

Annual Report
2010-2011



Asahi Songwon Colors Limited
Adding Color to Life



Message from the Chairperson & Managing Director

Dear Shareholders,

The year 2010-11 has been an excellent one for our company and your country.

The turnaround in the economy what started last year is now complete. India and Indian business are making headlines across the world.

Our Company has been able to move to the next level. Our profits have doubled this year on back of a good last year. But more importantly, we feel this is just the beginning of a good period for our industry where Indian takes the lead globally.

Our revenues have increased by 45%, PAT by 110%. Keeping in line with the company's dividend payout record, the board has recommended a final dividend of 20% for the year 2010-11 which with the interim dividend of 10% makes a total of 30% during the year.

Our results would not have been possible without the commitment, dedication and hard work of our work force. They have performed extremely well under difficult conditions.

For me, this year has been particularly satisfying one as Asahi has now started investing regularly in its R & D efforts. This is now likely to prop the Company forward. We plan to launch two new higher value added products which I am proud to say have been developed by Asahi team.

With customers such as DIC of Japan, Sun Chemicals of USA, Clariant of Germany and BASF our future looks promising.

As always our Company remains committed to a greener and cleaner environment.

I take this opportunity to thank all the employees, suppliers, customers and our valued shareholders for their support.

Paru M. Jaykrishna
Chairperson

BOARD OF DIRECTORS AND THEIR BRIEF PROFILE



Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Mrs. Paru M. Jaykrishna, is the Chairperson and Managing Director of the Company. She is B.A. & M.A. in Philosophy, Sanskrit & 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.), has held 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 Jubliant 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. Presently he is Advisor (Oil) and Resident Director - Corporate Affairs, Mumbai of Essar Group. He is a member of Audit Committee of the Company.



Mr. Arvind Goenka

Mr. Arvind Goenka, is a graduated from St. Xaviers College, Kolkata, is an industrialist hailing from the renowned family of Late Sir Badridas Goenka associated with the Industrial group popularly known as DUNCANS. 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 & Chemicals Ltd, Schrader Duncan Ltd, Associated Polymers Ltd.

BOARD OF DIRECTORS AND THEIR BRIEF PROFILE



Mr. Gaurang N. Shah

Mr. Gaurang N. Shah, is an industrialist having more than 30 years experience in business and in particularly in the Chemical Industry. He is the chairman of Audit Committee & Remuneration Committee and Shareholders/Investors Grievances Committee of the Company.



Prof. Pradeep Jha

Prof. Pradeep Jha, is an academician with over 35 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 Shareholder's/Investor's 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 Bachelors 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Paru M. Jaykrishna	<i>Chairperson & Managing Director</i>
Mr. H. K. Khan	
Mr. R. K. Sukhdevsinhji	
Mr. Arvind Goenka	
Mr. Gaurang N. Shah	
Prof. Pradeep Jha	
Mr. Gokul M. Jaykrishna	<i>Joint Managing Director</i>
Mr. Munjal M. Jaykrishna	<i>Joint Managing Director</i>

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 (India)

Works: 1. Pigment Green Division

167-168, Village Indrad,
Kadi Kalol Road,
Dist. Mehsana
Gujarat - 382 727 (India)

Works: 2. Pigment Blue Division

429-432 Village Dudhwada
ECP Channel Road,
Taluka – Padra, District – Vadodara
(Gujarat) India

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of **ASAHI SONGWON COLORS LIMITED** will be held on Thursday the 25th August, 2011 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 Profit & Loss Account for the year ended 31st March, 2011 and the Audited Balance Sheet as at that date and the Director's and 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. Arvind Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Prof. Pradeep Jha, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory auditors and fix their remuneration.

SPECIAL BUSINESS:

7. **REAPPOINTMENT OF MRS. PARU M. JAYKRISHNA AS CHAIRPERSON AND MANAGING DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required, approval of the Company be and is hereby accorded to the reappointment of Mrs. Paru M. Jaykrishna as Chairperson and Managing Director of the Company for a period of 5 years with effect from 1st August, 2011 on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting."

