint Managing Director, Senior Level Executives, Head of Accounts, Internal Auditors, Cost Auditors and the Statutory Auditors are invited to attend the Meetings.

C. Secretary

The Company Secretary acts as secretary to the committee.

D. Meeting and Quorum

The Audit Committee meets at least four (4) times in a year with a gap of not more than four months between the meetings. The quorum for the meeting is either two members or one-third of the members of the Committee, whichever is higher.

E. Attendance of the Audit Committee

The details of meeting and attendance of the members are as below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Gaurang N. Shah	4	4
Mr. R. K. Sukhdevsinhji	4	-
Dr. Pradeep Jha	4	4

F. Terms of reference of Audit Committee

The terms of reference of Audit Committee covers all the matters specified for Audit Committee under Clause 49 of the Listing Agreement with stock exchange(s) as well as Section 292A of the Companies Act, 1956 and, are as follows:

1. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommendation to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
 5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
 - 5A. Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue etc) the statement of funds utilised for purposes other than stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
 6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the Internal Control Systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 12. To review the functioning of the whistle blower mechanism, in case the same is existing.
 - 12A. Approval of appointment of CFO after assessing the qualification, experience & background, among others of the candidate.
 13. Carrying out any other function as in mentioned in terms of reference of the Audit committee.
- G. Subsidiary Company**
Your Company does not have any Subsidiary Company.
- 3.2. Remuneration Committee**
The Company has constituted a Remuneration Committee of Board to determine policy on specific remuneration packages for Managing Directors after taking into consideration the financial position of the Company, trends in the industry and experience.
- A. Terms of Reference**
The Remuneration committee is responsible reviewing remuneration packages of the Managing Directors and to recommend suitable revision to the Board.

B. Composition of the Remuneration Committee

The Committee is consisting of three (3) Non-Executive Independent Directors.

1.	Mr. Guarang N. Shah	Chairman
2.	Mr. H. K. Khan	Member
3.	Dr. Pradeep Jha	Member

C. Secretary

The Company Secretary acts as secretary to the committee.

D. Meeting and Quorum

The Remuneration Committee meets as frequently as circumstances necessitate. The quorum for the

meeting is either two members or one third of the members of the Committee, whichever is higher.

E. Attendance of the Remuneration Committee during 2012-13

During the period under review the Committee met once. The details of members are as below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Gaurang N. Shah	1	1
Mr. H. K. Khan	1	-
Dr. Pradeep Jha	1	1

F. Details of remuneration paid to Directors

Executive Directors

Details of the remuneration paid to the Whole-time Directors are as below:

Whole – Time Directors	Business relationship with the Company	Remuneration (inclusive of P. F. Contribution, Perquisites and Commission) (₹in Lac)
Mrs. Paru M. Jaykrishna	Chairperson & Managing Director	83.05
Mr. Gokul M. Jaykrishna	Joint Managing Director	41.36
Mr. Munjal M. Jaykrishna	Joint Managing Director	41.36
Total		165.77

1. Service Contract, Notice Period and Severance Fees:

The employment of Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Joint Managing Director and Mr. Munjal M. Jaykrishna, Joint Managing Director are contractual.

2. Stock Option details, if any

The Company does not have any stock option plan for the Executive Directors.

Non Executive Directors

Non-Executive Directors were paid sitting fees for attending the Board Meeting and Committee Meetings, except to Mr. Guarang N. Shah who has voluntarily consented not to avail any benefits including sitting fees from the Company.

Shareholding of Non-Executive Directors

None of the Non-Executives of the Company are holding any shares in the Company.

3.3. Shareholder's / Investors' Grievances Committee

The shareholder's/investor's grievances committee has been constituted to attend and to redress the shareholders and investors complaints.

A. Terms of Reference

The Committee approves the matters relating to:

- Transfer and Transmission of shares.
- Issue of duplicate share certificates.
- Review of shares dematerialised and all other related matters
- Redressal of Investor's Complaint and grievances such as non receipt of annual report, dividend payments among others
- Other areas of investor service.

The Committee also reviews the reports submitted by the Registrars and Share Transfer Agents of the Company at half yearly intervals.

The Company Secretary and Compliance Officer are entrusted with the responsibility to specifically look into the redressal of the shareholders and investors complaints and report the same to the Investors Grievances Committee.

B. Composition of the Committee

The Committee comprises of following directors:

1.	Mr. Guarang N. Shah	Chairman
2.	Mrs. Paru M. Jaykrishna	Member
3.	Dr. Pradeep Jha	Member

C. Secretary

The Company Secretary acts as secretary to the committee.

D. Meeting and Quorum

The committee meets as and when required. The quorum for the meeting is either two members or one-third of the members of the Committee, whichever is higher.

E. Attendance of the Shareholders / Investor Grievance Committee during 2012-13

The details of meeting held of Shareholders/ Investor Grievance Committee.:

Name of the Committee Member	No. of Meeting (s)	
	Held	Attended
Mr. Gaurang N. Shah	1	1
Mrs. Paru M. Jaykrishna	1	1
Dr. Pradeep Jha	1	-

F. Details of Shareholders Complaints

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the year under review is below:

Number of complaints received	12
Number of complaints solved	12
Number of pending complaints	Nil

All the complaints received from the shareholders during the year were duly resolved. There are no complaints remaining unresolved as at the beginning and end of the year. There were no share transfers pending for registration for more than 15 days as on the said date.

4. Management

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives among others that may have a potential conflict with the interests of the Company.

5. CEO / CFO Certification

A certificate from Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Joint Managing Director and Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company on the financial reporting and internal controls was placed before the Board in terms of Clause 49 of the listing agreement with Stock Exchange(s).

6. Prevention of insider trading

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees which in possession of unpublished price sensitive information in relation to the Company. The Company Secretary is responsible for implementation of the Code.

7. General body meetings

7.1 Details of location, time and date of last three Annual General Meeting are given below:

Financial Year	Location	Date	Time
2009-10	At the Registered Office at 167-168, Village Indard, Kadi - Kalol Road, Mehsana, Gujarat	20th July, 2010	11.30 a.m
2010-11	At the Registered Office at 167-168, Village Indard, Kadi - Kalol Road, Mehsana, Gujarat	25th August, 2011	11.30 a.m
2011-12	At the Registered Office at 167-168, Village Indard, Kadi - Kalol Road, Mehsana, Gujarat	27th September, 2012	11.30 a.m

7.2 Extra Ordinary General Meeting

There was no Extra Ordinary General Meeting held during the Financial Year 2012-13.

7.3 Special Resolution passed in the last three years at the Annual General Meetings

At the Annual General held on 25th August, 2011 Special Resolution was passed approving the reappointment of Mrs. Paru M. Jaykrishna as Chairperson and Managing Director of the Company.

7.4 Special Resolution passed last year through Postal Ballot

No special resolution was passed through Postal Ballot during 2012-13. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through postal ballot.

7.5 Procedure for Postal Ballot

- The notices containing the proposed resolutions and explanatory statements thereto are sent to the registered addresses of all the shareholders of the Company along with a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutiniser appointed by the Board for carrying out postal ballot process.
- The Postal Ballot Forms received within 30 days of dispatch are considered by the Scrutiniser.
- The Scrutiniser submits his report to the Chairperson and Managing Director of the Company, who on the basis of the report announces the results.

8. Disclosures

1. Related party transactions

There are no materially significant party transactions with the related parties viz with its promoters, the directors or the management or relatives among others that may have potential conflict with the interest of Company at large. The Register of Contracts containing transaction in which Directors are interested pursuant to the provisions of the Companies Act, 1956 are placed before the Board regularly for its approval. Full disclosure of related party transaction as per Accounting Standards - 18 issued by the Institute of Chartered Accountants

of India provided under Note 38 of Notes forming part of Financial Statement. The Audit Committee reviews periodically the significant related party transactions that may have potential conflict with the interest of the Company at large.

2. Details of Non Compliances

The Company has complied with the requirements of the Stock Exchange, Securities Exchange Board of India (SEBI) and other authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

3. Whistle Blower

The Company has established a Whistle Blower policy and has established necessary mechanism in line with Clause 49 of the Listing Agreement with Stock Exchanges for employees to report concerns about the unethical behaviour. No employee is denied the opportunity to meet the Audit Committee members of the Company.

4. Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement

Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement are reviewed from time to time. Among the non-mandatory requirements adopted by the Company are remuneration committee and whistle blower policy.

5. Accounting Treatment

The financial statements of the Company have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) and in compliance with with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

6. Risk Management

Business risk evaluation is an ongoing process; the Audit Committee regularly reviews the risk assessment and control process of the Company. The Board also periodically review the risk assessment procedures laid by the Company.

7. Proceed from public issues, rights issue, preferential issue among others,

During the period under review, the Company has not raised any proceeds from public issue, right issue, preferential issue among others.

