



doing business in a
sustainable
way

Asahi Songwon Colors Limited | Annual report, 2011-12

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 realization 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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The global pigments industry grew 4% in 2011-12; Asahi Songwon's revenues grew 27%.

Even as some Indian and global pigment manufacturers reported a decline in profits due to the slowdown in 2011-12, Asahi Songwon strengthened its profit before tax by 48.03%.

The Company outperformed its industry average by investing in products, processes, systems and culture to strengthen its long-term business sustainability.



Asahi Songwon Colors Limited is more than just one of India's largest pigment manufacturers.

The Company is one of the most competitive global pigment manufacturers. Leveraging size, competence, quality and customer selection.

The Company generates 78% of its revenues through exports, servicing the growing needs of some of the largest global downstream customers.

Legacy

Asahi Songwon Colors Limited (ASCL) is India's leading pigment manufacturer. Promoted in 1990 by serving founder and Chairperson Mrs. Paru M. Jaykrishna, the Company is managed by Gokul and Munjal Jaykrishna.

Business

- ASCL is engaged in the manufacture of phthalocyanine pigments (colorants). The Company's product basket comprises Green-7, Beta Blue and CPC Blue Crude.
- The Company commissioned green pigment Green-7 (Current capacity- 1440 tonnes per annum) at Kadi in 1994. The Company added a plant in Vadodara in 2005.
- The Company possesses a consolidated manufacturing capacity of 12840 TPA to be expanded to 15500 TPA in the near future.

Certifications and awards

- The Company's plants are certified for ISO 9001:2008 and ISO 14001:2004, complying with sound health, safety and environmental policies.
- Awarded for outstanding export performance by GDMA for four years.
- Awarded for 'Outstanding performance in the export of dye and dye intermediaries' by CHEMEXCIL for three years.
- Awarded for 'Excellent export performance' in the Category of Export House by FIEO in 2000-01.
- Awarded in 2008 as 'Emerging SME' across all sectors in India by Dun and Bradstreet and Fullerton India.
- Awarded in 2008 for SME Awards in the chemical and petrochemical sectors by Dun and Bradstreet and Fullerton India.
- Conferred the International Trade

Award in chemical category by DHL-CNBC TV 18 in 2009.

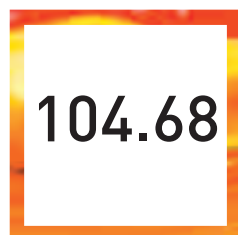
- Conferred the International Trade Award in Chemical category by DHL-CNBC TV18 in 2010-11.

Clients

The Company's brand-enhancing clientele comprises global players like DIC (Japan), Sun Chemicals (USA), Clariant (Korea) and BASF (Germany).

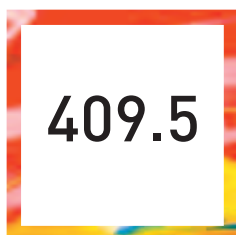


Market capitalisation
(Rs. cr)



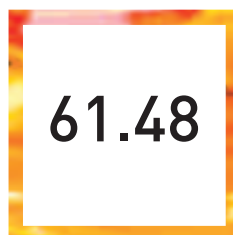
As on March 31, 2012

Market capitalisation
growth (%)



From 2009 to 2012

Promoters' holding
(%)



As on March 31, 2012

Global market share
(%)



As on March 31, 2012

On the shop floor

- Commissioned a research and development centre approved by Ministry of Science and Technology, Government of India,

In the markets

- Increased revenues by 27.01% to Rs. 233.68 cr.

- Expanded our global presence to three new countries (total 23).

For customers

- Strengthened product quality enjoying 10% premium over competitors.
- Invested in a Rs. 0.39 cr R&D facility to enhance quality and accelerate product launches.

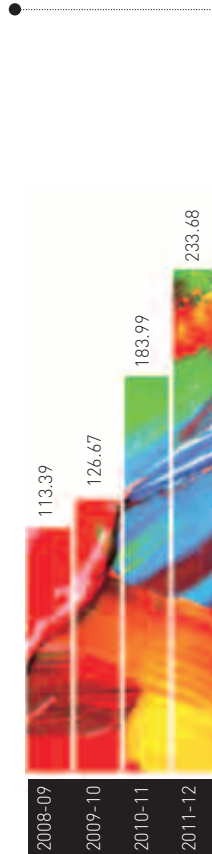
For stakeholders

Paid an interim dividend of Rs. 1.25 per share (face value Rs. 10) and proposed a final dividend of Rs. 2.25 per share.

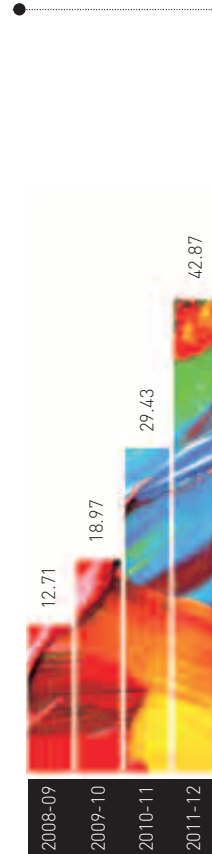
Challenging year. Higher profits.

Tighter customer budgets. Stronger revenues.

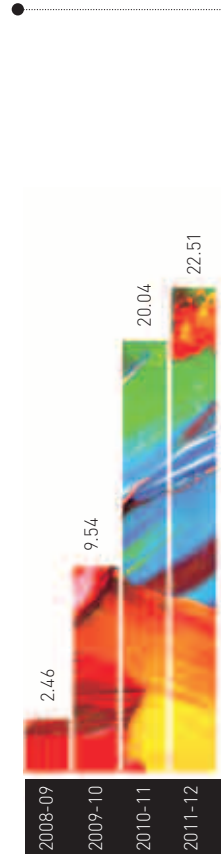
Net sales
(Rs. in cr)



EBITDA
(Rs. in cr)



Profit after tax
(Rs. in cr)



Growth

Revenue growth
27.01%
Over 2010-11

EBITDA growth
45.66%
Over 2010-11

Margins

EBITDA margin
18.35%
in 2011-12

Net margin
9.63%
in 2011-12

Profit after tax growth
12.33%
Over 2010-11

Cash profit growth
13.64%
Over 2010-11

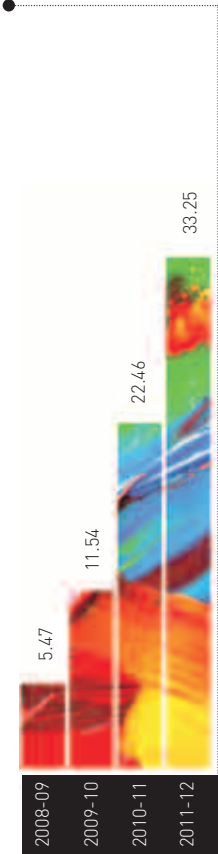
EPS growth
12.31%
Over 2010-11

Interest cover
8.75x
in 2011-12

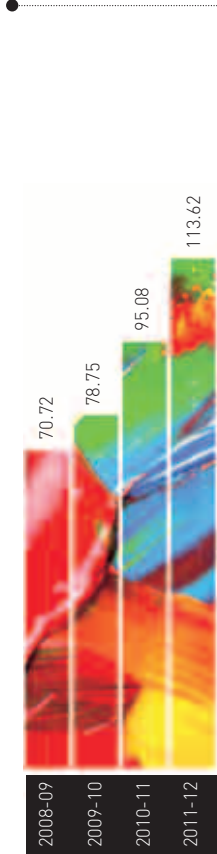
ROCE
22.79%
in 2011-12

PBT growth
48.03%
in 2011-12

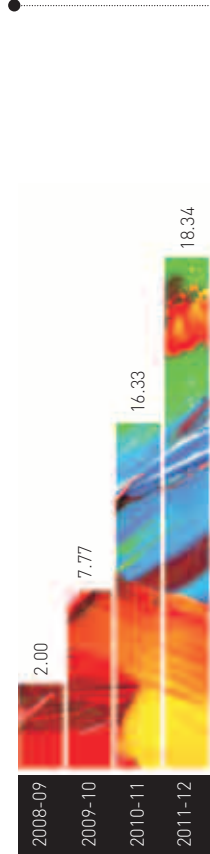
Profit before tax
[Rs. in cr]



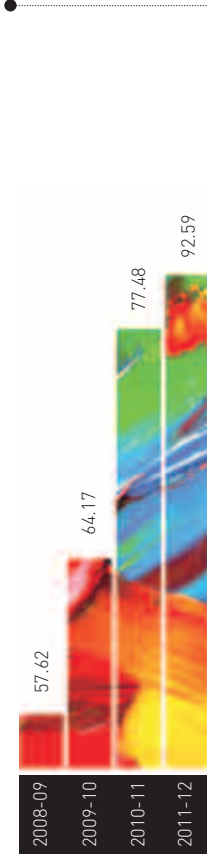
Networth
[Rs. in cr]



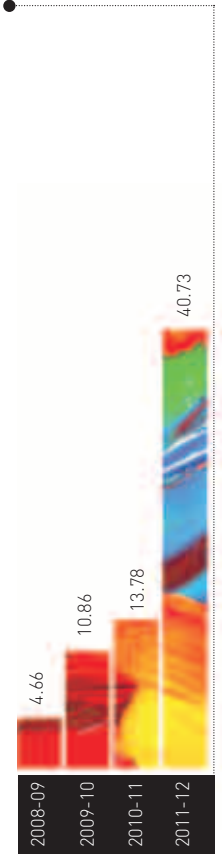
Earning per share
[Rs.]



Book value per share
[Rs.]

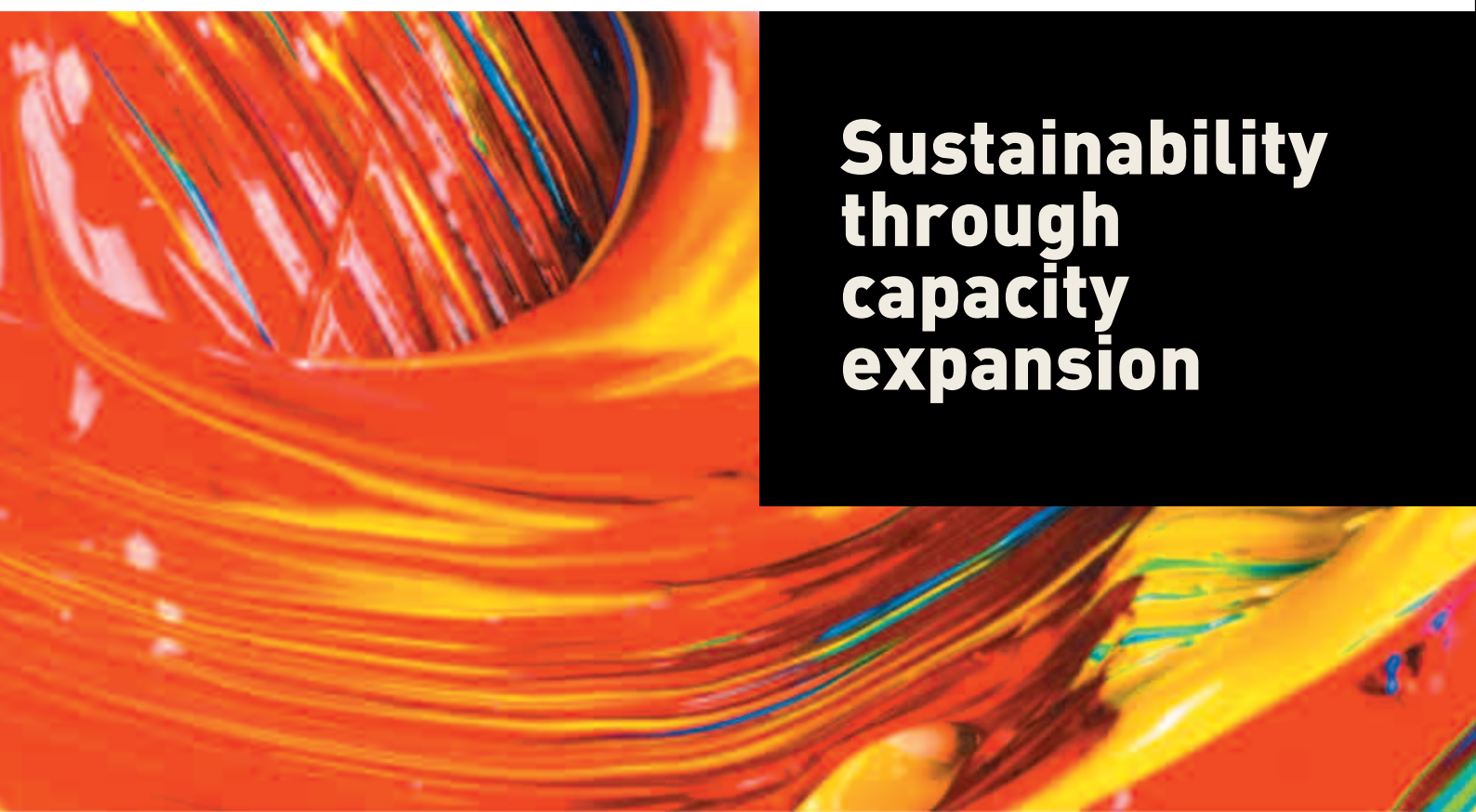


Cash from operations
[Rs. in cr]