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mrs. Paru M. Jaykrishna as the Chairperson and Managing Director, the Company has no profits or its profit are inadequate, the Chairperson and Managing Director shall be paid remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised further to alter, vary and/or amend the terms and conditions of re-appointment including the remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereof."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

8. **REAPPOINTMENT OF MR. GOKUL M. JAYKRISHNA AS JOINT MANAGING DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-

enactment (s) thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required, approval of the Company be and is hereby accorded to the reappointment of Mr. Gokul M. Jaykrishna as Joint Managing Director of the Company for a period of 5 years with effect from 1st August, 2011 on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mr. Gokul M. Jaykrishna as Joint Managing Director, the Company has no profits or its profit are inadequate, the Joint Managing Director shall be paid remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised further to alter, vary and/or amend the terms and conditions of re-appointment including the remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereof.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

9. **REAPPOINTMENT OF MR. MUNJAL M. JAYKRISHNA AS JOINT MANAGING DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956, consent of the members of the Company be and is hereby given to change in designation of Mr. Munjal M. Jaykrishna from Executive Director to Joint Managing Director of the Company w.e.f. 20th July, 2010.”

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment (s) thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required, approval of the Company be and is hereby accorded to the reappointment of Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company for a period of 5 years with effect from 1st August, 2011 on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.”

“**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of Mr. Munjal M. Jaykrishna as Joint Managing Director, the Company has no profits or its profit are inadequate, the Joint Managing Director shall be paid remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised further to alter, vary and/or amend the terms and conditions of re-appointment including the remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereof.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

By the Order of the Board of Directors

Place: Indrad, Mehsana

Date : 06/07/2011

Registered Office :

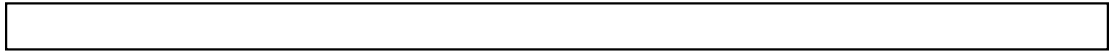
167-168, Village Indrad,

Kadi Kalol Road, Dist. Mehsana

Gujarat - 382 727 (India)

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.**
PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY ATLEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business at Item No. 7 to 9 is annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. For the Financial Year 2010-2011 interim dividend of Rupee 1/- per Equity Share (@ 10% on face value of Rs. 10/- each) was approved at the meeting of Board of Directors held on 21st October, 2010 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 2010-2011 is sought for, at the ensuing Annual General Meeting.
5. A brief resume of Directors retiring by rotation and directors seeking reappointment with nature of their expertise in specific functional areas and name of Companies in which they hold directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
7. Members who hold shares in dematerialised form are requested to fill their Client ID and DP ID numbers and those hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 17th August, 2011 to Thursday, 25th August, 2011 (both days inclusive).
9. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose name appear in the Register of Members of the Company as on 16th August, 2011, 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 National Securities Depository Services Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) at the end of business hours on 16th August, 2011.
10. (a) Members are requested to notify immediately any change of address:
 - i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.(b) In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately
11. The members can also avail facility of nomination in terms of extent legal provisions in this regard. On request, the necessary form will be supplied by the Registrar and Share Transfer Agents.
12. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing service of notices / documents including Annual Report by e-mails to its members. To support this green initiative of the Government in full measure, members who are requested to register their email address with the Company or the Registrar and Share Transfer agent.
13. 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.

ANNEXURE TO THE NOTICE

Disclosure pursuant to Clause 49 of the Listing Agreement with regard to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting (Refer Item No. 4, 5, 7 to 9) of the Notice.

Name of Director	Mr. Arvind Goenka	Prof. Pradeep Jha	Mrs. Paru M. Jaykrihsna	Mr. Gokul M. Jaykrishna	Mr. Munjal M. Jaykrishna
Date of Birth	05/06/1962	28/11/1945	05/08/1943	24/10/1968	08/04/1970
Date of Appointment Expertise in specific functional areas	16/04/1996 Rich experience in the business of Jute, Chemicals and Textiles etc.	26/08/1997 Academician with over 35 years teaching. He is a senior Professor of Mathematics.	19/12/1990 Experience of more than 39 years in the business of Chemicals and Travel.	08/03/1996 He possesses rich and varied experience of more than 22 years in Finance and Marketing	08/03/1996 He possesses rich experience of more than 21 years in Production and Marketing
Qualification	Commerce Graduate	M.Sc (Maths)	MA, LLB	Major in Finance and Marketing	Bachelors of Science in Business and Economics
No. of Equity Shares Held as on 31.03.2011	NIL	NIL	5113074	1217061	1214017
List of outside Company Directorships Held	1. Oriental Carbon & Chemicals Ltd 2. Schrader Duncan Ltd 3. Associated Polymers Ltd 4. Tomkins Consulting Services India Pvt. Ltd	1. AksharChem (India) Ltd	1. AksharChem (India) Ltd 2. Akshar Silica Pvt Ltd 3. Asahi Energy Pvt Ltd 4. Asahi Powertech Pvt Ltd 5. Skyjet Aviation Pvt Ltd	1. AksharChem (India) Ltd 2. Akshar Silica Pvt Ltd 3. Asahi Energy Pvt Ltd 4. Asahi Powertech Pvt Ltd 5. Skyjet Aviation Pvt Ltd 6. Flyover communication Pvt Ltd	1. AksharChem (India) Ltd 2. Akshar Silica Pvt Ltd 3. Asahi Energy Pvt Ltd 4. Asahi Powertech Pvt Ltd 5. Skyjet Aviation Pvt Ltd 6. Flyover communication Pvt Ltd
Chairman/Member of the Committees of the Board of Directors of the Company	NIL	1. Audit Committee – Member 2. Shareholder/Investor Committee – Member	Nil	Nil	Nil
Chairman / Member of the Committees of Directors of other Companies in which he/she is a Director a) Audit Committee b) Shareholders / Investors Grievances Committee	Schrader Duncan Ltd Oriental Carbon & Chemicals Ltd	1. AksharChem (India) Ltd 2. AksharChem (India) Ltd	Nil	Nil	Nil