9. Means of Communication

Results

During the year under review quarterly, half yearly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after they are approved by the board and are normally published in widely circulating national and local dailies such as “Business Standard” and “Prabhat” in English and Gujarati respectively. The shareholding pattern, financial results, corporate governance report other announcements are also filed electronically on BSE Ltd and NSE Electronic Application Processing System (NEAPS).

Website

The Annual Report of the Company as well as the quarterly/ half yearly and annual results are posted on the website of the Company at www.asahisongwon.com and can be downloaded by the shareholders.

Presentation to Institutional Investors or to analysts

The presentation of Company’s performance are made to the Institutional Investors / Financial Analysts as and when felt expedient.

Management Discussion & Analysis Report

The management discussion and analysis report forms a part of Directors Report. All matters pertaining to industry structure and developments, opportunities and threats, outlook, risk and concern internal controls and systems are discussed in the said report.

10. General Shareholder's Information

i. Annual General Meeting	
Day, Date, Time & Venue	Friday, 27th September, 2013 at 11.30 AM. At the Registered Office of the Company at 167-168, Village: Indrad, Kadi- Kalol Road, Mehsana, Gujarat - 382 727
ii. Financial Year Calendar 2013-14	The following are tentative dates:
Financial Year	1st April, 2013 to 31st March, 2014
Annual General Meeting	August/ September, 2014
Results for quarter ended on	
First Quarter Results	On or before 30th July, 2013
Second Quarter and Half yearly Results	On or before 14th November, 2013
Third Quarter Results	On or before 14th February, 2014
Annual Results 2013-14	On or before 29th May, 2014
iii. Date of Book Closure	
Closure of Register of Members and Share Transfer Books	The Book Closure for payment of dividend, if any, is from Thursday, 19th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
iv. Dividend Payment Date	
	Final Dividend of ₹3.50 per share (35%) for the Financial Year 2012-13 is proposed. The payment of final dividend upon declaration by the shareholders at the forthcoming Annual General Meeting will made:
	1. to all those shareholders holding shares in physical and whose names appear in Company’ Register of Members as on 18th September, 2013.
	2. to all those beneficial owners holding shares in electronic mode, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the end of the day on 18th September, 2013.

10. General Shareholder's Information (Contd.)

v.	Listing of Equity Shares on Stock Exchange at	The Equity Shares of the Company are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) Annual Listing Fees for the Financial Year 2013-14 has been paid to the above stock exchange.
		Name and Address of Stock Exchange
		BSE Limited
		P. J. Towers
		Dalal Street, Fort
		Mumbai - 400 001
		National Stock Exchange of India Ltd
		Exchange Plaza
		Bandra – Kurla Complex
		Bandra (East)
		Mumbai – 400 051
vi.	Stock Code/Symbol	
	BSE	532853
	NSE	ASAHISONG
vii.	Corporate identification Number (CIN) of the Company	L24222GJ1990PLC014789

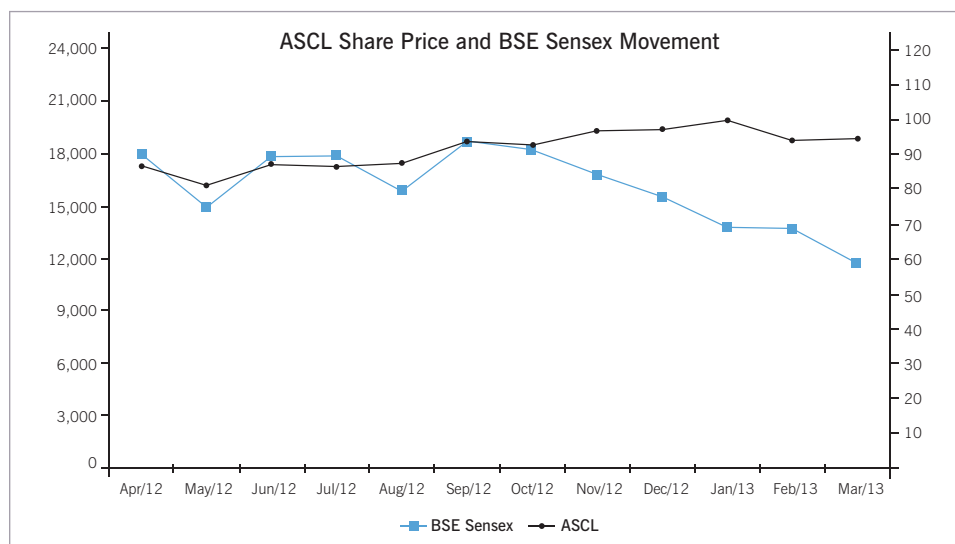
viii. Market Price Data

The monthly High, Low (based on closing prices) during each month in the year 2012-13 on BSE Limited and National Stock Exchange of India Ltd are given below:

Month	BSE Limited		National Stock Exchange of India Ltd	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2012	94.00	84.60	94.90	84.55
May, 2012	92.00	71.00	92.00	67.00
June, 2012	90.40	74.00	90.85	73.60
July, 2012	93.00	86.50	93.00	86.50
August, 2012	93.00	74.60	93.00	74.60
September, 2012	100.30	77.95	100.80	77.90
October, 2012	101.85	89.00	102.00	90.00
November, 2012	91.95	76.00	92.00	75.90
December, 2012	84.00	76.00	83.80	75.00
January, 2013	80.00	66.95	80.00	67.30
February, 2013	72.90	58.35	74.65	56.80
March, 2013	72.10	58.00	73.75	56.55

Performance Comparison Chart

The chart below provides the relative movement of the closing price of the Company's share and the BSE Sensex. The period covered is April 1, 2012 to March 31, 2013. The Management cautions that the stock movement shown in the chart should not be considered indicative of potential future stock price performance.



ix. Registrar and Transfer Agent

Link Intime India Private Limited

Mumbai Office

C-133, Pannalal Silk Mills Compound,

Kantilal Maganlal Ind. Estate,

L. B. S. Marg,

Bhandup (West)

Mumbai – 400 078.

Tel : 022-25960320-28

Fax : 022-25960329

Ahmedabad Branch Office

303, Shoppers Plaza V

Opp. Municipal Market

Off. C. G. Road, Navrangpura

Ahmedabad - 380009

Tel : 079-26465179.

x. Share Transfer System

The Shares of the Company are traded in compulsory dematerialised form. The Registrar and Transfer Agent deal with Share Transfer both in Physical and dematerialised Mode. The Shareholder / Investor Grievance Committee approves the transfer of shares in the physical form are processed and the share certificates are normally returned within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries by the depositories.

Pursuant to Clause 47(c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis, have been issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company.

xi. Payment of Dividend through National Electronic Clearing Services (NECS)

The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, members who hold shares in demat mode should inform their Depository Participant and members holding shares in physical mode should update the bank details with the Register and Shares Transfer Agent.

xii. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI) a qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, the issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the shares are listed.

xiii. Distribution of shareholding

The distribution of shareholding as on 31st March, 2013 is as under:

a. Distribution by number of shares:

Number of Equity Shares Held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1-500	3,957	82.13	623,891	5.08
501-1000	410	8.51	339,603	2.77
1001-2000	221	4.59	346,696	2.83
2001-3000	76	1.58	196,558	1.60
3001-4000	34	0.71	121,766	0.99
4001-5000	21	0.43	101,638	0.82
5001-10000	57	1.18	414,261	3.38
10001 and above	42	0.87	10,127,849	82.53
Total	4,818	100.00	12,272,262	100.00

b. Shareholding Pattern as on 31st March, 2013 (Categorywise)

Category	No of Shares	% of Shareholding
A. Promoters		
1. Indian Promoters		
Individuals	7,544,152	61.48
Bodies Corporate	600	-
2. Foreign Promoters	-	-
Total Promoters Holding	7,544,752	61.48
B. Non Promoters		
1. Institutional Investors		
a. Mutual Funds	-	-
b. Banks, Financial Institutions, Insurance Companies	-	-
c. Foreign Institution Investors	-	-
Sub Total	-	-
2. Others		
a. Bodies Corporate	1,266,183	10.32
b. Indian Public	2,313,724	18.85
c. NRIs/OCBs	1,019,146	8.30
d. Clearing Members	1,284,57	1.05
Sub Total	4,727,510	38.52
Grand Total	12,272,262	100.00

xiv. Dematerialisation of Shares and Liquidity

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for Dematerialisation facility.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company is INE228I01012

Details of Dematerialised Shares as at 31st March, 2013

	No of shareholders	No of Shares	% of Capital
NSDL	3,069	9,322,404	75.96
CDSL	1,745	2,084,634	16.99
Physical Form	4	865,224	7.05
Total	4,818	12,272,262	100.00

The Equity Shares of the Company are frequently traded on the BSE Limited as well as National Stock Exchange of India Limited.