**Sustainability
through an
obsession
with quality**



**Sustainability
through
capacity
expansion**

At ASCL, we manufacture phthalocyanine pigments and variants of the highest quality, reflected in the following achievements:

- **Color strength:** Ranges from 95% to 100%, indicating the increased ability of the pigments to absorb more light wavelengths .
- **Moisture content:** Maximum up to 0.5%, indicating sound product attributes.
- **Temperature:** Stable up to 280 degrees centigrade, coupled with a prudent time-temperature relationship.
- **Light fastness:** Robust permanence, steadfast in light exposure and adequately resistant to chemical properties.

The result is that the Company has been working with some of the largest downstream users. DIC, the multinational corporate with operations in more than 60 countries and territories, has been the Company's customer for six years and accounted for 34% of ASCL revenues in 2011-12; Sun Chemicals, the world's largest producer of printing inks and pigments, has been the Company's customer since 1995 and accounted for 23% of ASCL revenues during the year under review.

The combination of a highly-customised product quality and repeat long-term customer engagements represent the basis of the Company's sustainability.

Pigments cater to the growing downstream needs of the paint, ink, cosmetic, chemical, plastic and textile sectors.

Over the years, ASCL has strengthened its sustainability through product innovation catering to wider applications. The Company's research-led approach widened the product basket from one products in 2005 to more than five products across 16 shades.

The result is that what was a 4680 TPA capacity company in 2005 is now a 12840 TPA organisation with plans to expand

capacity to 15500 TPA in near future. This capacity expansion will reinforce the Company's position as one of India's largest pigment manufacturers, enabling it to service the growing needs of downstream customers (existing and prospective).

The Company is reinforcing its sustainability by funding this capacity expansion through accruals and debt, enhancing shareholder value.

Our business model

ASAHI SONGWON WENT INTO BUSINESS AT A TIME WHEN THE INDIAN PIGMENTS INDUSTRY WAS LARGELY UNORGANISED. THE COMPANY WAS CREATED WITH THE VISION TO INSPIRE STAKEHOLDER TRUST THROUGH CREDIBLE ACTION.

A couple of decades ago, Indian pigment manufacturers were largely unorganised commodity businesses marked by small capacities catering to local customers.

The Company entered the business with the sole objective of creating a niche pigments company addressing the growing needs of international customers. Even in the early days of its

business, Asahi Songwon resolved that it would conduct its business in a manner that would evoke global respect for its plants, products and processes. As a result of this, the Company is now:

- Respected by prospective customers for quality, timely and promised delivery.
- Respected by vendors and

collaborators for its vision, credible practices and financial strength.

- Respected by community stakeholders for environmentally sustainable practices.
- Respected by shareholders for business continuity.

These are some of the priorities that reinforced the Company's sustainability.



Global company

At Asahi Songwon, we selected to position ourselves as a global company headquartered in India. This global mindset is reflected in scale, quality, governance and customer selection.

Sustainable growth

At Asahi Songwon, we selected to grow our business in a stable sustainable way as opposed to erratic spurts. We believe we will endure as a business corporation if we recognise that there must be adequate value left on the table for our vendors, customers, employees and ourselves. All our strategic decision-making is based around the long-term, reflected in the Company's revenues and profits: revenue growth from Rs113.39 cr in FY08-09 to Rs. 233.68 cr in FY11-12. Profit after tax stood at Rs. 2.46 cr in FY08-09 to Rs. 22.51 cr in FY11-12.

Profitability range

At Asahi Songwon, we believe that a business can be sustainable if we service the growing needs of our customers across the long-term. This stability can be achieved if we provide our customers with the advantage of predictable pricing in exchange for predictable volumes. In view of this, the Company has selected to work backwards from an EBITDA profitability range of 15% to 20%. This EBITDA range (across the extreme ends of its industry cyclicality) provides the Company with a reasonable return

and an adequate surplus for reinvestment

Niche focus

At Asahi Songwon, we selected to specialise in the niche quality-sensitive segments of Beta Blue and green pigment rather than manufacture a large product variety. These segments are research-intensive and quality-driven, adequately ring-fenced from competition by quality processes, cutting-edge research, world-class testing and state-of-the-art environmental technologies. Since the cost of switching vendors is time-consuming and relatively expensive for customers, the engagements are usually in the form of partnerships and not price-driven transactions. As a result, the Company's business approach has extended from the opportunistic to the relationship-driven.

Customer wallet share

At Asahi Songwon, we believe that in a challenging industry, sustainability is derived from economies of scale and brand, resulting in cost competitiveness and recall. The result: a preference of large downstream customers to work with specialised vendors. In these segments, downstream customers are less driven by the prospect of selecting the cheapest vendor than by the need to work with partners delivering a superior long-term price-value proposition. As an extension, the

Company selected to acquire a large wallet share of select quality-demanding customers as opposed to acquiring a small share of a large number of general customers. This has resulted in the Company becoming the number one suppliers of pigments to the DIC Group worldwide. Besides, the Company has had no bad debts on its books since inception.

Integration

At Asahi Songwon, we invested in the manufacture of CPC as a raw material used in the manufacture of Beta Blue, a downstream product. As a result, about 30% production of CPC Blue Crude is captively used as raw material required in the manufacture of Beta Blue, widening the Company's value chain. The Company also manufactures CPC as a finished product for direct sale to customers.

Gearing

At Asahi Songwon, we feel that the truly sustainable companies are those with low debt, protecting them from the full brunt of industry cyclicality. As a result, we selected to work with an overall gearing of not more than 0.75 and long-term debt- equity ratio 0.4:1 while our expansions were not funded with a gearing in excess of 0.47. The result: even though the global industry passed through a slowdown in 2011-12, we reported a healthy interest cover of 8.75 with an overall gearing of 0.40.

Chairperson's message



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

Dear Shareholders,

The world is becoming more colorful and this is no accidental hue of the decade. There is not only a profusion of color; there is also a wide range of colors being used; the world is also using color combinations, intensities and applications in a refreshingly unique way than before.

This trend is the result of an inflection point that transpired a couple of decades ago through the IT-driven

manipulation of software that widened the range, understanding, appreciation and management of colors. What was earlier a skill restricted only to the trained eye is now a general skill easily derived on the computer screen by graphic artists, interior designers, architects and other professionals.

The result is a sustained growth in a mature pigments market the world over. The international pigments

market has been growing at 15% a year. There has been an increase in the shift of manufacturing activity to Asia-Pacific region from the developed countries. Earlier, a majority of the manufacturing capacities were centered in the advanced markets of the US and Europe. But as these countries became relatively high cost, pigment manufacturing capacities moved to the relatively lower cost economies of the Far East and



eventually to China and India. Interestingly, this geographic shift in capacities and technologies appears to have stabilised in China and India for some important reasons: large captive markets in both the countries, low cost manufacturing capabilities and deep chemistry competencies.

Other major developments happening in the global industry include consolidation. In order to capture the market share and revitalise assets, the activity gained momentum during the year. Additionally, environmental issues, regulatory compliances and rising input costs caused raw material prices to rise during the last fiscal year.

Asahi Songwon Colors Limited is at the right place at the right time with the right competencies to capitalise on this structural shift. Over the last decade, the Company strengthened its systems, practices, customer relationships and technology alliances to emerge as a niche global mid-cap specialty chemicals company. The Company arrived at an attractive sweet-spot in its existence marked by a consistent customer profile, growing order book, margins predictability and business reinvestment – a virtuous cycle.

This sweet-spot is reflected in our

numbers: the Company reported a steady revenue growth from the financial year 2005-06 to the year under review. Besides, the Company reported a 27.01% increase in revenues and a 12.33% growth in its profit after tax despite a global economic slowdown in 2011-12. This outperformance and counter-economic performance only validates our business model.

The global pigment market has not yet recovered to the pre-recession levels on account of the eurozone crisis and slowdown in the US economic recovery. The recession impacted the use of pigments, including the inks industry. Rising labour costs catalysed the industry the increase in organic pigment costs.

Considering the above challenges, your Company countered these challenges with following initiatives:

- Established a research and development centre recognised by the Ministry of Science and Technology, Government of India.
- Planned in advance to set up value-added downstream products to enhance the Company's market share.
- Executed water recycling and conservation projects at the

manufacturing sites apart from improving and upgrading the waste disposal system.

- Developed stronger bonds with major clients through on-time deliveries that eventually strengthened the order book.

Outlook

The outlook for the industry appears favourable as growth in key user industries like ink, paints, rubber and textiles will drive the global pigments industry. Looking ahead, the Company expects a greater focus on research and development, new product launches, process re-engineering and a reduction in carbon footprint. These initiatives will help us grow revenues 20% during the current financial year in a safely sustainable way.

Based on our industrial reality and competitiveness, the Company expects to develop high performing pigments, improve product quality, reduce waste and rationalise energy to generate revenues of more than Rs. 450 cr by 2014-15 with attractive profitability.



Mrs. Paru M. Jaykrishna
Chairperson & Managing Director



Our competitive edge

Customer size

The Company's customers comprise some of the largest downstream companies the world over. Some 73% of the Company's revenues were derived from exports to multinational companies in 2011-12.

Customer share

DIC and Sun Chemicals accounted for 25% of the Company's revenues each in 2011-12, Clariant accounted for 4% of revenues and BASF for seven per cent; the Company accounted for 50% of DIC's global pigment purchases in 2011-12.

Customer quality

The Company did not have any bad debts on its books in 2011-12. The average receivables cycles was 62 days of turnover equivalent in 2011-12.

Customer stability

Nearly 72.16% of the Company's 2011-12 revenues were derived from customers working with the Company for five years or more.

Net exporter

The Company's exports for the FY 2011-12 amounted to Rs. 178.93 cr. Exports for the year under review were 4.76 times the Company's import.

Scale

The Company's installed pigment capacity of 12840 MTPA is 20% of India's organised capacity.

Financials

The Company enjoyed a gearing of less than 0.5 (including working capital) and 0.10 (excluding working capital); it drew only 70% of its working capital sanction in 2011-12.

Margins

The Company's peak and trough EBITDA margin in the five years leading to 2011-12 were 18.35 per and 11.21% respectively; the Company's ROCE of 22.79% of 2011-12 was considerably higher than the prime lending rate in India and the pigment industry average.