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 7

At the Extra Ordinary General Meeting held on 20th October, 2006, Mrs. Paru M. Jaykrishna was reappointed as Chairperson and Managing Director of the Company for a further period of five years with effect from 1st November, 2006 to 31st October, 2011. The terms of remuneration was revised at the 20th Annual General Meeting held on 20th July, 2010.

The Board of Directors, at their meeting held on 6th July, 2011 has decided before completion of her present tenure, to reappoint Mrs. Paru M. Jaykrishna as Chairperson and Managing Director of the Company for a further period of 5 years with effect from 1st August, 2011 on a revised remuneration as recommended by the remuneration committee, subject to the approval of the shareholders in the general meeting.

Mrs. Paru M. Jaykrishna, 68 years, is a M.A. LLB from University of Gujarat. She is one of the renowned women entrepreneurs of India. She was the first lady elected as President of Gujarat Chambers of Commerce and Industry in last 60 years. Under her able leadership, the Company has achieved phenomenal growth since inception to the current year. The brief particulars of her terms and conditions of remuneration are mentioned herein below:

1. Tenure of Appointment : 5 years with effect from 1st August, 2011.

2. Remuneration :

a. Basic Salary :

i) Rs. 7,00,000/- per month with effect from 1st August, 2011, with such revisions as approved by the Board from time to time.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

3. Perquisites:

In addition to the salary and commission as outlined above, the Chairperson and Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

i) The expenditure incurred by the Company on hiring furnished accommodation for the Chairperson and Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Managing Director.

ii) In case the accommodation is owned by the Company, 10% of the salary of Chairperson Managing Director shall be deducted by the Company.

iii) In case no accommodation is provided by the Company, Chairperson and Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Chairperson and Managing Director for herself and her family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Chairperson and Managing Director and her family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation:

For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Chairperson and Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairperson and Managing Director.

4. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

5. Minimum Remuneration :

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Chairperson and Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

Mrs. Paru M. Jaykrishna is aged 68 years and her age may override the maximum age limit of directors, hence in terms of the provisions of Companies Act, 1956, consent of the members by way of special resolution is required for re-appointment of Mrs. Paru M. Jaykrishna as Chairperson and Managing Director of the Company. The Board hereby recommends the resolution for your approval.

The Chairperson and Managing Director so long as she functions as such shall not be paid any sitting fees for attending the meetings of Board or Committee thereof.

The Chairperson and Managing Director shall not be liable to retire by rotation under Section 256 of the Companies Act, 1956.

Copy of draft supplementary agreement to be entered between the Company and Mrs. Paru M. Jaykrishna, Chairperson and Managing Director of the Company is available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna and Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

Item No. 8

At the Extra Ordinary General Meeting held on 20th October, 2006, Mr. Gokul M. Jaykrishna was reappointed as Executive Director of the Company for a further period of 5 years. Further, in the 19th Annual General Meeting held on 30th September, 2009 Mr. Gokul M. Jaykrishna was re-designated as Joint Managing Director of the Company. His terms of remuneration was revised at the 20th Annual General Meeting held on 20th July, 2010.