<p>xv. Outstanding GDRs / ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on Equity</p>	<p>There are no outstanding GDRs/ ADRs / Warrants or any convertible instruments</p>
<p>xvi. Plant Locations</p>	<ol style="list-style-type: none"> Pigment Green Division 167-68, Village: Indrad, Kadi-Kalol Road, Mehsana, Gujarat – 382 727. Pigment Blue Division 429-432, Village : Dhudwad, ECP Channel Road, Padra Vadodara, Gujarat – 391 450.
<p>xvii Address for correspondence</p>	<p>At Company Asahi Songwon Colors Limited “Asahi House” Kadi – Kalol Road, Village : Indrad Dist : Mehsana - 382 727, Gujarat Tel : (02764) 233007-10 Fax: (02764) 233550 Email: cs@asahisongwon.com</p> <p>At Registrar and Transfer Agent Link Intime India Private Limited 303, Shoppers Plaza V Opp. Municipal Market Off. C. G. Road, Navrangpura Ahmedabad - 380009 Tel : (079) 26465179 Fax :(079) 26465179 Email: ahmedabad@linkintime.co.in</p>

11. Non-Mandatory Requirements:

1. The Board – A non executive Chairman may be entitled to maintain a Chairman's Office at the Company's expense and also allowed reimbursement of expense incurred in performance of his/her duties	The Chairman of the Company is Executive Chariman and hence not applicable.
Independent Directors may have a tenure not exceeding in the aggregate a period of nine years on the Board of the Company	No maximum tenure for Independent Directors has been specifically determined by the Board.
The Company may ensure that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the Company and which , in the opinion of the Company, would enable him/her to contribute effectively to the Company in his/her capacity as an independent director.	This is ensured.
2. Remuneration Committee	The Company has already setup an Remuneration Committee.
3. Shareholder Rights – A half yearly declaration of financial performance including summary of the significant events in last six months, may be sent to each household of Shareholders.	As the Company's half yearly results are published in leading English newspapers having circulation all over India and in vernacular newspaper and also in the Company's website, the same are not sent to the shareholders of the Company. The Annual Results are approved by the Board and published in the newspaper and communicated to the shareholders through the Annual Report.
4. Audit qualification – Company may move towards a regime of unqualified financial statements	There are no audit qualification in the Companies Financial Statement for the year ended March 31, 2013.
5. Training of Board Members – A Company may train its Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as directors and the best ways to discharge them.	The Board of Directors are periodically updated with business, market and Company profile.
6. Mechanism for evaluating non-executive Board Members – The performance evaluation of non-executive directors could be done by a Peer Group comprising the entire Board of Directors excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of non – executive directors.	At present, the Company does not have any such mechanism for evaluating the performance of Non-Executive Board Members.
7. Whistle Blower Policy	The Audit Committee of Directors reviews the whistle blower policy of the Company.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 19th June, 2013

MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

Declaration on Code of Conduct

To the Members of
Asahi Songwon Colors Ltd.

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Level Employees of the Company.

It is further confirmed that all Directors and Senior Level Employees of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2013, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

By the Order of the Board of Directors

Place : Ahmedabad
Date : 19th June, 2013

MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

Auditors' Certificate On Corporate Governance

To the Members of
Asahi Songwon Colors Ltd.

We have examined the compliance of conditions of corporate governance by Asahi Songwon Colors Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion 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 complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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.

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No. 111072W

Place : Ahmedabad
Date : 19th June, 2013

Trushit Chokshi
(Proprietor)
Membership No. : 040847



FINANCIAL SECTION

Independent Auditor's Report

To the Members

Asahi Songwon Colors Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Asahi Songwon Colors Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No : 111072W

Trushit Chokshi
(Proprietor)

Membership No. : 040847

Place : Ahmedabad
Date : 19/06/2013

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 of the Auditors' Report of even date to the members of Asahi Songwon Colors Limited on the financial statements as at and for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets, according to the practice of the company, are physically verified by the management at reasonable intervals, in phased verification programme, which in our opinion, is reasonable looking to the size of the Company and the nature of its business. As explained to us, on such physical verification of fixed assets, no major discrepancies have been noticed.
(c) The Company has not disposed off any substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. (a) During the year, the inventories have been physically verified, by the Management at regular intervals, except for the stock lying with the outside parties, which have, however, been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedure of the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of records of the inventories, we are of the opinion that, the Company is maintaining proper records of inventories. As explained to us, As explained to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.
3. (a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 3(b), 3(c) and 3(d) of Paragraph 4 of the Order are not applicable to the company for the current year.
(b) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 3(f) and 3(g) of Paragraph 4 of the Order are not applicable to the company for the current year.
4. In our opinion and as per the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regards to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, no major weaknesses in the internal control system have been noticed and there is no continuing failure in the same.
5. a) Based on the audit procedure applied by us and according to the information and explanations and representations given to us by the management, we are of the opinion that the transactions in which directors were interested and which need to be entered into the register to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and as per the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year is reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per the information and explanations given to us, as the company has not accepted any deposits from the public, paragraph 4(vi) of the order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of business.
8. According to the information and explanations given to us, the Central Government has prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacturing activities of the Company. 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 not, however, carried out a detailed examination of the same.
9. (a) In our opinion and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, value added tax, custom duty, excise duty and cess and other statutory dues, if any, with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
(b) There are no amounts in respects of Sales Tax, VAT, Excise Duty, Custom and Wealth Tax and cess that have not been deposited with the appropriate authorities on account of any dispute.

(c) The disputed dues on account of income tax which have remained unpaid as on 31/03/2013 are as follows.

Name of the Statute	Nature of Dues	Amount of Demand net of Deposits	Year to Which Amount Relates	Forum where Dispute is Pending
Income Tax Act, 1961	Income Tax	554,840	2001-2002	The said Demand is outstanding because of non disposal of the application filed u/s 154
Income Tax Act, 1961	Income Tax	1,344,550	2002-2003	Income Tax Appellate Tribunal Ahmedabad
Income Tax Act, 1961	Income Tax	1,607,120	2003-2004	Income Tax Appellate Tribunal Ahmedabad
Income Tax Act, 1961	Income Tax	4,649,711	2004-2005	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	151,555	2006-2007	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	117,670	2008-2009	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	644	2009-2010	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	16,470	2010-2011	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	2,72,520	2011-2012	Commissioner of Income Tax (Appeal)

10. The Company has neither accumulated losses at the end of the financial year as at 31st March 2013, nor has it incurred cash losses in the current financial year ended on that date and in the immediately preceding financial year.
11. In our opinion and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks, Financial Institutions and Debenture Holders.
12. In our opinion and as per the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund and / or a Society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the company are held in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. According to the information and explanations given to us, and on verification of Cash flow and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short-term basis used for long-term investments.
18. According to the information and explanations given to us, during the period covered by our audit, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. On the basis of the records and documents examined by us, the Company has not issued any debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by Company was noticed or reported in the course of our audit during the year.

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No : 111072W

Trushit Chokshi
(Proprietor)

Place : Ahmedabad
Date : 19/06/2013

Membership No. : 040847

Balance Sheet as at March 31, 2013

(Amount in ₹)

Particulars	Notes	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	122,722,620	122,722,620
(b) Reserves and surplus	3	1,080,272,741	1,026,962,007
		1,202,995,361	1,149,684,627
2 Non-current liabilities			
(a) Long-term borrowings	4	108,869,920	66,533,815
(b) Deferred tax liabilities (Net)	5	127,712,650	99,131,245
(c) Long-term Provisions	6	8,361,095	6,948,350
		244,943,665	172,613,410
3 Current liabilities			
(a) Short-term borrowings	7	502,803,032	338,768,852
(b) Trade payables	8	260,791,331	229,487,732
(c) Other current liabilities	9	118,809,002	89,948,860
(d) Short-term provisions	10	59,892,666	41,206,804
		942,296,031	699,412,248
TOTAL		2,390,235,057	2,021,710,285
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		1,018,237,390	784,813,915
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		174,325,449	166,929,961
(iv) Intangible assets under development		1,708,180	276,000
(b) Non-current investments	12	142,518,208	92,593,830
(c) Long-term loans and advances	13	34,024,369	30,946,434
(d) Other non-current assets	14	3,409,877	13,451,674
		1,374,223,473	1,089,011,814
2 Current assets			
(a) Inventories	15	238,411,019	252,775,046
(b) Trade receivables	16	485,363,191	438,688,044
(c) Cash and cash equivalents	17	18,683,143	34,458,053
(d) Short-term loans and advances	18	271,209,945	204,410,967
(e) Other current assets	19	2,344,286	2,366,361
		1,016,011,584	932,698,471
TOTAL		2,390,235,057	2,021,710,285
Significant Accounting Policies	1		
The accompanying notes are an integral part of financial statements	2 to 41		

As per our Report of even date attached.