Technology

The Company's Beta Blue technology was provided by global leader DIC; the CPC technology was provided by Clariant for exclusive use in India

Logistics

The Company marketed large portion of its Indian sales within 200 kms of its manufacturing plant

Integration

The Company is integrated from CPC forwards into the manufacture of Beta Blue. A quarter of the Company's CPC output is captively consumed, while the rest is sold.

Quality

The Company's products are customised to demanding customer needs, ringfenced from competition on account of the high quality standards that cannot be easily replicated by competitors.

Risk management

<p>Industry risk The business may cease to remain unattractive</p>	<ul style="list-style-type: none"> • Phthalocyanine pigments account about 60% of the world's organic pigments • The unorganised sector has lost ground in recent years as customer prefer to work with organised manufacturers delivering superior quality, strengthening the case for organised players like Asahi Songwon. • The global demand for dyes and organic pigments is forecast to increase annually by 3.9% through 2013. • The global pigment sales are expected to reach US\$ 24.5 billion in 2015 and US\$ 27.5 billion in 2018.
<p>Strategy risk Intense competition and strategic errors could result in a loss in market share</p>	<ul style="list-style-type: none"> • The Company enjoys a technical collaboration with DIC, Japan (the largest global manufacturer of inks and related pigments with more than 35% of global market share). • Equity investments by Clariant 5.86% and DIC 7.05% in Asahi indicates their confidence.
<p>Technology risk The Company can be a victim of technology obsolescence</p>	<ul style="list-style-type: none"> • Alliances with DIC and Clariant provide the technical expertise required to manufacture high-end products. • The Company invested around Rs. 0.39 cr in research and technology in the last three year.
<p>Geographical risk Presence in one market could result in stagnant revenues in the event of an unexpected decline in those geographies</p>	<ul style="list-style-type: none"> • The Company increased its Indian market share from 2% in 2005-06 to 5% in 2011-12. • The Company's products are sold to four strong players in four countries through long-term contracts.
<p>Environmental risk Release of waste water and non-disposal of the same effectively poses a threat to the environment</p>	<ul style="list-style-type: none"> • The Company's manufacturing facilities are certified for ISO 14001:2004. • The Company complies extensively with statutory and environmental requirements. • The Company has upgraded its environment management system and further investing to modernise the same with latest technology. • The Company intends to commission a zero liquid discharge plant in 2012-13.
<p>Foreign currency risk Currency volatility could affect profitability</p>	<ul style="list-style-type: none"> • The Company exported 78% of revenues in 2011-12 to hedge the import of Phthalic Anhydride and Cuprous Chloride. • The Company is a comfortable exporter – Rs. 146.49 cr in 2010-11 to Rs. 176.60 cr in 2011-12 – against its import of Rs. 36.17 cr and Rs. 37.13 cr respectively for the same year – benefiting from any depreciation in the value of the Indian rupee. • The Company follows a systematic approach and a consistent policy for managing its foreign exchange.

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 appointed 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 Jubilant Organosys Ltd and 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. Present he is Advisor (Oil) and Resident Director – Corporate Affairs, Mumbai of Essar Group. He is a member of Audit Committee of the Company. He is a director of Swan Energy Limited.

Mr. Arvind Goenka

Mr. Arvind Goenka, is a graduated from St. Xavier College, Kolkata, 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 31 years experience in business and in particularly in the chemical industry. He is the chairman of Audit Committee and 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 is senior Professor of Mathematics in M.G. Science College in 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 22nd Annual General Meeting of the members of ASAHI SONGWON COLORS LIMITED will be held on Thursday, 27th September, 2012 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, approve and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2012 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 confirm the Interim Dividend already paid to the equity shareholders as final dividend.
3. To declare final dividend.
4. To appoint a Director in place of Mr. R. K. Sukhdevsinhji, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Gaurang N. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory auditors and fix their remuneration.

Place: Indrad, Mehsana

Date: 13th August, 2012

Registered Office :

167-168, Village Indrad

Kadi - Kalol Road, Dist : Mehsana

Gujarat - 382 727 (India)

By the Order of the Board of Directors

MRS. PARU M. JAYKRISHNA

Chairperson and Managing Director

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. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. As required under Clause 49 of the Listing Agreements entered into with the stock exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice.
4. For the Financial Year 2011-12, interim dividend of Rs. 1.25

per equity share (12.50% on face value of Rs. 10 each) was approved at the meeting of Board of Directors held on 3rd November, 2011 and the same has been paid to the members/ beneficial owners as on record date. The approval of members to confirm the payment of interim dividend as final dividend for the financial year 2011-12 is sought for, at the ensuing Annual General Meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September, 2012 to Thursday, 27th September, 2012 (both days inclusive).
6. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be paid to those shareholders whose name appear in the Register of Members of the Company as on 20th September, 2012, in respect of shares held in Physical Form and in respect of shares held in the electronic form, to those "Deemed Members" whose name appear in the statement of Beneficial Ownership furnished by the Depositories at the end of business hours on 20th September, 2012.
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 shall 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 and 2010-11 are requested to approach the Company or RTA for the payment thereof.

8. Members are requested to furnish to the RTA / depository participants, the name and branch of the bank and account number to enable the Company to distribute dividend through National Electronic Clearing Services (NECS).
9. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), mandates, nominations, power of attorney, change of address and email address etc to their Depository Participant Members holding shares in physical form are requested to intimate such changes to RTA.
10. 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.
11. 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.

Place: Indrad, Mehsana
Date: 13th August, 2012
Registered Office :
167-168, Village Indrad
Kadi – Kalol Road, Dist : Mehsana
Gujarat – 382 727 (India)

By the Order of the Board of Directors
MRS. PARU M. JAYKRISHNA
Chairperson and Managing Director

ANNEXURE TO THE NOTICE

Disclosure to Clause 49 of the Listing Agreement with regard to Directors seeking reappointment / appointment at the forthcoming Annual General Meeting (Refer Item No. 4 and 5) of the Notice

Name of Director	Mr. R. K. Sukhdevsinhji	Mr. Gaurang N. Shah
Date of Birth	06.08.1936	18.02.1958
Date of Appointment	28.05.1996	01.09.2007
Expertise in specific functional areas	Wide Experience in various business.	31 years work experience in accounts and finance
Qualification	B. A. (Economics)	M. Sc.
No. of Equity Shares Held	NIL	NIL
List of outside Company Directorships Held	<ol style="list-style-type: none"> 1. Swan Energy Limited 2. Shree Balaji Trustee Company Private Limited 3. The Hospital & Nursing Home Benefits Association 	<ol style="list-style-type: none"> 1. Devarsons Industries Pvt Ltd 2. Madhavdas Manilal & Co. Pvt Ltd 3. Madhavdas Manilal & Co. 4. Shreeji Finance Corporation 5. Centre for Computer Technology 6. Kumar Dyes 7. New Coalters Chemical Mfg. Co. 8. Devarsons Corporation 9. Devarsons Industries
Chairman/Member of the Committees of the Board of Directors of the Company	1. Audit Committee-Member	Chairman : Audit Committee Remuneration Committee Shareholders/ Investor Grievances Committee
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	NIL	NIL

Directors' Report

Dear Shareholders,

Your Directors are pleased to present their 22nd Annual Report together with the Audited Financial Statement of your Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

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

(Rs. in lacs)

Particulars	2011-12	2010-11
Net Sales/ Income from Operations (Net of Excise Duty)	23,367.96	18,399.08
Other Income	44.04	20.93
Total Income	23,412.00	18,420.01
Profit for the year before Finance Costs & Depreciation	4,392.82	3011.18
Less : Finance Costs	534.88	319.09
Profit for the year before Depreciation	3,857.94	2,692.09
Less : Depreciation	532.85	445.79
Profit for the year before Taxation	3,325.09	2,246.30
Less : Current Tax	918.37	0.60
Less : Deferred Tax	155.57	241.74
Net Profit for the year	2,251.15	2,003.96
Add: Balance brought forward from last year	2,981.16	1,707.94
Surplus available for Appropriation	5,232.31	3,711.90
Appropriation:		
Transfer to General Reserve	300.00	300.00
Proposed Dividend at Rs. 2.25 per Equity Shares	276.13	245.44
Interim Dividend at Rs. 1.25 per Equity Shares	153.40	122.72
Tax on Dividends	69.68	62.57
Balance Carried Forward	4,433.10	2,981.17
Total	5,232.31	3,711.90
Earning per share (EPS) in Rs. (Basic & Dilute per share of face value of Rs. 10/-)	18.34	16.33

FINANCIAL PERFORMANCE

The Company was able to sustain its business performance and register a growth in sales and profitability.

Results of Operations

During the year under review, the Company has earned a total income of Rs. 23,412 lacs as compared with Rs. 18,420 lacs in the previous year. Profit after Tax (PAT) increased by 12.33% from Rs. 2,004 lacs to Rs. 2,251 lacs.

The total sales increased from Rs. 18,399 lacs to Rs. 23,368 lacs during the year, showing a growth of 27% compared with the previous year.

Exports

Your Company continued to show growth in export sales. Export sale for the year under review amounts to Rs. 17,893 lacs as against Rs. 14,883 lacs during the previous year, showing a growth of 20%. Your Directors are confident to explore better overseas markets in the coming year.

Dividend

After considering the Company's profitability, cash flow and overall financial performance, your Board of Directors are pleased to recommend final dividend of Rs. 2.25 per equity share (22.50% on face value of Rs. 10 each) subject to approval of the shareholders in the ensuing Annual General Meeting, which along with the Interim Dividend of Rs. 1.25 per equity share (12.50% on face value of Rs. 10 each) adds up to a total dividend of Rs. 3.50 per equity share (35%).

During the previous financial year, the Company had paid a dividend of Rs. 3 per equity share (30% on face value of Rs. 10 each).

During the year under review, your Directors had declared an interim dividend of Rs. 1.25 per equity share (12.50% on face value of Rs. 10 each) at its meeting held on 3rd November, 2011 and the same has been paid to the members/beneficial owners as on record date. The members are requested to approve the interim dividend as final dividend for the financial year 2011-12.

The final dividend, if declared as above would involve an outflow of Rs. 27,612,590 (previous year Rs. 24,544,524) towards dividend and Rs. 4,479,452 (previous year Rs. 4,171,342) towards final dividend tax.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. K. Sukhdevsinhji and Mr. Gaurang Shah 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

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

- (i) in the preparation of the annual accounts for the year ended 31st March, 2012, 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, 2012 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, 2012 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, retires at the conclusion of the ensuing Annual General Meeting and confirms their willingness to accept office, if re-appointed. The Company has received a certificate from the statutory auditors to the effect that their reappointment if made, would be in accordance with the provisions under sub-section (1B) of Section 224 of the Companies Act, 1956. You are requested to consider their reappointment.

The observations of the Auditors made in the Auditors Report are self explanatory.

FIXED DEPOSITS

Your Company does not accept or hold any deposits and as such, no amount of principal or interest on fixed deposits was outstanding on the date of the balance sheet

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

The particulars relating 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 provided in the Annexure – I to this Report.

STATEMENT OF EMPLOYEES' PARTICULARS

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 is given as per Annexure - II.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. A separate Corporate Governance Report as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) is furnished as a part of Directors Report in Annexure – IV. together with certificate from M/s. Trushit Chokshi & Associates, Chartered Accountants, Ahmedabad, statutory auditors of the Company confirming compliance with the conditions of Corporate Governance.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

A Management Discussion and Analysis Report for the year under review, 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.