The Board of Directors, at their meeting held on 6th July, 2011 has decided before completion of his present tenure, to reappoint Mr. Gokul M. Jaykrishna as Joint Managing Director of the Company for a further period of 5 years with effect from 1st August, 2011 on a revised remuneration as recommended by the remuneration committee, subject to the approval of the shareholders in the general meeting.

Mr. Gokul M. Jaykrishna, aged around 42 years is a Major in Finance from Lehigh University, Bethlehem and Bachelors of Science in Economics from University of Pennsylvania. He is associated with the Company since 1996. He is looking after finance, marketing, general administration and overall development of the Company. The brief particulars of his terms and conditions of remuneration are mentioned herein below:

1. Tenure of Appointment : 5 years with effect from 1st August, 2011.

2. Remuneration :

a. Basic Salary :

i) Rs. 3,50,000/- per month with effect from 1st August, 2011 with such revisions as approved by the Board from time to time.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

3. Perquisites :

In addition to the salary and commission as outlined above, the Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.

ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.

iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation :

For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

4. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

5. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

As per the provisions of Companies Act, 1956, consent of the members is required for re-appointment of Mr. Gokul M. Jaykrishna as Joint Managing Director of the Company. The Board hereby recommends the resolution for your approval.

The Joint Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committee thereof.

The Joint Managing Director shall not be liable to retire by rotation under Section 256 of the Companies Act, 1956.

Copy of draft supplementary agreement to be entered between the Company and Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company is available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna and Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

Item No. 9

Mr. Munjal M. Jaykrishna was reappointed as Executive Director of the Company for a period of 5 years at the Annual General Meeting held on 25th August, 2006 and terms of remuneration were revised at the Extra Ordinary General Meeting held on 20th October, 2006. Further the terms of remuneration was revised at the 20th Annual General Meeting held on 20th July, 2010.

The Board of Directors at their Meeting held on 20th July, 2010, changed the designation of Mr. Munjal M. Jaykrishna from Executive Director to Joint Managing Director of the Company for the remaining period of his appointment as Whole-time Director / Executive Director.

The Board of Directors, at their meeting held on 6th July, 2011 has decided before completion of his present tenure, to reappoint Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company for a further period of 5 years with effect from 1st August, 2011 on a revised remuneration as recommended by the remuneration committee, subject to the approval of the shareholders in the general meeting.

Mr. Munjal M. Jaykrishna, aged around 41 years is a Bachelors of Science in Business and Economics from Lehigh University, Bethlehem. He is looking after Production, Marketing, Quality Control and overall development of the Company. He is associated with the Company since 1996. The brief particulars of his terms and conditions of remuneration are mentioned herein below:

1. Tenure of Appointment : 5 years with effect from 1st August, 2011.

2. Remuneration :

a. Basic Salary :

Rs. 3,50,000/- per month with effect from 1st August, 2011 with such revisions as approved by the Board from time to time.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

3. Perquisites:

In addition to the salary and commission as outlined above, Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

- i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation :

For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

4. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

5. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

As per the provisions of Companies Act, 1956, consent of the members is required for re-appointment Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company. The Board hereby recommends the resolution for your approval.

The Joint Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committee thereof.

The Joint Managing Director shall not be liable to retire by rotation under Section 256 of the Companies Act, 1956.

Copy of draft supplementary agreement to be entered between the Company and Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company is available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna and Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

By the Order of the Board of Directors

MRS. PARU M. JAYKRISHNA

Chairperson and Managing Director

Place: Indrad, Mehsana

Date : 06/07/2011

Registered Office :

167-168, Village Indrad,

Kadi Kalol Road, Dist. Mehsana

Gujarat - 382 727 (India)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 21st Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	2010-2011	2009-2010
Sales and Income from Operations	18,399.08	12,667.03
Other Income	20.93	61.82
Increase/(Decrease) in Stock	269.42	(37.05)
Total Income	18,689.43	12,691.80
Profit for the year before Interest & Depreciation	3108.74	2,065.04
Less : Interest	319.09	387.81
Profit for the year before Depreciation	2,789.65	1,677.23
Less : Depreciation	445.79	430.02
Profit for the year before Taxation	2,343.86	1,247.21
Less : Current Tax	0.60	0.60
Less : Deferred Tax	241.74	199.61
Profit for the year after Tax	2,101.52	1,047.00
Less : Prior Period Adjustments	—	—
Less : Miscellaneous Expense Written Off	97.57	92.95
Net Profit for the year	2003.95	954.05
Add: Balance brought forward from last year	1,707.95	1,147.97
Surplus available for Appropriation	3,711.90	2,102.02
Appropriation:		
Transfer to General Reserve	300.00	150.00
Proposed Dividend at Rs. 2.00 per Equity Shares	245.44	122.72
Interim Dividend at Rs. 1.00 per Equity Shares	122.72	85.90
Tax on Dividends	62.57	35.46
Balance Carried Forward	2,981.17	1,707.94
Total	3,711.90	2,102.02
Earning per share (EPS) in Rs. (Basic & Dilute per share of face value of Rs. 10/-)	16.33	7.77