For and on behalf of the Board

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No. 111072W

Trushit Chokshi
(Proprietor)

Membership No. 040847

Place : Ahmedabad

Date: 19/06/2013

Saji V. Joseph
Company Secretary

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Gokul M. Jaykrishna
Joint Managing Director

Munjal M. Jaykrishna
Joint Managing Director

Statement of Profit and Loss for the year ended March 31, 2013

(Amount in ₹)

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
I. Revenue from operations	20	2,321,658,565	2,336,796,387
II. Other income	21	4,630,353	4,403,732
III. Total Revenue		2,326,288,918	2,341,200,119
IV. Expenses:			
Cost of Materials consumed	22	1,402,441,921	1,331,835,740
Purchases of Stock-in-Trade	23	13,081,400	7,872,649
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	8,740,289	19,998,370
Employee benefits expense	25	71,497,628	70,610,289
Finance costs	26	48,955,544	53,487,767
Depreciation and amortization expense	27	53,395,942	53,284,897
Other Expenses	28	577,170,971	471,601,767
Total expenses		2,175,283,695	2,008,691,479
V. Profit before tax		151,005,223	332,508,640
VI. Tax expense:			
(1) Current tax		18,860,319	91,836,786
(2) Deferred tax		28,581,405	15,557,175
VII. Profit after tax		103,563,499	225,114,679
VIII. Earning per equity share: (face value of ₹10/- per share)	29		
(1) Basic		8.44	18.34
(2) Diluted		8.44	18.34
Significant Accounting Policies	1		
The accompanying notes are an integral part of financial statements	2 to 41		

As per our Report of even date attached.

For and on behalf of the Board

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No. 111072W

Trushit Chokshi
(Proprietor)

Membership No. 040847
Place : Ahmedabad
Date: 19/06/2013

Saji V. Joseph
Company Secretary

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Gokul M. Jaykrishna
Joint Managing Director

Munjal M. Jaykrishna
Joint Managing Director

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
A. Cash Flow from Operating Activities				
Profit Before Tax		151,005,223		332,508,640
Add: Depreciation and Amortisation Expenses	53,395,942		53,284,897	
Finance Cost	48,955,544		53,487,767	
Miscellaneous Expenditure written off	10,041,797		10,193,112	
Less: Interest Received	(2,566,563)		(2,697,739)	
Profit from sale of Current Investment	(716,369)		(1,562,874)	
Dividend Income	(849,870)	108,260,481	(2,700)	112,702,463
Operating Profit Before Working Capital Changes		259,265,704		445,211,103
Working Capital Changes				
Increase/(Decrease) Trade & Other receivables	(46,675,147)		(41,916,566)	
Increase/(Decrease) Inventories	14,364,027		32,342,967	
Increase/ (Decrease) Trade & other payables	35,355,316		42,920,524	
Changes in Loans and Advances	(55,361,481)	(52,317,285)	(6,161,000)	27,185,925
Cash Generated from Operating Activities		206,948,419		472,397,028
Direct taxes paid	(33,353,676)		(65,086,666)	
		(33,353,676)		(65,086,666)
Net Cash from Operating Activities		173,594,743		407,310,362
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(297,031,099)		(199,978,081)	
Proceeds from sale of Fixed Assets	2,100,385		-	
Purchase of Current Investments	(82,464,793)		(95,226,205)	
Sale of Current Investments	32,540,413		10,569,787	
Margin money deposit (placed) / matured	751,020		(3,316,865)	
Interest and Other Income	3,416,433		2,700,439	
		(340,687,641)		(285,250,925)
Net Cash (used in) Investing Activities		(340,687,641)		(285,250,925)
C. Cash Flow from Financing Activities				
Proceeds from Long term borrowings	133,804,171		108,631,949	
(Repayment) of Long term borrowings	(64,721,757)		(59,031,317)	
Availment/(Repayment) Short term borrowings	164,034,180		(59,804,228)	
Payment of Dividend (including Dividend Distribution Tax)	(32,092,042)		(46,544,779)	
Interest Paid	(48,955,544)	152,069,008	(53,487,767)	(110,236,142)
Net Cash from / (used in) Financing Activities		152,069,008		(110,236,142)
Net increase / (decrease) in cash and cash equivalents		(15,023,890)		11,823,295
Cash and cash equivalent at the beginning of the year		24,707,033		12,883,738
Cash and cash equivalent at the end of the year		9,683,143		24,707,033

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Notes to Cash Flow Statement:		
1. Reconciliation of cash and cash equivalent with the Balance Sheet		
Cash and cash equivalent as per balance Sheet (refer Note - 17)	18,683,143	34,458,053
Less: Margin money not considered as cash and cash equivalents as defined in AS 3 "Cash Flow Statement"	9,000,000	9,751,020
	9,683,143	24,707,033
2. Components of cash and cash equivalents:		
Cash on hand	367,384	366,787
In current accounts	4,711,210	1,904,166
In unpaid dividend accounts	483,522	379,984
In deposit accounts	4,121,027	22,056,096
	9,683,143	24,707,033

3. Previous year figures have been regrouped wherever necessary, to confirm to this year's classification.

4. The cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by Institute of Chartered Accountants of India.

As per our Report of even date attached.

For and on behalf of the Board

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No. 111072W

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Trushit Chokshi
(Proprietor)

Gokul M. Jaykrishna
Joint Managing Director

Membership No. 040847
Place : Ahmedabad
Date: 19/06/2013

Saji V. Joseph
Company Secretary

Munjal M. Jaykrishna
Joint Managing Director

Notes forming part of financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a. Disclosure of Accounting Policies

The Financial Statements of the Company have been prepared and presented in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

1.2 VALUATION OF INVENTORIES

a. Raw material, are valued at lower of the cost on FIFO basis including incidental expenses to bring the inventories to their present location and condition and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

b. Packing Materials and Stores & Spares are valued at cost on FIFO basis.

c. Finished goods and work in process include cost, cost of conversion and other cost incurred in bringing the inventories to their present location and condition; and market realizable value whichever is lower. Trading goods are valued at cost on FIFO basis or market value whichever is lower. By products are valued at net realizable value.

d. The Company is mainly engaged in the export business, the closing stock at the year end is generally exported in the next year. Exports are being exempted from excise duty, Hence no provision for excise duty has been made in Statement of Profit & Loss and Finished goods are valued without adding therein excise duty. However the said liability if accounted would have no effect on the profit for the year.

1.3 Cash Flow Statements

The Cash Flow Statement is prepared under "Indirect method". The cash flow from operating, investing and financing activities of the Company are segregated.

Cash and Cash Equivalents comprises of Cash at Bank, Cash on Hand, Current and other accounts held with Banks.

1.4 Contingencies and Event Occurring after the Balance Sheet Date

a. Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date.

b. Dividends, which are proposed/declared by the Company after the Balance Sheet date but before the approval of the financial statements are adjusted.

1.5 Net Profit or Loss for the period, Prior Period items and Changes in accounting Policies

Significant items or Extra-ordinary items and Prior Period Incomes and Expenditures are accounted in accordance with Accounting Standard.

1.6 Depreciation of Fixed Assets

a. Depreciation on tangible fixed assets has been provided on Straight Line Method corresponding to the rates prescribed under Schedule XIV to the Companies Act, 1956.

b. Depreciation on additions / deductions in respect of fixed assets are charged on pro-rata from / up to date on which asset is available for use / disposal.

Notes forming part of financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- c. In respect of Individual assets costing less the ₹5000/- are depreciated fully in the year / period of the purchase.
- d. Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realizable values.

1.7 Revenue Recognition

- a. Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and VAT but include, wherever applicable, excise duties, export incentives such as Duty Drawbacks and premiums on sale of Import Licenses.
- b. Export benefits / incentives are accounted on accrual basis. Accordingly, estimated export benefits against exports affected during the year are taken into account as estimated incentives accrued till the end of the year. In case of License not revalidated after the date of expiry, the proportionate export benefit / incentive taken credit in earlier year(s) is written off in the year of expiry of License and /or changes made by the Central Government during the year in the rate of tariff of Import Duty.
- c. Incomes from services rendered are booked based on agreements/ arrangements with the concerned parties.
- d. Income form investments are booked on accrual basis inclusive of Tax deducted at source.

1.8 Accounting of Fixed Assets

- a. Fixed assets are stated at cost of acquisition or construction /erection, less accumulated depreciation / amortization. Cost of acquisition or construction is inclusive of purchase price, freight, and other incidental expenses related to acquisition and installation and exclusive of VAT, Excise Duty etc. credit availed as per prevailing rules thereof and any directly attributable cost of bringing the asset to its working condition for the intended use. Interest incurred during the period of erection of Fixed Assets on Borrowing Finance for such fixed assets is capitalized.
- b. Depreciation is provided on the straight line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- c. Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable value.
- d. Capital Work-in-progress is stated in the assets schedule at the amount spent up to the date of the Balance Sheet, however pending completion of the project, no depreciation is provided on the same.