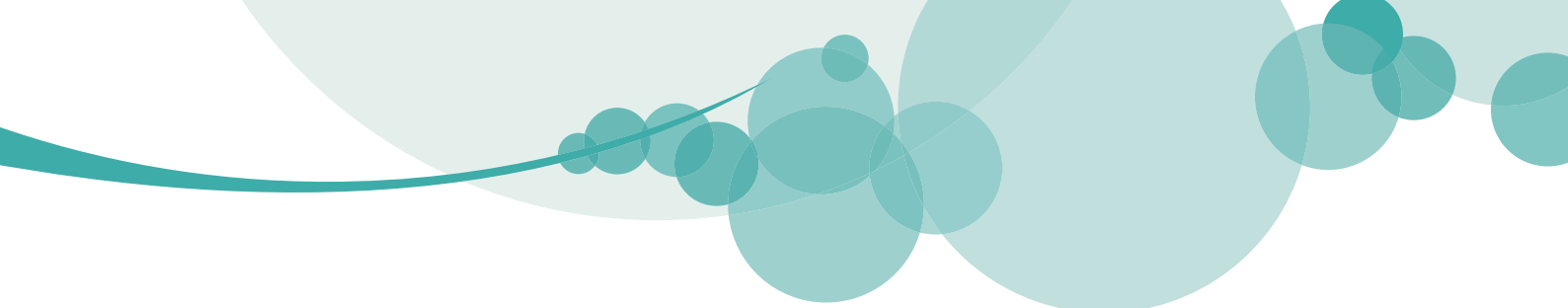
HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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.

FINANCE AND INSURANCE

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

The CARE has revised the credit rating of the Company from



“CARE A” (Single A) to “CARE A+” (Single A Plus) for long-term bank facility and from “CARE A1” (A One) to “CARE A1+” (A One Plus) for the short-term bank facilities.

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.

ENVIRONMENT, HEALTH AND SAFETY

Your Company continues to exercise persistent and meticulous efforts towards greener earth and environment conservation. The Company preserves in its efforts to educate safe and environmentally accountable behavior in every employee, as well as its vendors. The Company is committed towards safety, not only of its own men and plant, but also of the society at large.

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 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.

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

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.

Place: Indrad, Mehsana
Date: 13th August, 2012

By the Order of the Board of Directors
MRS. PARU M. JAYKRISHNA
Chairperson and Managing Director

Annexure – I to The Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ending 31st March, 2012.

I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2011-12

a. Energy conservation measures taken	The Company continues its efforts to improve method of energy conservation and utilisation. Both units have strong team headed by senior personnel to continuously monitor energy consumption. Efforts have been taken to up grade plant and machinery. The Company has five DG set installed at Vadodara plant out of which two is 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.
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 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	2011-12 Current Year	2010-11 Previous Year
A) POWER & FUEL CONSUMPTION				
1.	Electricity			
a.	Purchased			
	Unit	Thousand KWH	16,849.81	16,290.39
	Total amount	Rs. in lacs	1,048.75	960.79
	Rate/Unit	Rs.	6.22	5.90
b.	Own Generation			
i)	Unit generated through diesel generator	lac KWH	NA	NA
	Unit per litre of diesel oil	Rs. in lacs	NA	NA
	Cost/Unit	Rs.	NA	NA
ii)	Unit generated through Wind Mills	Thousand KWH	1,119.48	944.89
	Total amount	Rs. in lacs	67.19	52.52
	Rate/Unit	Rs.	6.00	5.56
2.	Diesel/Furnace Oil			
	Unit	Thousand litres	341.735	287.01
	Total amount	Rs. in lacs	151.03	130.85
	Rate/Unit	Rs.	44.20	45.59
3.	Natural Gas			
	Quantity	Thousand SCM	252.76	Nil
	Total Amount	Rs. in lacs	60.14	Nil
	Rate/Unit	Rs.	23.80	Nil

Sr. No.	Particulars	Unit of Measurement	2011-12 Current Year	2010-11 Previous Year
4.	Coal & other Fuels			
	Unit	Thousand kgs	28,269.45	21,862.00
	Total amount	Rs. in lacs	1,153.09	783.00
	Rate/Unit	Rs.	4.08	3.58
B) CONSUMPTION PER UNIT OF PRODUCTION (PIGMENTS)				
	Unit Cost per MT of production			
	Electricity	(Units/tonne)	1,943.56	1,869.14
	Diesel/furnace oil	(Litres/tonne)	39.42	32.93
	Coal and other fuels	(kg/tonne)	3,260.77	2,508.47

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, optimising effluent treatment process 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 products and better customer satisfaction.
- Offering optimum product choice for diverse applications.
- 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.
- 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.

4. Expenditure on Research & Development

	2011-12	2010-11
Capital	9.40	18.27
Revenue/Recurring	19.77	19.99
Total	29.17	38.26
Total Expenditure as % of turnover	0.12	0.21

5. Technology absorption, adaptation and innovation

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

The Research & 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 78% of the total turnover comes from exports. During the year, the Company exported pigments (Green and Blue) valuing (FOB) Rs. 176.60 cr (previous year Rs. 146.49 cr) to various countries around the world. The

Company exports its product to USA, Europe, Middle East and Asian countries. Continuous efforts are being taken to increase exports by exploring new markets.

- b. Foreign Exchange used and earned

	(Rs. in lacs)	
	2011-12	2010-11
Foreign Exchange Earned (FOB)	17,659.58	14,648.59
Foreign Exchange Used	3,820.15	3,755.26

Annexure – II 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, 2012.

Name	Designation	Remuneration received (Rs. in Lacs)	Qualification	Experience (Years)	Date of commencement of Employment	Age (Years)	Previous Employment held
Mrs. Paru M. Jaykrishna	Chairperson and Managing Director	98.12	MA, LLB	41	Since Inception	69	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-III to The Directors' Report

Management Discussion And Analysis

OVERVIEW

Colours play an important role in our daily lives. Your Company is specialised in spreading a dash of colours into the homes of millions across the globe by producing high quality pigments. Your Company is a leading player in the Indian pigment industry and is firmly focused in becoming a leading global player in the phthalocyanine pigments. The Company's product range constitutes of Copper Phthalocyanine Green (CPC Green, Pigment Green 7), Copper Phthalocyanine (CPC Blue) and its derivatives like pigment Beta Blue. The Company's pigments are exported to the US, Europe and other Asian nations. 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.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The pigment industry is one of the important segments of the chemical industry. Almost all industrial sectors need pigments with printing ink, paints, paper, packaging and textile and serve as growth markets for the pigment industry. The global pigment industry grew 4% in 2011-12.

Owing to high manufacturing costs and stringent environmental control regulations, demand and production of pigments are continually shifting from the US and Europe to the emerging markets in the Asia-Pacific region. This has opened up many opportunities for the Company. With India slowly becoming the preferred location for phthalocyanine pigments apart from China globally, the market is becoming favourable for the Company.

OPPORTUNITIES AND THREATS

There exist opportunities for significant growth in the pigment industry. The market for pigments is responding positively to the colouring needs of a wide range of end-use industries namely inks, paper, textile, packaging, cosmetics and plastics. The growth in the key end-use industries like ink, paints,

rubbers, textiles among others will drive the growth of the global pigment industry. There is robust growth in the FMCG segment which has increased the demand for pigments in printing and packaging industry.

Most of the raw materials of the Company are derivatives of crude oil. Hence, prices of raw material vary with fluctuations in the international crude oil prices. Further, production processes of the Company are 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 costs. Further, the Company has an in-built system of monitoring the inventory and logistics.

The Company is exposed to the risk of foreign exchange fluctuations as major chunk of the revenue comes from the foreign countries. However, the Company has a consistent policy to mitigate the currency variation risks.

The Company enjoy strong offshore client base with DIC, Sun Chemicals, Clariant and BASF being its most important clients. The Company has been able to maintain strong relations with its clients by supplying consistent quality products and reliable delivery of orders.

OUTLOOK

Global business is recovering from economic slowdown, India has shown faster recovery than other nations, but the main factors that will continue to play a key role are the crude oil prices, inflation, political compulsions, and higher interest rates.

The Company strategy for the financial year 2012-13 would be, improving the operating margins through better productivity, capacity enhancement, overall cost control and better working capital management. Implementation of the '3 R's - Reduce, Reuse and Recycle' policy in the production activities will be of immense importance.

During the year, the research and development centre was recognised by the Central Government, Ministry of Science and

Technology. Your Company has several new environment-friendly products in the pipeline and has plans for commercialisation of Beta Blue 15. 4 and expanding its market network.

Continued focus will be on remaining an environmentally responsible company with investment in waste recycling and upgradation of waste disposal system.

The demand for your product has shown substantial growth year-to-year and is expected to continue for the financial year 2012-13.

RISK AND CONCERNS

The pigment industry has to address the issues of REACH compliance and also in a clean and green environment. The Company has to comply with the environmental protection norms issued by the Central and State Governments. The major revenue of the Company comes from exports, hence, the volatility of rupee vis-à-vis dollar effects realisation and adverse global economic conditions are additional causes of concern.

The Company has 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.

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 Auditors of the Company review the internal control systems on a regular basis for its effectiveness and necessary changes and suggestions which are duly incorporated into the system. Internal audit reports are also reviewed by the Audit Committee of the Board.

FINANCIAL PERFORMANCE

The year under review, was a year of uncertainty due to the European financial crisis and the slow recovery of the US economy. Despite this, the Company managed to report a 27% growth in topline and a 48% growth in profit before tax.

(Rs. in lacs)

Particulars	2011-2012	2010-2011
Income from operation	23,367.96	18,399.08
Other income	44.04	20.93
Total income	23,412.00	18,420.01
Operating profit	4,392.82	3,011.17
Finance costs	534.88	319.09
Depreciation	532.85	445.79
Profit before tax	3,325.09	2,246.29
Tax expenses	1,073.94	242.33
Profit after tax	2,251.15	2,003.96

Results of operations

Financially, over the years, the Company has been growing steadily. During the year under review its total sales increased from Rs. 18,399 lacs to Rs. 23,368 lacs, which is a hefty growth of over 27%, its topline. The profit before after tax has jumped 48% from Rs. 2,246 lacs to Rs. 3,325 lacs.

Exports

The exports of the Company increased from Rs. 14,882 lacs as against Rs. 17,893 lacs during the year, showing a growth of 20%.

HUMAN RESOURCES DEVELOPMENT

The intra-industrial relations of your Company continue to remain harmonious with a 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 its continuation.

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 – IV to The Directors' Report

Corporate Governance Report

Detail report on Corporate Governance for the financial year from 1st April, 2011 to 31st March, 2012 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, honest and ethical manner. Corporate Governance practice ensures transparency, integrity and accountability in its functioning. Our governance practice is to build the trusts between the Company and its stakeholders 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 31st March, 2012, the Board of Directors comprises eight members including three Executive Directors and five Non-Executive directors. All five (5) Non-Executive Directors are Independent Directors.

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 meetings of the Board of Directors are held at periodical intervals and are generally held at the Registered Office of the Company. 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. During the year under review, the Board of Directors met six (6) times and time gap between two meetings does not exceed four months.

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, 2011	Indrad, Kadi	5
2.	6th July, 2011	Indrad, Kadi	5
3.	27th July, 2011	Indrad, Kadi	5
4.	3rd November, 2011	Indrad, Kadi	5
5.	21st January, 2012	Indrad, Kadi	5
6.	29th March, 2012	Indrad, Kadi	5

The details of composition of the Board as at 31st March, 2012, the attendance records of the Directors at the Board Meeting held during the financial year 2011-12 and at the last Annual General Meeting (AGM) as 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	5	-	-	6	6	Yes
Mr. H.K. Khan	3	1	2	-	6	-	No
Mr. R. K. Sukhdevsinhji	1	2	-	-	6	1	No
Mr. Arvind Goenka	3	1	3	-	6	-	No
Mr. Gaurang N. Shah	-	2	-	-	6	6	Yes
Dr. Pradeep Jha	1	-	3	-	6	5	No
Mr. Gokul M. Jaykrishna	2	6	-	-	6	6	Yes
Mr. Munjal M. Jaykrishna	1	6	-	-	6	6	Yes

2.4 Details of Directors seeking reappointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. R. K. Sukhdevsinhji and Mr. Gaurang Shah, 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

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors has laid down a Code of Conduct for all Board members and senior level employees of the Company. All Board members and senior level employees have affirmed compliance of the Code of Conduct for the financial year 2011-12. A declaration to this effect signed by the Chairperson and Managing Director to this effect is annexed at the end of this report.

3. COMMITTEES OF THE BOARD

The Company has three Board level Committees, namely;

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

3.1. Audit Committee

A. Composition of Audit Committee

The Audit Committee comprises three Non-Executive Directors all of whom are Independent Directors. The members possess adequate knowledge of accounts, audit, finance, among others. 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 the Audit Committee:

1. Mr. Gaurang 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 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 five (5) 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	5	5
Mr. R. K. Sukhdevsinhji	5	1
Dr. Pradeep Jha	5	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. Oversight 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, reappointment 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, among others) 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 and background of the candidate.
13. Carrying out any other function as in mentioned in terms of reference of the Audit Committee.

During the year the Committee reviewed, the financial results and recommended the same to the Board of Directors for their adoption. The Committee also recommended to the Board of Directors the reappointment of M/s. Trushit Chokshi and Associates, Chartered Accountants (Firm Registration No. 111072W) as Statutory Auditors of the Company from conclusion of forthcoming Annual General Meeting and subsequent Annual General Meeting. The Committee also reviewed Management discussion and analysis, internal audit reports, risk management policies and related party transactions.

G. Subsidiary company

Your Company does not have any subsidiary company.

F. Details of remuneration paid to Directors

Executive Directors

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

Whole-time Director	Business relationship with the Company	Remuneration (inclusive of P. F. Contribution, Perquisites and Commission) (Rs. in lacs)
Mrs. Paru M. Jaykrishna	Chairperson & Managing Director	98.12
Mr. Gokul M. Jaykrishna	Joint Managing Director	54.64
Mr. Munjal M. Jaykrishna	Joint Managing Director	54.76
Total		207.52

3.2. Remuneration Committee

A. Terms of Reference

The Remuneration Committee is responsible for reviewing remuneration packages of the Executive Directors and to recommend suitable revision to the Board. This Committee also acts as a Remuneration Committee under Schedule XIII and as Selection Committee under Section 314 of the Companies Act, 1956.

B. Composition of the Remuneration Committee

The Committee comprises 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 2011-12

During the period under review the Committee met once. The details of meetings 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

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

A. Terms of Reference

The Shareholder's/Investor's Grievances Committee has been constituted to attend and to redress the shareholders and investors complaints like transfer of shares (physical and demat), transmission of shares, sub-division, consolidation of any share certificate, issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of dividend, among others. 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 2011-12

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

Name of Members	No. of Meetings	
	Held	Attended
Mr. Gaurang N. Shah	1	1
Mrs. Paru M. Jaykrishna	1	1
Dr. Pradeep Jha	1	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 : 6

Number of complaints solved : 6

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.

G. Compliance by the Company

No penalties/strictures have been imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority, on any matter related to capital markets, during the last three years.

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 the Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Joint

Managing Director of the Company 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.

6. General Body Meetings

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

Year	Location	Date	Time
2008-09	At the Registered Office at 167-168, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30th September, 2009	10.30 a.m
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

6.2 Extra Ordinary General Meeting

There was no Extra Ordinary General Meeting held during the Financial Year 2011-12.

6.3 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.

6.4 Special Resolution passed last year through Postal Ballot

No special resolution was passed through Postal Ballot during 2011-12. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing a special resolution through postal ballot.

6.5 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 Scrutinizer appointed by the Board for carrying out postal ballot process.
- The Postal Ballot Forms received within 30 days of

dispatch are considered by the Scrutinizer.

- The Scrutinizer submits his report to the Chairperson and Managing Director of the Company, who on the basis of the report announces the results.

7. Disclosures

1. Related party transactions

The Audit Committee reviews periodically the significant related party transactions that may have potential conflict with the interest of the Company at large.

There are no materially significant party transactions i.e. transactions of the Company of material nature 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. Transactions with related parties as per the requirement of Accounting Standard (AS-18) – "Related Party Disclosure" are disclosed in Notes to the Financial Statement.

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 on the Company by the stock exchanges, SEBI or other statutory authorities relating to the above.

3. Whistle Blower

The Company has adopted a whistle blower policy and has established necessary mechanism in line with Clause 7 of the Annexure I D to 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

The Company has complied with non-mandatory requirements of Remuneration Committee and whistle blower policy to the extent detail above.

5. Accounting treatment

The Company's financial statements are prepared in accordance with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 in line with the Accounting Standards recommended by the Institute of Chartered Accountants of India.

6. Risk Management

The Audit Committee regularly reviews the risk assessment and control process of the Company. The Board also periodically reviews the risk assessment procedures laid by the Company.

7. Proceed from public issues, rights issue, preferential issue etc.,

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

8. Secretarial Audit

As stipulated by 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 the total 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. The audit confirms that the total listed and paid-up share capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

9. Transfer to Investor Education and Protection Fund

During the year, there was no amount due to be transferred to Investor Education and Protection Fund established by the Central Government.

8. Means of communication

Results

The quarterly, half-yearly and yearly results are sent 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 "Jansatta" in English and Gujarati respectively.

Website

The financial results are posted on the website of the Company at www.asahisongwon.com.

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.

Your Company encourages the shareholders to register their email addresses by sending a letter signed by the shareholders to the Company or its Registrar and Share Transfer Agent, Link Intime India Private Limited.

9. General Shareholder's information:

i.	Annual General Meeting	
	Day, Date, Time & Venue	Thursday, 27th September, 2012 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 (2012-13)	The following are tentative dates:
	Financial Year	1st April, 2012 to 31st March, 2013
	Annual General Meeting	August/ September, 2013
	Results for quarter ended on	
	First Quarter Results	On or before 14th August, 2012
	Second Quarter and Half yearly Results	On or before 14th November, 2012
	Third Quarter Results	On or before 14th February, 2013
	Fourth Quarter Results	On or before 14th May, 2013
iii.	Date of Book Closure	
	Closure of Register of Members and Share Transfer Books	The Book Closure for payment of dividend, if any, from Friday, 21st September, 2012 to Thursday, 27th September, 2012 (both days inclusive).
iv.	Dividend Payment Date	
		The Board of Directors at its meeting held on 3rd November, 2011 declared interim dividend of Rs. 1.25 per share (12.50% p.a.) for the Financial Year 2011-12 and the same has been paid to the members/beneficial owners.
		Final Dividend of Rs. 2.25 per share (22.50%) for the Financial Year 2011-12 is proposed. The payment of final dividend upon declaration by the shareholders at the forthcoming Annual General Meeting will made on or after 2nd October, 2012.
		1. to all those shareholders holding shares in physical and whose names appear in Company' Register of Members as on 20th September, 2012.
		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 20th September, 2012.
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 2012-13 has been paid to the above stock exchange.
		Name and Address of Stock Exchange
		BSE Limited
		25th Floor, 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 BSE	532853
	NSE	ASAHISONG
vii.	Corporate identification Number (CIN) of the Company	L24222GJ1990PLC014789
viii.	Market Price Data	High, Low (based on closing prices) and number of shares traded during each month in the year 2011-12 on BSE Limited and National Stock Exchange of India Ltd

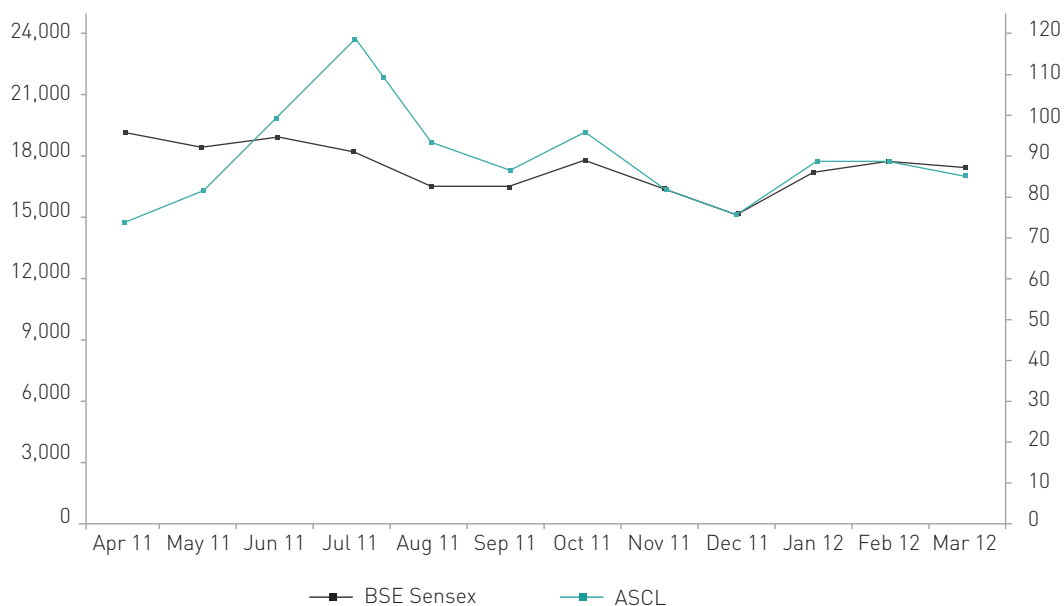
Month	BSE Limited		National Stock Exchange of India Ltd	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2011	78.00	64.35	-	-
May, 2011	83.95	70.70	-	-
June, 2011	109.50	78.05	-	-
July, 2011	129.70	98.25	-	-
August, 2011	122.80	86.10	98.80	88.00
September, 2011	106.75	85.25	109.00	82.10
October, 2011	101.80	79.00	103.00	78.50
November, 2011	103.80	77.90	103.80	77.55
December, 2011	93.00	69.95	87.65	70.00
January, 2012	91.15	74.00	93.95	74.00
February, 2012	105.40	84.00	105.45	84.05
March, 2012	96.00	82.10	96.45	82.65

The Equity Shares of the Company was enlisted with National Stock Exchange of India Ltd from 25th August, 2011.

Performance Comparison Chart

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex. The period covered is 1st April, 2011 to 31st March, 2012. The Management cautions that the stock movement shown in the chart should not be considered indicative of potential future stock price performance.

ASCL share prices and BSE Sensex movement



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 as per the time limits specified in Listing Agreement

Pursuant to Clause 47(c) of the Listing Agreement, 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. Distribution of shareholding

The distribution of shareholding as on 31st March, 2012 is as under:

a. Distribution Schedule

	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1-500	4,172	83.37	689,935	5.62
501-1000	429	8.58	359,438	2.93
1001-2000	200	3.99	320,805	2.61
2001-3000	63	1.26	167,060	1.36
3001-4000	33	0.66	119,723	0.98
4001-5000	19	0.38	92,120	0.75
5001-10000	46	0.92	321,727	2.62
10001 and above	42	0.84	10,201,454	83.13
Total	5,004	100.00	12,272,262	100.00

b. Shareholding Pattern as on 31st March, 2012

	Category	No of Shares	% of Shareholding
A.	Promoters		
1.	Indian Promoters		
	Individuals	7,544,152	61.48
	Bodies Corporate	600	0.00
2.	Foreign Promoters	NIL	NIL
	Total Promoters Holding	7,544,752	61.48
B.	Non Promoters		
1.	Institutional Investors		
a.	Mutual Funds	NIL	NIL
b.	Banks, Financial Institutions, Insurance Companies	NIL	NIL

	Category	No of Shares	% of Shareholding
c.	Foreign Institution Investors	NIL	NIL
	Sub Total	NIL	NIL
2.	Others		
a.	Bodies Corporate	1,209,998	9.86
b.	Indian Public	2,388,020	19.46
c.	NRIs/OCBs	1,042,223	8.49
d.	Clearing Members/Clearing House	87,269	0.71
	Sub Total	4,727,510	38.52
	Grand Total	12,272,262	100.00

xii. 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.

ISIN No. - INE228I01012

Details of dematerialised shares as at 31st March, 2012

	No of shareholders	No of shares	% of capital
NSDL	3,187	9,478,666	77.24
CDSL	1,813	1,928,372	15.71
Physical Form	4	865,224	7.05
Total	5,004	12,272,262	100.00

xiii. Holdings of Promoters and Promoters Group in Electronic Mode	SEBI vide its circular no. SEBI/Cir/ISD/3/2011 dated 17th June, 2011 had stipulated that the securities of the companies shall be traded in the normal segment of the exchange if and only if, the Company has achieved 100% of promoters and promoter group shareholding in dematerialised form. Accordingly, the Company has complied with circular. 100% of Promoters and Promoter Group shareholding are in dematerialised form.
xiv. Outstanding GDRs/ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on equity	There are no outstanding GDRs/ADRs / Warrants or any convertible instruments.
xv. Plant locations	<p>1. Pigment Green Division 167-68, Village: Indrad, Kadi-Kalol Rd, Mehsana, Gujarat – 382 727</p> <p>2. Pigment Blue Division 429-432, Village : Dhudwad, ECP Channel Road, Padra, Vadodara, Gujarat-391 450.</p>
xvi. Address for correspondence	<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>

10. 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 Company does not have a Non-Executive Chairman.
	Independent Directors may have a tenure not exceeding in the aggregate a period of nine years on the Board of the Company	No tenure has been fixed for Independent Directors
	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	Already setup.
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. There is no publication of secondly half yearly results as 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	Nil
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.	At present, the Company does not have any such training programme for Directors.
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 Company has a whistle blower policy.

Place: Indrad, Mehsana

Date: 13th August, 2012

By the Order of the Board of Directors

MRS. PARU M. JAYKRISHNA

Chairperson and 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 the 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 31st March, 2012, as envisaged in Clause 49 of the Listing Agreement with Stock Exchange(s).

Place: Indrad, Mehsana
Date: 13th August, 2012

By the Order of the Board of Directors
MRS. PARU M. JAYKRISHNA
Chairperson and Managing Director

Auditor's Certificate on Corporate Governance

To the Members of
Asahi Songwon Colors Ltd.

We have examined the Compliance of corporate governance by Asahi Songwon Colors Ltd for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 13th August, 2012

For, Trushit Chokshi & Associates
Chartered Accountants
Firm Registration No: 111072W
Trushit Chokshi
Proprietor
Membership No.040847

Financial section

Auditor's Report

To the members of

ASAHI SONGWON COLORS LIMITED

1. We have audited the attached Balance Sheet of ASAHI SONGWON COLORS LIMITED as at 31st March 2012 ("the Company") and also the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto (together referred to as "financial statements"). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956; we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (e) On the basis of written representation received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of Clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

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

Trushit Chokshi
Proprietor

Place: Ahmedabad
Date: 13.08.2012

Membership No. 040847

Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF THE ASAHI SONGWON COLORS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2012.

On the basis of such checks of books and records as we considered appropriate and in terms of the information and explanations given to us during course of our audit, we state that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of 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 and the Internal Auditors 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 and Internal Auditors 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. Discrepancies noticed on the physical verification of the inventories as compared to the book records were not material and have been properly dealt with in the books of accounts.
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.
7. On the basis of internal audit reports broadly reviewed by us, we are of the opinion that the coverage of internal audit functions carried out by the internal auditor is commensurate with the size and the nature of business.
8. As per the information and explanations given to us, the company is not required to maintain the books of accounts pursuant to the rules made by the central government, for the maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956.
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.

b) As at 31st March, 2012 according to the records of the Company, following are the particulars of disputed dues on account of Sales Tax, VAT, Excise Duty, Custom and Income Tax.

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	3,767,096	2010-2011	The said Demand is outstanding because of non disposal of the application filed u/s 154
Income Tax Act, 1961	Income Tax	2,186,522	2011-2012	The said Demand is outstanding because of non disposal of the application filed u/s 154

10. The Company has neither accumulated losses at the end of the financial year as at 31st March 2012, 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 and Financial Institutions.

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.

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: 13.08.2012

Membership No. 040847

Balance Sheet

as at March 31, 2012

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	122,722,620	122,722,620
(b) Reserves and surplus	3	1,026,962,007	851,768,283
		1,149,684,627	974,490,903
2 Non-current liabilities			
(a) Long-term borrowings	4	66,533,815	50,601,405
(b) Deferred tax liabilities (Net)	5	99,131,245	83,574,070
(c) Long-term Provisions	6	6,948,350	5,077,731
		172,613,410	139,253,206
3 Current liabilities			
(a) Short-term borrowings	7	338,768,852	398,573,080
(b) Trade payables	8	229,487,732	197,483,079
(c) Other current liabilities	9	89,948,860	50,436,239
(d) Short-term provisions	10	41,206,804	34,629,775
		699,412,248	681,122,173
Total		2,021,710,285	1,794,866,282
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		784,813,915	749,980,953
(ii) Intangible assets		-	4,496,648
(iii) Capital work-in-progress		166,929,961	50,849,091
(iv) Intangible assets under development		276,000	-
(b) Non-current investments	12	92,593,830	6,374,538
(c) Long-term loans and advances	13	30,946,434	39,293,516
(d) Other non-current assets	14	13,451,674	23,644,786
		1,089,011,814	874,639,532
2 Current assets			
(a) Inventories	15	252,775,046	285,118,013
(b) Trade receivables	16	438,688,044	396,771,478
(c) Cash and cash equivalents	17	34,458,053	19,317,893
(d) Short-term loans and advances	18	204,410,967	217,596,064
(e) Other current assets	19	2,366,361	1,423,302
		932,698,471	920,226,750
Total		2,021,710,285	1,794,866,282
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements 2 to 42			

As per our Report of even date attached.

For and on behalf of the Board

For, Trushit Chokshi & Associates

Firm Registration No. 111072W

Chartered Accountants

Trushit Chokshi

Proprietor

Membership No. 040847

Place : Ahmedabad

Date: 13/08/2012

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, 2012

(Amount in Rupees)

Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
I. Revenue from operations	20	2,336,796,387	1,839,907,874
II. Other income	21	4,403,732	2,093,407
III. Total Revenue		2,341,200,119	1,842,001,281
IV. Expenses:			
Cost of Materials consumed	22	1,331,835,740	1,099,477,007
Purchases of Stock-in-Trade	23	7,872,649	18,123,635
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	19,998,370	(26,941,608)
Employee benefits expense	25	70,610,289	55,640,670
Finance costs	26	53,487,767	31,908,931
Depreciation and amortization expense	27	53,284,897	44,579,112
Other Expenses	28	471,601,767	394,584,683
Total expenses		2,008,691,479	1,617,372,430
V. Profit before tax		332,508,640	224,628,851
VI. Tax expense:			
(1) Current tax		91,836,786	59,439
(2) Deferred tax		15,557,175	24,173,897
VII. Profit after tax		225,114,679	200,395,515
VIII. Earnings per equity share: (face value of Rs. 10/- per share)	29		
(1) Basic		18.34	16.33
(2) Diluted		18.34	16.33
Significant Accounting Policies	1		
The accompanying notes are an intergal part of the financial statements	2 to 42		

As per our Report of even date attached.

For and on behalf of the Board

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

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Trushit Chokshi
Proprietor
Membership No. 040847

Gokul M. Jaykrishna
Joint Managing Director

Place : Ahmedabad
Date: 13/08/2012

Saji V. Joseph
Company Secretary

Munjal M. Jaykrishna
Joint Managing Director

Cash Flow Statement

for the year ended March 31, 2012

(Amount in Rupees)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		332,508,640		225,237,360
Add: Depreciation and Amortisation Expenses	53,284,897		44,579,112	
Finance Costs	53,487,767		31,908,931	
Miscellaneous Expenditure written off	10,193,112		9,757,042	
Less: Interest Received	(2,697,739)		(1,346,227)	
(Increase) / decrease in misc. expenses not written off	-		(3,699,541)	
Profit from sale of Current Investment	(1,562,874)		(744,780)	
Dividend Income	(2,700)	112,702,463	(2,700)	80,451,837
Operating Profit Before Working Capital Changes		445,211,103		305,689,197
Working Capital Changes				
Increase/(Decrease) Trade & Other receivables	(41,916,566)		(16,179,609)	
Increase/(Decrease) Inventories	32,342,967		(58,265,803)	
Increase/ (Decrease) Trade & other payables	42,920,524		1,321,472	
Changes in Loans and Advances	(6,161,000)	27,185,925	(41,024,833)	(114,148,773)
Cash Generated from Operating Activities		472,397,028		191,540,424
Direct taxes paid	(65,086,666)		(53,754,873)	
		(65,086,666)		(53,754,873)
Net Cash from Operating Activities		407,310,362		137,785,551
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(199,978,081)		(185,680,492)	
Proceeds from sale of Fixed Assets	-		690,000	
Purchase of Investments	(95,226,205)		(6,369,538)	
Sale of Investments	10,569,787		2,039,974	
Margin money deposit (placed) / matured	(3,316,865)		(6,434,155)	
Interest and Other Income	2,700,439		2,093,707	
		(285,250,925)		(193,660,504)
Net Cash (used in) Investing Activities		(285,250,925)		(193,660,504)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long term borrowings	108,631,949		87,457,291	
(Repayment) of Long term borrowings	(59,031,317)		(24,652,907)	
Availment/(Repayment) Short term borrowings	(59,804,228)		44,394,344	
Payment of Dividend (including Corporate tax on dividend)	(46,544,779)		(28,715,866)	
Interest Paid	(53,487,767)	(110,236,142)	(31,908,931)	46,573,931
Net Cash from / (used in) Financing Activities		(110,236,142)		46,573,931
Net increase / (decrease) in cash and cash equivalents		11,823,295		(9,301,022)
Cash and cash equivalent at the beginning of the year		12,883,738		22,184,760
Cash and cash equivalent at the end of the year		24,707,033		12,883,738

Cash Flow Statement

for the year ended March 31, 2012

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
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)	34,458,053	19,317,893
Less: Margin money not considered as cash and cash equivalents as defined in AS 3 " Cash Flow Statement"	9,751,020	6,434,155
	24,707,033	12,883,738
2. Cash and cash equivalents include:		
Cash on hand	366,787	266,835
In current accounts	1,904,166	8,803,529
In unpaid dividend accounts	379,984	233,767
In deposit accounts	22,056,096	3,579,607
	24,707,033	12,883,738

- Previous year figures have been regrouped wherever necessary, to confirm to this year's classification.
- 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
Firm Registration No. 111072W
Chartered Accountants

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Trushit Chokshi
Proprietor
Membership No. 040847

Gokul M. Jaykrishna
Joint Managing Director

Place : Ahmedabad
Date: 13/08/2012

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 are prepared as per the historical cost convention on the basis of going concern and in accordance with the Generally Accepted Accounting Principles in India the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions to be made that affect the reported amount of assets and 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.

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 Accounting

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

b. 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

Notes forming part of Financial Statements

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 from 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 are classified as current or long-term (Non-current) 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.

1.12 Employee Benefits

a. Defined Contribution Plan

Provident Fund and Employee State Insurance Fund 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.

Notes forming part of Financial Statements

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.

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.

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.