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. 18,420.01 Lacs as compared to Rs. 12,728.85 Lacs of the previous year. Profit after Tax (PAT) increased by 110% from Rs. 954.05 Lacs to Rs. 2003.95 Lacs.

The net sales increased from Rs. 12,602.44 Lacs to Rs. 18,085.55 Lacs during the year, showing a growth of 44% compared to the previous year.

Exports

The Export turnover of the Company has increased by 46%, which was Rs. 14,882.93 Lacs against Rs. 10,174.30 Lacs during the previous year. Your Directors are confident to explore better overseas market in the year to come.

DIVIDEND

Considering the sustained performance for the year, your Board of Directors are pleased to recommend final dividend of Rupee 2.00 per Equity Shares (@20% 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 Rupee 1.00 per Equity Shares (@10% on face value of Rs. 10/- each) adds up to a total dividend of Rupee 3.00 per Equity Shares i.e.30%.

During the previous financial year, the Company had paid a dividend of Rupee 1.70 per Equity Shares (@17% on face value of Rs. 10/- each).

During the year under review, your Directors had declared an interim dividend of Rupee 1.00 per Equity Share (@10% on face value of Rs. 10/- each) at its meeting held on 21st October, 2010 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 2010-2011.

The final dividend, if declared as above would involve an outflow of Rs. 24,544,524/- (Previous Year Rs. 12,272,262/-) towards dividend and Rs. 4,171,342/- (Previous Year Rs.2,085,671/-) towards dividend tax. The requisite provision for dividend and corporate dividend tax has been made in the accounts for the year ended 31st March, 2011.

EXPANSION PLANS

During the year under review, the Company has set up a new R&D center. The Company plans to further expand manufacturing capacity from the existing 14000 MT per annum to 19000 MT per annum.

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 is presented in a separate section forming part of the Directors' Report.

DIRECTORATE

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Arvind Goneka and Prof. Pradeep Jha 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.

The Board of Directors in their meeting held on 6th July, 2011 has re-appointed Mrs. Paru M. Jaykrishna as Chairperson and Managing Director, Mr. Gokul M. Jaykrishna as Joint Managing Director and Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company with effect from 1st August, 2011 for a further period of 5 years respectively, subject to approval of the shareholders at the ensuing Annual General Meeting. Their remuneration has also been revised as per the recommendation of the remuneration committee. The Company is seeking your approval for their reappointment.

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, 2011, 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, 2011 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, 2011 on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s. Trushit Chokshi & Associates, Chartered Accountants, Ahmedabad, the Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the statutory auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 224(1) (B) 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

The Company has not accepted any deposit from the public during the year under review, within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

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 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.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review, the industrial relations of the Company with all its employees and workers remained cordial and harmonious through out the year. 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 rating to the long term bank facility to “CARE A” (Single A) from “CARE A-”(Single A -) in the previous year and reaffirmed “PR1” (PR One) rating for the short term bank facilities as per BASEL-II.

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 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.

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Date : 06/07/2011
Place : Indrad, Mehsana

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, 2011.

I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2010-11

a. Energy conservation measures taken :

The Company continues its efforts to improve method of energy conservation and utilization. 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 two DG set of 750 KVA and one of 500 KVA installed at Vadodara plant 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 made investment in wind energy by installation of one windmill with total installed capacity of 600 KW WTG, which will help to generate energy through environmental friendly measure and also reduce carbon emission in the atmosphere.

c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

All resulted in there is Energy Saving and saving in the cost of production.

d. Total energy consumption and energy consumption per unit of production : As per Form A

FORM 'A'