1.9 The Effects of Changes in Foreign Exchange Rates

- a. Foreign Currency loans in respect of fixed assets are translated at exchange rate prevalent on the last day of accounting year. Any loss or gain arising due to foreign exchange fluctuation of the foreign currency loan of fixed assets outstanding on the last day of the year is charged to Statement of Profit & Loss for the same year.
- b. Current assets and liabilities in foreign currency outstanding at the last day of the accounting year are valued at exchange rate prevalent at the last day of the accounting year. The loss or gain due to fluctuation of exchange rates is charged to Statement of Profit & Loss. Treatment of Forward Contract Transactions are dealt with as per AS – 11.

1.10 Accounting for Government Grants

Government grants are recognized when there is reasonable assurance that the same will be received. Government grants relating to revenue are recognized on accrual and are shown under other income. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets and other Capital grants are treated as Capital Reserve.

1.11 Accounting for Investments

Investments those are already realisable and intended to be held for more then a year from the date on which such investments are made, are classified as Current Investments. All other Investments are classified as Long-term Investments.

Current investments are carried at lower cost or fair value. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is permanent in the opinion of the management.

Notes forming part of financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.12 Employee Benefits

a. Defined Contribution Plan

Provident Fund and Employee State Insurance Scheme are defined contribution Scheme and the contribution are charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b. Defined Benefit Plan

Gratuity liability for eligible employees is defined benefit obligation and are provided for on the basis of an actuarial valuation at the end of the each financial year.

1.13 Borrowing Costs

Borrowing cost that is attributable to the acquisition or construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. All other borrowing costs are charged to revenue.

1.14 Segment Reporting

The Company has only one main reportable segment i.e. Pigments.

1.15 Related Party Disclosures

Transactions with Key Managerial Personnel and Related Parties as defined under Accounting Standard, other than Independent Non- Executive Directors is disclosed as "Related Party Transactions" in the Notes to Financial Statements.

1.16 Accounting for Leases

All leases are classified into operating and finance lease at the inception of the lease. Leases that transfer substantially all risks and rewards from lessor to lessees are classified as finance lease and others being classified as operating lease.

There is no any finance or operating lease transactions entered into by the company.

1.17 Earning Per Share

The Basic and Diluted Earnings Per Share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

1.18 Accounting for Taxes on Income

- a. Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the period.
- b. Deferred tax is recognized, subject to the consideration of prudence, on timing difference being differences between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods.
- c. MAT credit entitlements are treated as advance payment of tax.

1.19 Discontinuing Operations

The Company has not discontinued any operations during the year.

1.20 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

1.21 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of profit and loss.

1.22 Provisions, Contingent Liabilities and Contingent Assets

- a. The provisions are recognized and measured by using a substantial degree of estimation.

Notes forming part of financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

b. Contingent Liabilities

Disputed liabilities and claims against the Company including claims raised by the authorities (e.g. Commercial Tax, Value Added Tax, Income Tax, Excise etc.) pending in appeal / Court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in Notes forming part of Financial Statements.

c. Contingent Assets are neither recognized nor disclosed.

1.23 Accounting of Derivative Financial Instruments

Presently, the Company is not engaged in Derivative Financial Instruments. However, for derivative contracts, premium paid and gains/losses on settlement will be charged to Statement of Profit and Loss. Losses arising on the restatement of the outstanding derivative contracts as at the year end by marking them to market will be charged to the Statement of Profit and Loss.

NOTE 2 SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Authorised Shares		
20,000,000 (Previous Year 20,000,000) Equity Shares of ₹10 each	200,000,000	200,000,000
b. Issued, Subscribed and Fully Paid up Shares		
12,272,262 (Previous Year 12,272,262) Equity Shares of ₹10 each	122,722,620	122,722,620
Total	122,722,620	122,722,620

c. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2013		As at March 31, 2012	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
At the beginning of the period	12,272,262	122,722,620	12,272,262	122,722,620
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Add: Other movements during the year	-	-	-	-
Outstanding at the end of the period	12,272,262	122,722,620	12,272,262	122,722,620

d. Terms / rights attached to Equity Shares

The Company has issued only one class of equity shares having a par value of ₹10 per share. Each holder of Equity Shares are entitled to one vote per share. The Company declares dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after the payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	As at March 31, 2013	As at March 31, 2012
e. Shares held by holding / ultimate holding company / or their subsidiaries / associates	-	-

Notes forming part of financial statements

NOTE 2 SHARE CAPITAL (Contd.)

f. Details of shareholders holding more than 5% of total number of shares issued by the Company

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No of Equity Shares	% of holding in the class	No of Equity Shares	% of holding in the class
Mrs. Paru M. Jaykrishna	4,596,054	37.45	4,596,054	37.45
Mr. Gokul M. Jaykrishna	1,474,049	12.01	1,474,049	12.01
Mr. Munjal M. Jaykrishna	1,474,049	12.01	1,474,049	12.01
DIC Corporation	865,200	7.05	865,200	7.05
Clariant Chemicals (India) Ltd	718,600	5.86	718,600	5.86
Total	9,127,952	74.38	9,127,952	74.38

As per records of the company, including its register of members and other declarations received from them regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of the shares.

g. 1. Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash	NIL
2. Aggregate number and class of shares allotted as fully paid by way of Bonus Shares	In the Financial year 2006-07 38,42,420 Equity Shares of ₹10/- each were allotted as fully paid up Equity Shares by way of Bonus Shares at the ratio of 1:1 by capitalisation of General Reserve.
3. Aggregate number and class of shares bought back	NIL

NOTE 3 RESERVES AND SURPLUS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Securities Premium Account		
Balance at the beginning of the year	394,952,913	394,952,913
Balance at the end of the year	394,952,913	394,952,913
b. General Reserve		
Balance at the beginning of the year	188,699,588	158,699,588
Add: Transfer from the Statement of Profit & Loss	15,000,000	30,000,000
Balance at the end of the year	203,699,588	188,699,588
c. Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	443,309,506	298,115,782
Add: Profit for the year	103,563,499	225,114,679
Less : Appropriations		
Transfer to General Reserves	15,000,000	30,000,000
Proposed Final Dividend ₹3.50 (Previous year ₹2.25) per Equity Share	42,952,917	27,612,590
Interim Dividend ₹Nil (Previous year ₹1.25) per Equity Share	-	15,340,328
Tax on Dividend	7,299,848	6,968,037
Balance at the end of the year	481,620,240	443,309,506
Total	1,080,272,741	1,026,962,007

Notes forming part of financial statements

NOTE 4 LONG TERM BORROWINGS

(Amount in ₹)

	Non-current portion		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Secured Loans				
a. Term Loans				
Indian Rupees Loan				
From State Bank of India	86,204,171	54,454,019	47,600,000	30,000,000
Foreign Currency Loan				
From State Bank of India	22,484,340	8,037,460	44,708,443	33,981,160
b. Other Loans and Advances				
Vehicle Loan	181,409	4,042,336	3,858,486	5,439,460
Amount disclosed under the head Other Current Liabilities (see Note: 9b)			(96,166,929)	(69,420,620)
Total	108,869,920	66,533,815	-	-

a. Secured loans are covered by:

Term Loans from State Bank of India (SBI) are secured by Equitable Mortgage of Land and Buildings and a first charge by way of hypothecation of the whole of the movable properties of the company including its movable plant & machinery, stores, tools & accessories, present & future and other movables save & except book debts & current assets.

Particulars of Balance and repayment schedules of the Tern Loans

Particulars	As at March 31, 2013	Amount of Quarterly Installments	Quarterly Installments for current maturity	Quarterly Installments payable within 12 Months	Total Nos of Quarterly Installments payable
A. SBI Rupee Term loan					
	₹	₹		₹	
	133,804,171	11,900,000	4	47,600,000	Repayable quarterly in 20 equal installments
	(84,454,019)	(7,500,000)	4	(30,000,000)	(Previous year repayable in 11 equal installments and 12th for balance amount)
B. SBI Foreign Currency Term Loan - I					
US \$	211,208	211,208	2	211,208	Repayable in 2 installment (Previous year repayable in 4 equal installments and 5th for balance amount)
INR	11,470,723	11,470,723		11,470,723	
US \$	(826,000)	(167,000)	4	(668,000)	
INR	(42,018,620)	(8,495,290)	4	(33,981,160)	
C. SBI Foreign Currency Term Loan - II					
US \$	1,026,000	153,000	4	612,000	Repayable by 6 equal installments and 7th for balance amount
INR	55,722,060	8,309,430	4	33,237,720	
US \$	(-)	(-)	(-)	(-)	
INR	(-)	(-)	(-)	(-)	(Previous Year Nil)
Currency Exchange rate considered as on March 31, 2013 ₹54.31 per 1 US \$ (Previous year ₹50.87 per 1 US \$) Previous years figures shown in brackets					

b. Vehicle loans are secured by hypothecation of concerned vehicles.

Repayment terms of Vehicle Loan

Vehicle loans are repayable in equal monthly installment over the terms of loan ranging from 1 to 3 years .

There was no default in repayment of loan or interest.

Notes forming part of financial statements

NOTE 5 DEFERRED TAX LIABILITIES (NET) (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Deferred Tax Liabilities	133,553,072	104,300,131
b. Deferred Tax Assets	5,840,422	5,168,886
Liabilities (Net)	127,712,650	99,131,245

NOTE 6 LONG-TERM PRVISIONIONS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Provisions for employees benefits	8,361,095	6,948,350
Total	8,361,095	6,948,350

NOTE 7 SHORT TERM BORROWINGS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Secured Loans *		
Loans repayable on demand from bank		
From State Bank of India		
Working Capital Loans	467,281,359	324,264,798
Buyers credit arrangement	35,521,673	14,504,054
Total	502,803,032	338,768,852

* Secured loans are secured by hypothecation of raw materials, finished goods, stock in process and book debts, other current assets of the Company.

NOTE 8 TRADE PAYABLES (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Trade payable - Micro, Small and Medium Enterprises	47,144,758	28,807,936
b. Others	213,646,573	200,679,796
Total	260,791,331	229,487,732

1. The following disclosure have been made on the information available with the Company, for suppliers who are registered as micro, small and medium enterprises under 'MSMED Act, 2006' as at March 31, 2013.

a. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
Principal	47,144,758	28,807,936
Interest	-	-
b. The amount of interest paid by the buyer in terms of Section - 16 of the MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
Total	47,144,758	28,807,936

Notes forming part of financial statements

NOTE 8 TRADE PAYABLES (Contd.)

2. There are no Micro, Small & Medium Enterprises to whom the company owes, which are outstanding for more than 45 days as at 31st March, 2013. This information is disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 which has been determined to the extent such parties have been identified on the basis of the information available with the company.

NOTE 9 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Unpaid Dividends	483,633	379,983
b. Current maturities of long term borrowings (See note: 4)	96,166,929	69,420,620
c. Others		
Advances from customers	306,625	309,443
Statutory liabilities	3,526,866	3,888,503
Payable for fixed assets	14,065,331	10,972,461
Other Current liabilities and payables	4,259,618	4,977,850
Total	118,809,002	89,948,860

NOTE 10 SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Proposed Dividend	42,952,917	27,612,590
b. Tax on Dividend	7,299,848	4,479,452
c. Provision for employee benefits		
Gratuity	9,639,901	9,114,762
Total	59,892,666	41,206,804

Notes forming part of financial statements

NOTE 11 FIXED ASSETS

(Amount in ₹)

Sr. No	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01.04.2012	Additions	Disposals / Capitalized	As at 31.03.2013	As at 01.04.2012	Depreciation charge for the year	On disposals	As at 31.03.2013	As at 31.03.2012
A	Tangible Assets									
	Own Assets									
	Freehold Land	39,489,097	30,253,326	-	69,742,423	-	-	-	69,742,423	39,489,097
	Buildings	122,345,517	18,378,068	-	140,723,585	20,619,366	3,958,431	24,577,797	116,145,788	101,726,151
	Plant & Machinery	798,687,901	234,934,697	-	1,033,622,598	186,678,926	45,403,175	232,082,101	801,540,497	612,008,975
	Furniture and Fixtures	8,432,206	312,395	-	8,744,601	2,630,206	539,537	3,169,743	5,574,858	5,802,000
	Office equipments	10,114,660	769,708	-	10,884,368	5,730,365	1,040,870	6,771,235	4,113,133	4,384,295
	Vehicles	26,454,554	3,555,237	2,663,656	27,346,135	5,051,157	2,453,929	1,279,642	21,120,691	21,403,397
	Total	1,005,523,935	288,203,431	2,663,656	1,291,063,710	220,710,020	53,395,942	1,279,642	272,826,320	784,813,915
	<i>Previous Year</i>	<i>921,902,724</i>	<i>83,621,211</i>	<i>-</i>	<i>1,005,523,935</i>	<i>171,921,771</i>	<i>48,788,249</i>	<i>-</i>	<i>220,710,020</i>	<i>749,980,953</i>
B	Intangible Assets	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	<i>Previous Year</i>	<i>17,986,576</i>	<i>-</i>	<i>-</i>	<i>17,986,576</i>	<i>13,489,928</i>	<i>4,496,648</i>	<i>17,986,576</i>	<i>-</i>	<i>4,496,648</i>
C	Capital Work in Progress	152,381,148	236,417,966	225,103,104	163,696,010	-	-	-	163,696,010	152,381,148
	Pre Operative Expenses	14,140,019	27,549,447	31,060,027	10,629,439	-	-	-	10,629,439	14,140,019
	Building Under Construction	408,794	974,889	1,383,683	-	-	-	-	-	408,794
	Total	166,929,961	264,942,302	257,546,814	174,325,449	-	-	-	174,325,449	166,929,961
	<i>Previous Year</i>	<i>50,849,091</i>	<i>116,080,870</i>	<i>-</i>	<i>166,929,961</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>166,929,961</i>	<i>50,849,091</i>
D	Intangible Assets Under Development									
	Software under development	276,000	1,432,180	-	1,708,180	-	-	-	1,708,180	276,000
	Total	276,000	1,432,180	-	1,708,180	-	-	-	1,708,180	276,000
	<i>Previous Year</i>	<i>-</i>	<i>276,000</i>	<i>-</i>	<i>276,000</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>276,000</i>	<i>-</i>
	Grand -Total	1,172,729,896	554,577,913	260,210,470	1,467,097,339	220,710,020	53,395,942	1,279,642	272,826,320	1,194,271,019
										952,019,876

Notes forming part of financial statements

NOTE 12 NON CURRENT INVESTMENTS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in Equity Instruments (Other companies)		
Quoted - At Cost - Fully paid up		
5,000 (Previous Year 5,000) Equity Shares of ₹2/- each of Bodal Chemicals Ltd	20,000	20,000
5,155 (Previous Year Nil) Equity Shares of ₹10/- each of HDFC Ltd.	3,434,740	-
17,500 (Previous Year 13,903) Equity Shares of ₹10/- each of Eclerx Services Ltd.	12,297,142	10,042,924
5,000 (Previous Year 5,000) Equity Shares of ₹10/- each of Shriram Transport Finance Co. Ltd.	2,729,906	2,729,906
	18,481,788	12,792,830
Unquoted - At Cost - Fully paid up		
100 (Previous Year 100) Equity Shares of ₹10/- each of Akshar Silica Pvt. Ltd.	1,000	1,000
Share Application Money Cluster Enviro Pvt. Ltd. (Previous Year Nil)	235,420	-
Nil (Previous Year Share Application Money) Akshar Silica Pvt. Ltd.	-	79,800,000
1,238,000 (Previous Year Nil) Redeemable Preference Shares of Akshar Silica Pvt. Ltd. of ₹100/- each	123,800,000	-
	124,036,420	79,801,000
Total	142,518,208	92,593,830
Aggregate amount of quoted investments	18,481,788	12,792,830
Market Value of quoted investments	18,615,944	12,478,095
Aggregate amount of unquoted investments	124,036,420	79,801,000

NOTE 13 LONG TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated) (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Capital advances	1,179,560	1,199,268
b. Security Deposits	24,890,295	15,795,779
c. Advance Against Expenses	500,000	500,000
d. Advance to Suppliers	7,454,514	13,451,387
Total	34,024,369	30,946,434

NOTE 14 OTHER NON CURRENT ASSETS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Miscellaneous Expenditure (to the extent not written off)	3,409,877	13,451,674
Total	3,409,877	13,451,674

NOTE 15 INVENTORIES (Valued at lower of cost or net realized value as taken, valued and certified by management) (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Raw materials	65,039,872	76,751,034
b. Raw materials - in Transit	-	559,447
c. Work in progress	45,137,614	41,890,454
d. Finished goods	100,535,388	112,522,837
e. Stores and spares	18,897,725	16,581,294
f. Fuel & Oil	8,800,420	4,469,980
Total	238,411,019	252,775,046

Notes forming part of financial statements

NOTE 16 TRADE RECEIVABLES (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Trade receivable outstanding for a period less than six months unsecured, considered good.	465,719,585	434,695,506
b. Trade receivable outstanding for a period more than six months unsecured, considered good.	19,643,606	3,992,538
Total	485,363,191	438,688,044

NOTE 17 CASH & CASH EQUIVALENTS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Cash and Cash Equivalents		
Balance with Banks in Current accounts	4,711,210	1,904,166
Deposits	4,121,027	22,056,096
Cash on hand	367,384	366,787
b. Other Bank Balances		
Unpaid Dividend accounts	483,522	379,984
Margin money deposits	9,000,000	9,751,020
Total	18,683,143	34,458,053

NOTE 18 SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated) (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
a. Loans and advances to Employees	384,075	769,556
b. Advances to Capital Goods Suppliers	26,149,552	8,577,283
c. Prepaid expenses	5,420,130	5,954,695
d. Balance with government authorities		
i) CENVAT credit receivables	59,153,683	45,262,100
ii) VAT - CST credit receivables	59,917,403	43,654,413
iii) Export Incentive Receivable	29,256,180	15,880,564
iv) Advance payment of tax (Net of Provisions)	80,203,336	65,709,979
v) Insurance Claim Receivable	-	564,363
e. Others - Advance to suppliers	10,725,586	18,038,014
Total	271,209,945	204,410,967

NOTE 19 OTHER CURRENT ASSETS (Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest receivables on deposits	2,344,286	2,366,361
Total	2,344,286	2,366,361

Notes forming part of financial statements

NOTE 20 REVENUE FROM OPERATIONS (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Sale of Products		
a. Export Sales	1,943,552,628	1,789,313,083
b. Domestic Sales	339,396,916	514,321,530
Less : Excise Duty	29,876,530	23,022,086
Net Domestic Sales	309,520,386	491,299,444
Total Sale of Products	2,253,073,014	2,280,612,527
c. Other operating revenues (Refer 1 below)	68,585,551	56,183,860
Total	2,321,658,565	2,336,796,387
1 Other Operating revenues		
Export incentives	39,425,865	22,157,355
Exchange Rate differences	29,159,686	34,026,505
Total - Other Operating revenues	68,585,551	56,183,860

NOTE 21 OTHER INCOME (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Interest from Deposits	2,566,563	2,697,739
b. Dividend Income	849,870	2,700
d. Gain on Investment in Shares / Assets	610,811	1,562,874
c. Others	603,109	140,419
Total	4,630,353	4,403,732

NOTE 22 COST OF MATERIALS CONSUMED (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Raw Materials		
Opening Stock	70,159,513	67,217,782
Add : Purchases	1,361,823,854	1,309,443,368
	1,431,983,367	1,376,661,150
Less : Closing Stock	56,704,492	70,159,513
Cost of Raw Material Consumed	1,375,278,875	1,306,501,637
b. Packing Material		
Opening Stock	3,419,445	6,216,912
Add : Purchases	24,858,567	22,536,636
	28,278,012	28,753,548
Less : Closing Stock	1,114,966	3,419,445
Cost of Packing Material Consumed	27,163,046	25,334,103
Cost of Total material consumed	1,402,441,921	1,331,835,740

Notes forming part of financial statements

NOTE 23 PURCHASE OF STOCK-IN-TRADE (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Pigments	13,081,400	7,872,649
Total	13,081,400	7,872,649

NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Inventories at the end of the year		
Finished goods	100,535,388	112,522,837
Work-in-progress	45,137,614	41,890,454
Total	145,673,002	154,413,291
Less:		
b. Inventories at the beginning of the year		
Finished goods	112,522,837	160,782,978
Work-in-progress	41,890,454	13,628,683
Total	154,413,291	174,411,661
Net (Increase) / decrease	8,740,289	19,998,370

NOTE 25 EMPLOYEE BENEFITS EXPENSE (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Salaries, Wages & Bonus	51,571,308	47,034,181
b. Contribution to Provident and other funds	4,074,830	2,976,290
c. Staff welfare expenses	1,291,313	1,670,503
d. Directors Remuneration including perquisites and commission	14,560,177	18,929,315
Total	71,497,628	70,610,289

NOTE 26 FINANCE COSTS (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Interest		
On long term borrowings *	3,681,518	8,213,844
On short term borrowings	34,753,589	34,693,644
b. Bank & Other Charges		
Bank Charges	9,369,626	7,762,243
Exchange rate differences	1,150,811	2,818,036
Total	48,955,544	53,487,767

* Interest on long-term borrowings, ₹10,912,105/- (Previous year ₹7,728,537/-) is capitalised being the interest pertaining to the construction period.

NOTE 27 DEPRECIATION AND AMORTIZATION EXPENSE (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Depreciation and amortization for the year on tangible assets	53,395,942	48,788,249
Depreciation and amortization for the year on intangible assets	-	4,496,648
Depreciation and amortization relating to continuing operations	53,395,942	53,284,897

Notes forming part of financial statements

NOTE 28 OTHER EXPENSES (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
a. Manufacturing Expenses		
Power and Fuel	279,760,886	241,301,944
Consumption of Stores and Spares parts	33,566,225	32,507,373
Pollution Treatment Expenses	81,900,996	47,641,054
Repairs to Machinery	15,641,079	6,563,953
Repairs to Building	1,872,303	1,471,212
Manufacturing & Labour Charges	58,304,449	44,563,099
	471,045,938	374,048,635
b. Selling and Distribution Expenses	61,244,490	58,112,012
c. Establishment Expenses		
Rent	308,300	261,800
Rates & Taxes (excluding taxes on income)	91,209	87,368
Insurance	3,992,810	3,288,735
Travelling, Conveyance & Vehicle Expenses	8,137,432	6,350,220
Directors Travelling Expenses	7,748,990	6,279,110
Stationery and Printing Expenses	1,267,685	1,068,204
Communication Expenses	2,557,601	2,492,464
Auditors Remuneration (Refer Note 33)	496,618	172,250
Internal Audit Fees	300,000	300,000
Directors Sitting Fees	10,500	16,000
Legal & Professional Expenses	4,697,493	2,707,772
General Charges	3,362,223	2,236,293
Other Repairs	854,462	869,362
Donation	426,000	131,000
Freight, Handling & Transportation Expenses	587,423	412,430
Miscellaneous expenses written off	10,041,797	10,193,112
Contribution to Political Party	-	75,000
Contribution for approved scientific research programme	-	2,500,000
Total	577,170,971	471,601,767

NOTE 29 EARNING PER EQUITY SHARE (Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Net profit after tax as per statement of profit and loss	103,563,499	225,114,679
Net profit before exceptional item	103,563,499	225,114,679
Weighted average number of Equity Shares used as Denominator for Calculating EPS	12,272,262	12,272,262
Basic and diluted Earning per Share ₹	8.44	18.34
Basic and diluted (before Exceptional) Earning per Share ₹	8.44	18.34

Notes forming part of financial statements

NOTE 30 CONTINGENT LIABILITIES AND COMMITMENTS (Amount in ₹)

Particulars	March 31, 2013	March 31, 2012
1. Letter of Credit and Bank Guarantees issued by bankers and outstanding at the end of the year	54,544,162	72,510,202
2. Estimated Value of Contracts / purchase orders pending for Capital goods / Capital work in progress	60,751,814	28,886,241
3. In respect of Income Tax	8,715,081	14,379,708
Name of Statute	Income Tax Act, 1961	
Nature of the dues	Income tax (A.Y. 2001-02 to 2011-12)	
Forum where dispute is pending	Commissioner of Income Tax (Appeal) /ITAT	

NOTE 31 SUNDRY DEBTORS, SUNDRY CREDITORS AND LOANS AND ADVANCES

The Company has received balance confirmations from major parties and for few exceptions, the management is in the opinion that the current assets, loans and advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated.