Notes forming part of Financial Statements

Note: 2. SHARE CAPITAL

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Authorised		
20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10 each	200,000,000	200,000,000
b. Issued, Subscribed and Paid-up		
12,272,262 (Previous Year 12,272,262) Equity Shares of Rs. 10 each fully paid - up	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

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
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 Rs. 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, 2012	As at March 31, 2011
e. Shares held by holding / ultimate holding company / or their subsidiaries / associates	-	-

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, 2012		As at March 31, 2011	
	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	5,113,074	41.67
Mr. Gokul M. Jaykrishna	1,474,049	12.01	1,217,061	9.91
Mr. Munjal M. Jaykrishna	1,474,049	12.01	1,214,017	9.89
Dinippon Ink and Chemicals Inc (DIC Corporation)	865,200	7.05	865,200	7.05
Clariant Pigment (Korea) Ltd.	-	-	718,600	5.86
Clariant Chemical (India) Ltd	718,600	5.86	-	-
Total	9,127,952	74.38	9,127,952	74.38

- 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 Rs. 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

Notes forming part of Financial Statements

Note: 3. RESERVES AND SURPLUS

(Amount in Rupees)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
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	158,699,588	128,699,588
Add: Transfer from the Statement of Profit & Loss	30,000,000	30,000,000
Balance at the end of the year	188,699,588	158,699,588
c. Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	298,115,782	170,794,066
Add: Net Profit for the current year	225,114,679	200,395,515
Less : Appropriations		
Transfer to General Reserves	30,000,000	30,000,000
Proposed Dividend for the year Rs. 2.25 (Previous year Rs. 2.00) per Equity Share	27,612,590	24,544,524
Interim Dividend for the year Rs. 1.25 (Previous year Rs. 1.00) per Equity Share	15,340,328	12,272,262
Tax on Dividend	6,968,037	6,257,013
Balance at the end of the year	443,309,506	298,115,782
Total	1,026,962,007	851,768,283

Note: 4. LONG TERM BORROWINGS

(Amount in Rupees)

Particulars	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Secured Loans				
a. Term Loans				
Indian Rupees Loan (a.1)				
From State Bank of India	54,454,019	44,754,584	30,000,000	30,000,000
Interest accrued thereon	-	-	-	775,518
Foreign Currency Loan in US\$ (a.1 & 2)				
From State Bank of India	8,037,460	-	33,981,160	-
b. Other Loans and Advances				
Vehicle Loan (a. 3)	4,042,336	5,846,821	5,439,460	4,976,880
Amount disclosed under the other current liabilities (see Note: 9b)			(69,420,620)	(35,752,398)
Total	66,533,815	50,601,405	-	-

a. Secured loans are covered by:

1. Term Loans from State Bank of India 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 and further secured by personal guarantee of Joint Managing Directors of the Company.

Rupee Term loan of Rs. 74,754,584/- outstanding in the previous year was repaid for Rs. 15,000,000/- and balance amount was converted into Foreign Currency Term Loan for US\$ 1,160,000/- and repaid US\$ 334,000/- balance for US\$ 826,000/- shown as foreign currency loan see - 2 below:

2. Foreign Currency Term Loan US\$ 826,000 @ exchange rate of Rs.50.87 Per. US\$ = Rs.42,018,620 (Previous year Nil)
3. Vehicle loans are secured by hypothecation of vehicles purchased.

Notes forming part of Financial Statements

Note: 4. LONG TERM BORROWINGS (Contd...)

b. Repayment terms of outstanding long term borrowings as on March 31, 2012

1. There was no default in repayment of loan or interest.
2. Repayment terms of secured term loan in Indian Rupee Borrowings
Amount payable within 12 Months Rs. 30,000,000/- (Previous year Rs. 30,000,000/-). Current year term loan outstanding is repayable by balance 11 quarterly installments of Rs. 7,500,000/- and last 12th installment for balance amount. Previous year Term loan is converted into Foreign Currency Term loan. See - 3. below.
3. Repayment terms of secured term loan in Foreign Currency (US\$) Borrowings
Amount payable within 12 Months US\$ 668,000/- = Rs. 33,981,160/- (Previous year US\$ Nil = Rs. Nil). This term loan is repayable by 4 quarterly installments of US\$ 167,000/- and last 5th quarterly Installment of US\$ 158,000/-.
4. Repayment terms of Vehicle Loan
Vehicle loans are repayable in equal monthly instalement over the terms of loan ranging from 3 to 5 years.

Note: 5. DEFERRED TAX LIABILITIES (NET)

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Deferred Tax Liabilities (Net)	104,300,131	95,747,767
b. Deferred Tax Assets (Net)	5,168,886	12,173,697
Total	99,131,245	83,574,070

Note: 6. LONG-TERM PRIVISIONS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Provisions for employees benefits	6,948,350	5,077,731
Total	6,948,350	5,077,731

Note: 7. SHORT TERM BORROWINGS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured Loans *		
Loans repayable on demand from bank		
From State Bank of India		
Working Capital Loans	324,264,798	389,182,630
Buyers credit arrangement	14,504,054	9,390,450
Total	338,768,852	398,573,080

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

Notes forming part of Financial Statements

Note: 8. TRADE PAYABLES

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Trade payable - Micro, Small and Medium Enterprises	28,807,936	35,967,894
b. Others	200,679,796	161,515,185
Total	229,487,732	197,483,079

(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, 2012.

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
Principal	28,807,936	35,967,894
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	28,807,936	35,967,894

(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, 2012. 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 Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Unpaid Dividends	379,983	233,766
b. Current maturities of longterm borrowings (See note: 4)	69,420,620	35,752,398
c. Others		
Advances from customers	309,443	269,129
Statutory liabilities	3,888,503	3,219,336
Payable for fixed assets	10,972,461	5,451,026
Other Current liabilities and payables	4,977,850	5,510,584
Total	89,948,860	50,436,239

Notes forming part of Financial Statements

Note: 10. SHORT TERM PROVISIONS

(Amount in Rupees)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
a. Proposed Dividend	27,612,590	24,544,524
b. Tax on Dividend	4,479,452	4,171,342
c. Provision for employee benefits		
Gratuity	9,114,762	5,913,909
Total	41,206,804	34,629,775

Note: 11. FIXED ASSETS

(Amount in Rupees)

Sr. No.	Nature of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.4.2011	Additions	Disposals	As at 31.3.2012	As at 01.04.2011	Charge for the year	On disposals	As at 31.3.2012	As at 31.3.2011	As at 31.3.2011
A	Tangible Assets										
	Own Assets										
	Freehold Land	2,308,597	37,180,500	-	39,489,097	-	-	-	39,489,097	2,308,597	
	Buildings	114,266,084	8,079,433	-	122,345,517	16,929,244	3,690,122	-	20,619,366	101,726,151	97,336,840
	Plant & Machinery	766,800,125	31,887,776	-	798,687,901	145,481,335	41,197,591	-	186,678,926	612,008,975	621,318,790
	Furniture and Fixtures	7,469,951	962,255	-	8,432,206	2,121,715	508,491	-	2,630,206	5,802,000	5,348,236
	Office equipments	9,012,733	1,101,927	-	10,114,660	4,791,095	939,270	-	5,730,365	4,384,295	4,221,638
	Vehicles	22,045,234	4,409,320	-	26,454,554	2,598,382	2,452,775	-	5,051,157	21,403,397	19,446,852
	Total	921,902,724	83,621,211	-	1,005,523,935	171,921,771	48,788,249	-	220,710,020	784,813,915	749,980,953
	Previous Year	770,365,164	153,315,039	1,777,479	921,902,724	132,318,268	40,082,472	478,969	171,921,771	749,980,953	646,140,896
B	Intangible Assets										
	Goodwill	17,986,576	-	-	17,986,576	13,489,928	4,496,648	-	17,986,576	-	4,496,648
	Total	17,986,576	-	-	17,986,576	13,489,928	4,496,648	-	17,986,576	-	4,496,648
	Previous Year	17,986,576	-	-	17,986,576	8,993,280	4,496,648	-	13,489,928	4,496,648	8,993,296
C	Capital Work in Progress										
	Capital Work in Progress	50,849,091	116,080,870	-	166,929,961	-	-	-	166,929,961	50,849,091	
	Total	50,849,091	116,080,870	-	166,929,961	-	-	-	166,929,961	50,849,091	
	Previous Year	28,537,986	50,849,091	28,537,986	50,849,091	-	-	-	50,849,091	28,537,986	
D	Intangible Assets Under Development										
	Software under development	-	276,000	-	276,000	-	-	-	276,000	-	-
	Total	-	276,000	-	276,000	-	-	-	276,000	-	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Grand -Total	990,738,391	199,978,081	-	1,190,716,472	185,411,699	53,284,897	-	238,696,596	952,019,876	805,326,692

Notes forming part of Financial Statements

Note: 12. NON-CURRENT INVESTMENTS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Investment in Equity Instruments (Other companies)		
Quoted - At Cost - Fully paid up		
5,000 (Previous Year 5,000) Equity Shares of Rs. 2/- each of Bodal Chemcials Ltd	20,000	20,000
Nil (Previous Year 2,000) Equity Shares of Rs. 10/- each of Mahindra & Mahindra Financial Services Ltd.	-	1,437,555
13,903 (Previous Year 7,839) Equity Shares of Rs. 10/- each of Eclerx Services Ltd.	10,042,924	4,871,983
5,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Shriram Transport Finance Co. Ltd.	2,729,906	-
	12,792,830	6,329,538
Unquoted - At Cost - Fully paid up		
100 (Previous Year Nil) Equity Shares of Rs. 10/- each of Akshar Silica Pvt Ltd	1,000	-
Nil (Previous Year 4,500) Equity Shares of Rs. 10/- each of Asahi Energy Pvt Ltd	-	45,000
Share Application Money (Akshar Silica Pvt Ltd)	79,800,000	-
	79,801,000	45,000
Total	92,593,830	6,374,538
Aggregate amount of quoted investments	12,792,830	6,329,538
Market Value of quoted investments	12,478,095	6,756,161
Aggregate amount of unquoted investments	79,801,000	45,000

Note: 13. LONG TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Captial advances	1,199,268	1,123,485
b. Security Deposits	15,795,779	23,688,840
c. Advance Against Expenses	500,000	1,050,000
d. Advance to Suppliers	13,451,387	13,431,191
Total	30,946,434	39,293,516

Note: 14. OTHER NON CURRENT ASSETS

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
Miscellaneous Expenditure (to the extent not written off)	13,451,674	23,644,786
Total	13,451,674	23,644,786

Note: 15. INVENTORIES

(Valued at lower of cost or net realized value as taken, valued and certified by management)

(Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Raw materials	76,751,034	83,815,364
b. Raw materials - in Transit	559,447	5,915,000
c. Work in progress	41,890,454	13,628,683
d. Finished goods	112,522,837	160,782,978
e. Stores and spares	16,581,294	15,419,607
f. Fuel & Oil	4,469,980	5,556,381
Total	252,775,046	285,118,013

Notes forming part of Financial Statements

Note: 16. TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated) (Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Trade receivable outstanding for a period less than six months unsecured, considered good	434,695,506	392,986,144
b. Trade receivable outstanding for a period more than six months unsecured, considered good	3,992,538	3,785,334
Total	438,688,044	396,771,478

Note: 17. CASH & CASH EQUIVALENTS (Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Cash and Cash Equivalents:		
Balance with Banks in Current accounts	1,904,166	8,803,529
Unpaid Dividend accounts	379,984	233,767
Cash on hand	366,787	266,835
b. Other Bank Balances		
Deposits	22,056,096	3,579,607
Margin money deposits	9,751,020	6,434,155
Total	34,458,053	19,317,893

Note: 18. SHORT TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated) (Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Loans and advances to Employees	769,556	1,448,220
b. Advances to Capital Goods Suppliers	8,577,283	17,171,145
c. Prepaid expenses	5,954,695	5,503,757
d. Balance with government authorities		
i) CENVAT credit receivables	45,262,100	29,749,882
ii) VAT - CST credit receivables	43,654,413	40,678,221
iii) Export Incentive Receivable	15,880,564	20,328,366
iv) Advance payment of tax (Net of Provisions)	65,709,979	92,460,099
v) Insurance Claim Receivable	564,363	-
e. Others - Advance to suppliers	18,038,014	10,256,374
Total	204,410,967	217,596,064

Note: 19. OTHER CURRENT ASSETS (Amount in Rupees)

Particulars	As at March 31, 2012	As at March 31, 2011
a. Interest receivables on deposits	2,366,361	1,423,302
Total	2,366,361	1,423,302

Notes forming part of Financial Statements

Note: 20. REVENUE FROM OPERATIONS

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sale of Products		
a. Export Sales	1,789,313,083	1,488,293,405
b. Domestic Sales	514,321,530	341,641,000
Less : Excise Duty	23,022,086	21,379,321
Net Domestic Sales	491,299,444	320,261,679
Total Sale of Products	2,280,612,527	1,808,555,084
c. Other operating revenues (Refer 1 below)	56,183,860	31,352,790
Total	2,336,796,387	1,839,907,874
1. Other Operating revenues		
Export incentives	22,157,355	15,066,937
Exchange Rate differences	34,026,505	16,285,853
Total - Other Operating revenues	56,183,860	31,352,790

Note: 21. OTHER INCOME

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Interest from Deposits	2,697,739	1,346,227
b. Dividend Income	2,700	2,700
c. Other Income	140,419	655,609
d. Gain on Investment in Shares	1,562,874	88,871
Total	4,403,732	2,093,407

Note: 22. COST OF MATERIALS CONSUMED

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Raw Material - Chemicals		
Opening Stock	67,217,782	56,179,894
Add : Purchases	1,309,443,368	1,084,362,546
	1,376,661,150	1,140,542,440
Less : Closing Stock	70,159,513	67,217,782
Cost of Raw Material Consumed	1,306,501,637	1,073,324,658
b. Packing Material		
Opening Stock	6,216,912	7,274,310
Add : Purchases	22,536,636	25,094,951
	28,753,548	32,369,261
Less : Closing Stock	3,419,445	6,216,912
Cost of Packing Material Consumed	25,334,103	26,152,349
Cost of Total material consumed	1,331,835,740	1,099,477,007

Note: 23. PURCHASE OF STOCK-IN-TRADE

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Pigments	7,872,649	18,123,635
Total	7,872,649	18,123,635

Notes forming part of Financial Statements

Note: 24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE *(Amount in Rupees)*

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Inventories at the end 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
Less:		
b. Inventories at the beginning of the year		
Finished goods	160,782,978	135,911,962
Work-in-progress	13,628,683	11,558,091
Total	174,411,661	147,470,053
Net (Increase) / decrease	19,998,370	(26,941,608)

Note: 25. EMPLOYEE BENEFITS EXPENSE *(Amount in Rupees)*

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Salaries, Wages, Bonus & Incentives	47,034,181	35,828,110
b. Contribution to Provident and other funds	2,976,290	3,594,068
c. Staff welfare expenses	1,670,503	1,218,492
d. Directors Remuneration including perquisites and commission	18,929,315	15,000,000
Total	70,610,289	55,640,670

Note: 26. FINANCE COSTS *(Amount in Rupees)*

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Interest		
On long term borrowings*	8,213,844	1,706,921
On short term borrowings	34,693,644	23,389,711
b. Bank & Other Charges		
Bank Charges	7,762,243	6,589,584
Exchange rate differences	2,818,036	222,715
Total	53,487,767	31,908,931

* Interest on long term borrowings, Rs. 7,728,537/- (Previous year Rs. 5,316,315/-) is capitalised being the interest pertaining to the construction period.

Note: 27. DEPRECIATION AND AMORTIZATION EXPENSE *(Amount in Rupees)*

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation and amortization for the year on tangible assets	48,788,249	40,082,472
Depreciation and amortization for the year on intangible assets	4,496,648	4,496,640
Depreciation and amortization relating to continuing operations	53,284,897	44,579,112

Notes forming part of Financial Statements

Note: 28. OTHER EXPENSES

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a. Manufacturing Expenses		
Power and Fuel	241,301,944	187,471,611
Consumption of Stores and Spares parts	32,507,373	19,386,404
Pollution Treatment Expenses	47,641,054	40,408,873
Repairs to Machinery	6,563,953	8,442,277
Repairs to Building	1,471,212	2,717,871
Manufacturing & Labour Charges	44,563,099	37,025,754
	374,048,635	295,452,790
b. Selling and Distribution Expenses	58,112,012	60,740,706
c. Establishment Expenses		
Rent	261,800	245,300
Rates & Taxes (excluding taxes on income)	87,368	62,302
Insurance	3,288,735	2,744,275
Travelling, Conveyance & Vehicle Expenses	6,350,220	6,211,721
Directors Travelling Expenses	6,279,110	6,523,329
Stationery and Printing Expenses	1,068,204	945,463
Communication Expenses	2,492,464	2,506,584
Auditors Remuneration	172,250	155,515
Internal Audit Fees	300,000	300,000
Directors Sitting Fees	16,000	10,000
Legal & Professional Expenses	2,707,772	3,615,129
General Charges	2,236,293	2,978,062
Other Repairs	869,362	1,126,266
Donation	131,000	311,000
Freight, Handling & Transportation Expenses	412,430	290,690
Miscellaneous expenses written off	10,193,112	9,757,042
Loss on sales of assets	-	608,509
Contribution to Political Party	75,000	-
Contribution for approved scientific research programme	2,500,000	-
Total	471,601,767	394,584,683

Note: 29. CALCULATION OF EARNING PER EQUITY SHARE

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net profit after tax as per statement of profit and loss	225,114,679	200,395,515
Net profit before exceptional item	225,114,679	200,395,515
Weighted average number of Equity Shares used as Denominator for Calculating EPS	12,272,262	12,272,262
Basic and diluted Earning per Share Rs.	18.34	16.33
Basic and diluted (before Exceptional) Earning per Share Rs.	18.34	16.33

Note: 30.

The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the Company effective from April 1, 2011 for the presentation made in the financial statements. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements.

Notes forming part of Financial Statements

Note: 31. CONTINGENT LIABILITIES

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
1 Letter of Credit and Bank Guarantees issued by bankers and outstanding at the end of the year	72,510,202	42,341,546
2 Estimated Value of Contracts / purchase orders pending for Capital goods / Capital work in progress	28,886,241	86,182,503
3 In respect of Income Tax	14,379,708	9,959,364
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 / High-Court		

Note: 32. 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: 33. DONATION AND CONTRIBUTIONS INCLUDE PAYMENT TO POLITICAL PARTIES

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
Bhartiya Janata Party	75,000	-
Total	75,000	-

Note: 34. PAYMENT TO AUDITORS

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
For audit fees (Including tax audit fees)	155,000	155,515
For others (Certification work)	17,250	-
Total	172,250	155,515

Note: 35. VALUE OF RAW MATERIAL AND PACKING MATERIAL CONSUMED

	2011-12		2010-11	
	Amount (Rs.)	%	Amount (Rs.)	%
A Raw Materials				
Imported	426,129,466	32.62%	350,541,617	32.66%
Indigenous	880,372,171	67.38%	722,783,041	67.34%
Total	1,306,501,637	100.00%	1,073,324,658	100.00%
B Packing Materials				
Imported	-	0.00%	-	0.00%
Indigenous	25,334,103	100.00%	26,152,349	100.00%
Total	25,334,103	100.00%	26,152,349	100.00%

Notes forming part of Financial Statements

Note: 36. FOREIGN CURRENCY TRANSACTIONS

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
a) CIF Value of Imports		
Raw Materials	370,611,851	359,239,410
Capital Goods	643,534	2,450,662
b) Expenditure in Foreign Currency		
Purchase of Raw Materials	370,611,851	359,239,410
Capital Goods	643,534	2,450,662
Commission	5,007,060	2,828,727
Others	5,752,339	110,07,374
c) Dividends remitted in Foreign Currency		
1) Final Dividend		
Number of Non-Resident Shareholders	2	2
Number of Shares held by Non-Resident Shareholders	1,583,800	1,583,800
Amount of Dividend remitted in Rupees	3,167,600	1,583,800
Year/Period to which dividend relates	2010-2011	2009-2010
2) Interim Dividend		
Number of Non-Resident Shareholders	2	2
Number of Shares held by Non-Resident Shareholders	1,583,800	1,583,800
Amount of Dividend remitted in Rupees	1,979,750	1,583,800
Year/Period to which dividend relates	2011-2012	2010-2011
d) Earnings in Foreign Exchange		
Export of Goods (FOB)	1,765,958,335	1,464,859,561
e) Effect of Exchange Fluctuations including Forward Contracts:		
Statement of Profit and Loss	34,026,505	16,285,853

Note: 37. EMPLOYEES BENEFITS

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 Rupees)

Particulars	March 31, 2012	March 31, 2011
i) Contribution to Provident and Other Funds	2,855,515	3,455,949
ii) Contribution to ESIC	120,775	138,119

Notes forming part of Financial Statements

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.

Assumption	April 2011–March 2012
Discount Rate Previous Period	8.25%
Discount Rate Current Period	8.75%
Rate of Return on Plan Assets Previous Period	8.25%
Rate of Return on Plan Assets Current Period	8.75%
Salary Escalation Previous Period	6%
Salary Escalation Current Period	6%

Table showing change in Benefit obligations	April 11 – March 12
Liability at the beginning of the Period	10,991,640
Interest Cost	906,810
Current Service Cost	975,442
Benefit Paid	(131,884)
Actuarial (gain)/loss on obligations	3,321,104
Liability at the end of the period	16,063,112

Note: 38. 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: 39. 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, 2012.

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 Personal 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

2 Details of Transactions

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
a. Sale of Goods		
Aksharchem (India) Ltd	-	16,948,900
b. Purchase of Goods		
Aksharchem (India) Ltd	916,035	322,672
c. As share application money		
Akshar Silica Pvt Ltd.	79,800,000	-
d. Rent Paid		
Skyways	231,800	215,300
e. Remuneration Paid	15,200,000	12,000,000
f. Commission	3,000,000	3,000,000
g. Perquisites	729,315	-
h. Provident Fund Contribution	1,824,000	1,440,000
i. Consultancy	150,000	120,000
j. Against Land Purchase	17,876,700	17,231,000

Note: 40. 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: 41. IMPAIRMENT OF ASSETS

There are no indications which reflects that any of the assets of the Company has got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on "Impairment of Assets" (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

Note: 42.

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
Firm Registration No. 111072W
Chartered Accountants

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Trushit Chokshi
Proprietor
Membership No. 040847

Gokul M. Jaykrishna
Joint Managing Director

Place : Ahmedabad
Date: 13/08/2012

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

Please complete this Attendance Slip and hand it over at the entrance of the Meeting place. Joint Shareholders may obtain additional Attendance Slips on request

Ledger Folio No. (s) _____ DPID No.* _____ & Client ID No.* _____

No. of Shares held _____

Name and Address of the Member(s)/proxy _____

* Applicable for Members holding shares in electronic form.

I hereby record my presence at the 22nd Annual General Meeting of the Company held on Thursday, 27th September, 2012 at 167-168, Village : Indrad, Kadi– Kalol Road, Dist: Mehsana, Gujarat – 382727 at 11.30 A.M.

Signature of the Member/Proxy

ASAHI SONGWON COLORS LIMITED

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

PROXY FORM

Ledger Folio No. (s) _____ DP ID No.* _____ & Client ID No.* _____

No. of Shares held _____

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 22nd Annual General Meeting of the Company to be held on Thursday, 27th September, 2012 at 167-168, Village : Indrad, Kadi– Kalol Road, Dist: Mehsana, Gujarat – 382727 at 11.30 A.M. or at any adjournment thereof.

Signed this _____ day of _____ 2012 by the said _____

* Applicable for Members holding shares in electronic form.



Signature(s) of Member(s)

Note: 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 & 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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