Sr. No.	Particulars	Unit of Measurement	2010-11 Current Year	2009-10 Previous Year
A) POWER & FUEL CONSUMPTION				
1. Electricity				
a. Purchased				
	Unit	Thousand KWH	16,290.39	11,049.19
	Total amount	Rs in Lacs	960.79	606.13
	Rate/Unit	Rupees	5.90	5.49
b. Own Generation				
	i) Unit generated through diesel generator	Lakh KWH	NA	NA
	Unit per litre of diesel oil	Rs in Lacs	NA	NA
	Cost/Unit	Rupees	NA	NA
	ii) Unit generated through Wind Mills	Thousand KWH	944.89	1,144.24
	Total amount	Rs in Lacs	52.52	59.91
	Rate/Unit	Rupees	5.56	5.24
2. Diesel/Furnace Oil				
	Unit	Thousand Litres	287.01	201.46
	Total amount	Rs in Lacs	130.85	84.82
	Rate/Unit	Rupees	45.59	42.10
3. Coal & other Fuels				
	Unit	Thousand Kgs	21,862.00	20,930.00
	Total amount	Rs in Lacs	783.00	653.10
	Rate/Unit	Rupees	3.58	3.12

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Sr. No.	Particulars	Unit of Measurement	2010-11 Current Year	2009-10 Previous Year
B) CONSUMPTION PER UNIT OF PRODUCTION (PIGMENTS)				
	Unit Cost per MT of Production			
	Electricity	(Units/Ton)	1,869.14	1,682.58
	Diesel/furnace oil	(Ltrs./Ton.)	32.93	27.80
	Coal and other fuels	(kg/ton)	2,508.47	2,888.15

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 and optimize operations.

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

	(Rs. in lacs)	
	2010-2011	2009-2010
Capital	18.27	2.97
Revenue/Recurring	19.99	12.09
Total	38.26	15.06
Total Expenditure as % of turnover	0.21	0.12

5. Technology absorption, adaptation and innovation

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

The Company has been putting emphasis to train its technical personnel by way of providing training of them of the latest technology available.

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.

(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 80% of the total turnover comes from Exports. During the year the Company exported Pigments (Green and Blue) valuing (FOB) Rs.146.49 Crores (Previous Year Rs. 92.58 Crores) to various countries around the World. The Company exports its product to Europe, USA, Middle East and Asian Countries. Continuous efforts are being taken to increase exports by exploring new markets.

b. Foreign Exchange used and earned

(Rupees in Lacs)

	2010-2011	2009-2010
Foreign Exchange Earned (FOB)	14,648.59	9,257.84
Foreign Exchange Used	3,755.26	1,909.13

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, 2011.

Name	Designation	Remuneration received	Qualification	Experience (Years)	Date of commencement of Employment	Age (Years)	Previous Employment held
Mrs. Paru M. Jaykrishna	Chairperson and Managing Director	77.20 Lacs	MA,LLB	39	Since Inception	68	Skyjet Aviation Pvt. Ltd.

Notes:

- The employment is contractual.
- Remuneration received includes Salary, Commission, Company’s contribution to Provident Fund and taxable value of Perquisites.

ANNEXURE - III TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

Your Company is engaged in the manufacturing and exports of phthalocyanine pigments and its derivatives.

Pigments are industrial chemicals which are used as coloring agents and find varied application in printing inks, plastics, paints, textiles and papers. Pigments can be classified into two broad categories namely Pthalo and Azzo. The Pthalo encompass the Green and Blue color pigments while Azzo includes Yellow and Red pigments. Phthalocyanine pigments accounts for 60 percent of the world organic pigments. They are one of the largest categories of pigments manufactured in India.

Your Company is engaged in manufacturing various grades of both Blue and Green Pigments. The Company has two dedicated manufacturing facilities for pigments in the industrial state of Gujarat. The Kadi plant manufactures Green pigments, while Vadodara plant is involved in CPC Blue Crude & Beta Blue Pigment.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Chemical industry is one of the largest industries in the world. The Indian Chemical industry is ranked 12th largest in terms of volume and 3rd largest in Asia. This is one of the oldest industries in India, contributing substantially to the Industrial and economic growth and growing annually at over 10%.

The pigments and colorant sector is one of the important segments of the chemicals industry in India. In the current global market scenario, India has emerged as a leading player in the color industry which comprises of pigments and intermediates. With shift of manufacturing activities from the developed regions to the Asian region, India and China are going to be the growth engines in the manufacturing segments. This has opened up many opportunities to the Company. India continues to be the leader in Phthalocyanine pigments business and remains far head in technology and quality.

OPPORTUNITIES AND THREATS

The Company derives nearly 80% of its revenue from exports with DIC Corporation, Sun Chemicals, Clariant and BASF being the most important customers. The Company is able to maintain a strong relationship with its clients by supplying products of high quality. The state – of – art plant of the Company is arguably best in Asia duly equipped with upper end technology giving extra leverage in quality compared to competitors in Asia.

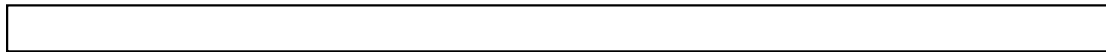
The Company is looking to further expansion in the pigments by adding 5000 MT per annum of its present production capacity which will increase total capacity from 14000 MT per annum to 19000 MT per annum. During the year under review, the Company has set up a new R&D Center. The current expansion will help the Company to cater the buoyant demand for this product to a wider customer base, which will result in higher revenue.

The main raw materials, which are either procured domestically (PA, Aluminum Chloride) or imported (Copper Scrap) and most are derivatives of crude oil, hence price of the raw material vary with the fluctuation in the international crude oil prices. However, the Company keeps constant monitoring on the cost of raw material, energy and transportation. Further, the production process of Company is vertically integrated, CPC Blue Crude which is the primary raw material for manufacturing of Pigment Green and Pigment Blue, in this the Company is able to manage effectively the raw material cost.

The major chunk of revenue of the Company comes from foreign countries. The manufacturing inputs are also sourced from outside India. Hence, volatility in currency market is a threat to the Company. However, the Company has a consistent policy to meet these challenges of exchange fluctuations.

OUTLOOK

The year under review showed the dreadful earthquake and tsunami in Japan, domestic double digit inflation, sovereign debt crisis in several countries in Europe, political disturbance in Middle – East and North Africa. However, global economy showed sign of revival and Indian economy continue its growth momentum.



The demand for the Company's product has shown substantial growth year to year and resulted in capacity expansion. The Company also plans to upgrade the current state – of – art environment management system and continue to invest to upgrade the same to meet the future challenges of environment management.

RISKS AND CONCERNS

The Company is depending on few key customers and is working in a very global competitive business environment any loss of such significant customers would adversely affect the working of the Company. Besides, 80% of the earning of the Company comes from exports, hence fluctuations in foreign exchange rate and global economic situation could affect the working of the Company.

However, the Company is having well structured risk management mechanism under guidance of experienced Board of Directors. The Board provides guidance and the Audit Committee has been entrusted the responsibility of its management process and reviewing the implementation thereof.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operation to ensure that all the assets are safeguarded and protected against unauthorized use or disposition, true and fair reporting and compliance with all the applicable regulatory laws and company policies.

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

FINANCIAL PERFORMANCE

(Rs. In Lacs)

Particulars	2010-2011	2009-2010
Net Turnover	18,399.08	12,667.03
Other Income	20.93	61.82
Total Expenditure	15,311.27	10,663.81
Operating Profit (PBIDT)	3,108.74	2,065.04
Interest	319.09	430.02
Depreciation	445.79	387.81
Profit Before Tax	2,343.86	1,247.21
Tax Expenses	242.34	200.21
Profit after Tax	2,101.52	1,047.00
Exceptional Items	97.57	92.95
Net Profit	2003.95	954.05
EPS (Rs) (of Rs. 10/- each)	16.33	7.77

RESULTS OF OPERATIONS

Financially over the years the Company has been growing steadily. During the year review, net sales increased from Rs. 12,602.44 Lacs to Rs. 18,085.55 Lacs during the year, showing a growth of 44% compared to the previous year.

The Company has earned a total income of Rs. 18,420.01 Lacs during the year as compared to Rs. 12,728.85 Lacs of the previous year. Profit after Tax (PAT) increased by 110% from Rs. 954.05 Lacs to Rs. 2003.95 Lacs.

HUMAN RESOURCES DEVELOPMENT

During the year under review, the Industrial relations remained normal and there were no labour issues outstanding or remaining unresolved during the year. The Board of Directors and the Management wish to place on record their appreciation for the efforts put in by all employees to achieve good performance.

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 2010-2011

As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a report on Corporate Governance is furnished here below:

1. Company's Philosophy on Corporate Governance

Asahi Songwon Colors Limited endeavors to uphold the highest principles and practices of Corporate Governance to ensure 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

As on 31st March, 2011 the Board of Directors comprises of eight Directors out of which three are Executive Directors and five are Non-Executive Directors. There are three Executive Directors which includes Chairperson and Managing Director and two (2) Joint Managing Directors and they are also Promoters of the company. All five Non-Executive Directors are independent directors.

Mr. H. K. Khan, Mr. R. K. Sukhdevsinhji, Mr. Arvind Goenka, Mr. Gaurang N. Shah and Prof Pradeep Jha are independent directors of the Company.

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 on more than 10 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 a 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 utilization 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 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.	25.05.2010	Indrad, Kadi	4
2.	08.06.2010	Indrad, Kadi	5
3.	20.07.2010	Indrad, Kadi	5
4.	21.10.2010	Indrad, Kadi	5
5.	21.01.2011	Indrad, Kadi	6
6.	28.03.2011	Indrad, Kadi	5

Details of Board of Directors in terms of directorship/memberships in outside company (excluding Asahi Songwon Colors Ltd.) as well as attendance at Board Meetings and last Annual General Meeting (AGM) are as follows:

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

2.4 Information placed before the Board of Directors

The following information is regularly provided to the Board:

1. The minutes of the meetings of the Board, Audit Committee and Shareholder/Investor Grievances Committee.
2. Quarterly, half yearly and annual financial results of the Company and its operating divisions.
3. Annual operating plans and budgets and any updates thereon.
4. Capital budgets and any updates thereof.
5. The information on recruitment and remuneration of senior officers just below the board level, including the appointment or removal of Chief Financial Officer and the Company Secretary.
6. Materially important show cause show cause, demand, prosecution and penalty notices.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
8. Any material default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

12. Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal courses of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing agreements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Appointment of statutory auditor, secretarial auditor, cost auditor and internal auditor.
17. General Disclosure of Interest.
18. Contracts in which director(s) are deemed to be interested.
19. Details of investment of surplus funds available with the Company.
20. Cost Audit Report / Secretarial Audit Report.

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

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr. Arvind Goenka and Prof Pradeep Jha, retire by rotation at the ensuing Annual General Meeting and offers themselves for re-appointment.

Further, the Board of Directors at its meeting held on 6th July, 2011 has reappointed Mrs. Paru M. Jaykrishna as Chairperson and Managing Director, Mr. Gokul M. Jaykrishna as Joint Managing Director and Mr. Munjal M. Jaykrishna as Joint Managing Director for a period of 5 years with effect from 1st August, 2011 respectively. The remuneration committee has approved revised remuneration with their reappointments.

Information required under Clause 49 of the listing agreement with the Stock Exchange on directors seeking appointment / re-appointment is annexed to the notice convening ensuing Annual General Meeting.

2.6 Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior level employees of the Company. All Board member and senior level employees have affirmed compliance of the code of conduct. A declaration 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

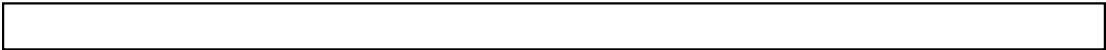
3.1. Audit Committee

A. Composition of Audit Committee

The Audit Committee constituted by the Board of Directors as per the provisions of Clause 49 of the listing Agreements as well as Section 292A of the Companies Act, 1956, comprises of three members, who are well versed with finance, accounts, management and corporate affairs.

The following are members of Audit Committee:

1. Mr. Guarang N. Shah Chairman
2. Mr. R. K. Sukhdevsinhji Member
3. Prof 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, Statutory Auditors, Internal Auditors and the Statutory Auditors are also invited to attend the Meetings.

C. Secretary

The Company Secretary acts as secretary to the committee.

D. Meeting and Quorum

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

E. Attendance of the Audit Committee

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

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

F. Terms of reference of Audit Committee

The terms of reference of Audit Committee covers all the matters specified for Audit Committee under Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd 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, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue etc) the statement of funds utilized for purposes other than stated in the offer document/prospectus/notice and the report submitted

by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the Internal Control Systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the whistle blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO after assessing the qualification, experience & background, etc. of the candidate.
13. Carrying out any other function as in mentioned in terms of reference of the Audit committee.

G. Subsidiary Company

Your Company does not have any Subsidiary Company.

3.2. Remuneration Committee

A. Terms of Reference

The Remuneration committee is responsible reviewing remuneration packages of the Executive Directors and to recommend suitable revision to the Board.

B. Composition of the Remuneration Committee

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

1. Mr. Guarang N. Shah Chairman
2. Mr. H. K. Khan Member
3. