

1. *Statutory Auditors' Report in respect of proposed buy back of equity shares in terms of clause (xi) of Schedule I to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended (the "SEBI Buyback Regulations")*

Date: 19th May, 2022

To,
The Board of Directors
Asahi Songwon Colors Limited
"Asahi House" 13, Aaryans Corporate Park,
Near Shilaj Railway Crossing,
Thaltej Shilaj Road, Thaltej, Ahmedabad-380059

Dear Sir,

Statutory Auditors' Report in respect of proposed buy back of equity shares by Asahi Songwon Colors Limited ('the Company') in terms of clause (xi) of Schedule I to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended (the "SEBI Buyback Regulations")

1. This report is issued in accordance with the terms of our engagement letter dated 10th May, 2022.
2. The Board of Directors of Asahi Songwon Colors Limited have approved a proposed buy-back of equity shares by the Company at its meeting held on 19th May, 2022 in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 ('the Act') and the SEBI Buyback Regulations. we have been engaged by the Company to perform a reasonable assurance engagement on the statement of determination of the amount permissible capital payment (the "Statement"), which we have initialed for identification purposes only.
3. We have been requested by the Management of the Company to provide a report on the accompanying Statement of permissible capital payment ('Annexure A') as at March 31, 2022 (hereinafter referred together as the "Statement"). This Statement has been prepared by the management.

Management's Responsibility for the Statement

4. The preparation of the Statement in accordance with Section 68(2) of the Companies Act, 2013 and the compliance with the SEBI Buyback Regulations, is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion on reasonable grounds that the Company will be able to pay its debts from the date of Board meeting approving the buyback of its equity shares and will not be rendered insolvent within a period of one year from the date of the Board meeting at which the proposal for buyback was approved by the Board of Directors of the Company and in forming the opinion, it has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Act or the Insolvency and Bankruptcy Code 2016. Further, a declaration is required to be signed by at least two directors of



the Company in this respect in accordance with the requirements of the section 68 (6) of the Companies Act and the SEBI Buyback Regulations.

Auditor's Responsibility

6. Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide reasonable assurance:
 - i. whether we have inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended March 31, 2022;
 - ii. whether the amount of permissible capital payment as stated in Annexure A, has been properly determined considering the audited standalone and consolidated financial statements in accordance with Section 68(2) of the Act; and Regulation 4(i) of Buyback Regulations; and
 - iii. whether the Board of Directors in their meeting dated **19th May, 2022** have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.
7. The standalone and consolidated financial statements of the Company for the year ended March 31, 2022 have been audited by us on which we issued an unmodified audit opinion vide our report dated **19th May, 2022**. Our audit of these standalone and consolidated financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the standalone and consolidated financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. We have also obtained appropriate representations from the Company's management.

Opinion

11. Based on inquiries conducted and our examination as above, and the information and explanation given to us, we report that:
 - a) We have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements as at and for the year ended March 31, 2022;
 - b) The statement of permissible capital payment (including securities premium) towards the proposed buy back of equity shares as computed in the Statement attached herewith is, in our view properly determined in accordance with Section 68(2) of the Act and Regulations 4(i) of the Buyback Regulations. The amounts of share capital and free reserves have been extracted from the audited standalone and consolidated financial statements of the Company as at and for the year ended 31 March 2022; and
 - c) The Board of Directors of the Company, in their meeting held on **19th May, 2022** have formed their opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on

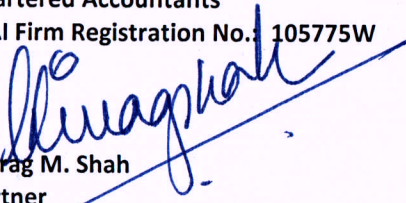


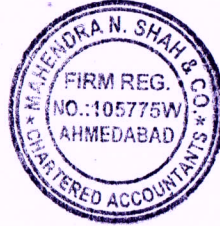
reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated 19th May, 2022.

Restriction on Use

This report has been issued at the request of the Company solely for use of the Company (i) in connection with the proposed buy back of equity shares of the Company in pursuance to the provisions of Sections 68 and other applicable provisions of the Companies Act, 2013 and the SEBI Buyback Regulations, (ii) to enable the Board of Directors of the Company to include in the public announcement, draft letter of offer, letter of offer and other documents pertaining to buy-back to be sent to the shareholders of the Company or filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges, public shareholders and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and (iii) for providing to the managers, each for the purpose of extinguishment of equity shares and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For, Mahendra N. Shah & Co
Chartered Accountants
ICAI Firm Registration No.: 105775W


Chirag M. Shah
Partner
Membership No.: 045706
ICAI UDIN: 22045706AJJSAZ6263



PLACE: Ahmedabad
DATE: 19th May, 2022.

Annexure A

Statement of permissible capital payment

Computation of amount of permissible capital payment towards buyback of equity shares in accordance with the requirements of Section 68(2) of the Companies Act, 2013 and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended ("SEBI Buyback Regulations"), based on audited standalone and consolidated financial statements as at March 31, 2022.

(INR in Lakhs)

Particulars	Amount extracted from the Latest audited standalone financial statements as at March 31, 2022	Amount extracted from the Latest audited consolidated financial statements as at March 31, 2022
Paid Up Equity Share Capital (X)	1202.73	1202.73
Free Reserves *		
-General Reserve	2762.50	2762.50
-Security Premium	557.13	557.13
-Retained Earnings	20,715.21	19,715.13
Total Free Reserves (Y)	24034.84	23034.76
Total of Paid up Equity Share Capital and Free Reserves (X+Y)	25237.57	24237.49
Permissible capital payment towards buy back of equity shares in accordance with Section 68 (2) of the Act and Regulation 5(i)(b) of the SEBI Buyback Regulations (10% of the paid-up equity capital and free reserves)	2523.758	2423.749
Amount approved by Board at its meeting held on 19th May, 2022 , approving the buy back, based on the audited financials for the year ended March 31, 2022		960

* Free Reserves as defined in Section 2(43) of the Act read along with Explanation II provided in Section 68 of the Act.