NOTE 32 DONATION AND CONTRIBUTIONS INCLUDE PAYMENT TO POLITICAL PARTIES (Amount in ₹)

Particulars	March 31, 2013	March 31, 2012
Bhartiya Janata Party	-	75,000
Total	-	75,000

NOTE 33 PAYMENT TO AUDITORS (Amount in ₹)

Particulars	March 31, 2013	March 31, 2012
For audit fees (Including tax audit fees)	255,618	155,000
For others (Certification work)	241,000	17,250
Total	496,618	172,250

NOTE 34 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS, SPARE PARTS CONSUMED

A	Raw Materials	March 31, 2013		March 31, 2012	
		Amount ₹	%	Amount ₹	%
	Imported	427,895,476	31.11	426,129,466	32.62
	Indigenous	947,383,399	68.89	880,372,171	67.38
	Total	1,375,278,875	100.00	1,306,501,637	100.00
B	Packing Materials	March 31, 2013		March 31, 2012	
		Amount ₹	%	Amount ₹	%
	Imported	-	-	-	-
	Indigenous	27,163,046	100.00	25,334,103	100.00
	Total	27,163,046	100.00	25,334,103	100.00

Notes forming part of financial statements

NOTE 35 FOREIGN CURRENCY TRANSACTIONS (Amount in ₹)		
Particulars	March 31, 2013	March 31, 2012
a) CIF Value of Imports		
Raw Materials	367,291,991	370,611,851
Capital Goods	1,348,354	643,534
b) Expenditure in Foreign Currency		
Purchase of Raw Materials	367,291,991	370,611,851
Capital Goods	1,348,354	643,534
Commission	3,555,364	5,007,060
Others	9,067,848	5,752,339
c) Dividends remitted in Foreign Currency		
1) Final Dividend		
Number of Non-Resident Shareholders	1	2
Number of Shares held by Non-Resident Shareholders	865,200	1,583,800
Amount of Dividend remitted in Rupees	1,946,700	3,167,600
Year/Period to which dividend relates	2011-2012	2010-2011
2) Interim Dividend		
Number of Non-Resident Shareholders	-	2
Number of Shares held by Non-Resident Shareholders	-	1,583,800
Amount of Dividend remitted in Rupees	-	1,979,750
Year/Period to which dividend relates	-	2011-2012
d) Earnings in Foreign Exchange		
Export of Goods (FOB)	1,923,949,377	1,765,958,335
e) Effect of Exchange Fluctuations including Forward Contracts:		
Statement of Profit and Loss	29,159,687	34,026,505

NOTE 36 EMPLOYEES BENEFITS (Amount in ₹)

In compliance with the Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) notified by Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

1 Defined Contribution Plan

The Company has recognized the following amount as an expense:

(Amount in ₹)

Particulars	March 31, 2013	March 31, 2012
i) Contribution to Provident and Other Funds	3,933,582	2,855,515
ii) Contribution to Employee's State Insurance Corporation	141,248	120,775

Notes forming part of financial statements

NOTE 36 EMPLOYEES BENEFITS (contd.)

(Amount in ₹)

2 Defined Benefit Plan

The present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the Projected Unit Credit Method as recommended under AS – 15.

Particulars	April 12 – March 13
I Assumption	
Discount Rate Previous Period	8.75%
Discount Rate Current Period	8.25%
Rate of Return on Plan Assets Previous Period	8.75%
Rate of Return on Plan Assets Current Period	8.25%
Salary Escalation Previous Period	6.00%
Salary Escalation Current Period	6.00%
II Table showing change in Benefit obligation	April 12 – March 13
Liability at the beginning of the Period	16,063,112
Interest Cost	1,405,522
Current Service Cost	805,356
Benefit Paid	(69,575)
Actuarial (gain)/loss on obligations	(203,419)
Liability at the end of the period	18,000,996

NOTE 37 SEGMENT REPORTING

The Company has only one identified reportable business segment namely “Pigments” and does not fall under secondary segment for the purpose of Accounting Standard on “Segment Reporting” (AS 17) notified by Companies (Accounting Standards) Rules, 2006.

NOTE 38 RELATED PARTY DISCLOSURES

Pursuant to the Accounting Standard on “Related Party Disclosure” (AS 18) notified by Companies (Accounting Standards) Rules, 2006, the following persons are considered as related persons for the year ended on March 31, 2013.

1 Related Parties and Nature of Relationship

Names	Relationship
a) The Parties over which significant influence is exercised:	
Aksharchem (India) Ltd	One or more directors are director
Skyjet Aviation Pvt Ltd	One or more directors are director
Skyways	One or more directors are trustee
Asahi Energy Pvt Ltd	One or more directors are director
Asahi Powertech Pvt Ltd	One or more directors are director
Flyover Communication Pvt Ltd	One or more directors are director
Akshar Silica Pvt. Ltd	One or more directors are director
b) Key Management Personnel and their Relatives:	
Mrs. Paru M. Jaykrishna	Chairperson and Managing Director
Mr. Gokul M. Jaykrishna	Joint Managing Director
Mr. Munjal M. Jaykrishna	Joint Managing Director
Mr. Mrugesh Jaykrishna	Spouse of the Chairperson and Managing Director and Father of Joint Managing Directors

Notes forming part of financial statements

NOTE 38 RELATED PARTY DISCLOSURES (contd.)

(Amount in ₹)

2 Details of Transactions

	March 31, 2013	March 31, 2012
a. Purchase of Goods		
Aksharchem (India) Ltd	1,255,932	916,035
b. Investment		
Akshar Silica Pvt Ltd. (Shares Application Money)	-	79,800,000
Akshar Silica Pvt Ltd. (Redeemable Preference Shares)	123,800,000	-
c. Rent Paid		
Skyways	248,300	231,800
d. Remuneration Paid	13,800,000	15,200,000
e. Commission	-	3,000,000
f. Perquisites	760,177	729,315
g. Provident Fund Contribution	2,016,000	1,824,000
h. Consultancy	240,000	150,000
i. Against Land Purchase	28,212,300	17,876,700

NOTE 39 ACCOUNTING FOR TAX ON INCOME

Provision for current tax is made under normal computation. Provision of Income Tax has been made in the accounts taking into consideration various concessions available and depreciation under the Income Tax Act 1961. MAT Credit entitlement has been treated as advance payment of Tax.

NOTE 40 IMPAIRMENT OF ASSETS

No material impairment of Assets has been identified by the Company and as such no provision is required as per Accounting Standard 28 issued by The Institute of Chartered Accountants of India.

NOTE 41

Previous year's figures have been regrouped / reclassified, wherever necessary to make them comparable with the figures of the current year financial statements.

As per our Report of even date attached.

For and on behalf of the Board

For, **Trushit Chokshi & Associates**
Chartered Accountants
Firm Registration No. 111072W

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Trushit Chokshi
(Proprietor)

Gokul M. Jaykrishna
Joint Managing Director

Membership No. 040847
Place : Ahmedabad
Date: 19/06/2013

Saji V. Joseph
Company Secretary

Munjal M. Jaykrishna
Joint Managing Director



ASAHI SONGWON COLORS LIMITED

Regd. Office :167-168, Indrad Village, Kadi – Kalol Road, Dist : Mehsana, Gujarat – 382 727.

ATTENDANCE SLIP

DP Id* _____ Name and Address of the Registered Shareholders _____

Client Id* _____

Regd. Folio No. _____

* Applicable where shares are held in electronic form.

I certify that I am member/proxy for the member of the Company.

I hereby record my presence at the 23rd Annual General Meeting of the Company held on Friday, 27th September, 2013 at 167-168, Village : Indrad, Kadi– Kalol Road, Dist: Mehsana, Gujarat – 382727 at 11.30 A.M.

Member's/Proxy Name in Block Letters

Signature of Member / Proxy

Note : Please sign this attendance slip and hand it over at the entrance of the meeting hall.



ASAHI SONGWON COLORS LIMITED

Regd. Office :167-168, Indrad Village, Kadi – Kalol Road, Dist : Mehsana, Gujarat – 382 727.

PROXY FORM

I/We _____ of _____ being a member / members of the above named Company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Friday, 27th September, 2013 at 167-168, Village : Indrad, Kadi– Kalol Road, Dist: Mehsana, Gujarat – 382727 at 11.30 A.M. or at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____, 2013

Please Affix
Re. 1
Revenue
Stamp

Signed by the said _____

Name and address of the Registered Shareholders

DP Id* _____ Name and Address of the Registered Shareholders _____

Client Id* _____

Regd. Folio No. _____

* Applicable where shares are held in electronic form.

The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the schedule time of the meeting.



Corporate Information

Board of Directors

Mrs. Paru M. Jaykrishna *Chairperson and Managing Director*

Mr. H. K. Khan

Mr. R. K. Sukhdevsinhji

Mr. Arvind Goenka

Mr. Gaurang N. Shah

Dr. Pradeep Jha

Mr. Gokul M. Jaykrishna *Joint Managing Director*

Mr. Munjal M. Jaykrishna *Joint Managing Director*

Company Secretary

Mr. Saji V. Joseph

Auditors

Trushit Chokshi & Associates

Bankers

State Bank Of India

Registered Office and Works

167-168 Village Indrad.

Kadi Kalol Road,

Dist. Mehsana

Gujarat 382 727

Works I: Pigment Green Division

167-168 Village Indrad.

Kadi Kalol Road,

Dist. Mehsana

Gujarat 382 727

Works II: Pigment Blue Division

429-432 Village Dudhwada

ECP Channel Road,

Taluka -Padra, District -Vadodara

(Gujarat) India



ASAHI SONGWON COLORS LIMITED

Registered and Corporate Office

167/168, Indrad Village, Kadi Kalol Road, Dist. Mehsana, Gujarat - 382 727

Tel: +91 2764 233007/08/09/10, Fax: +91 2764 233550

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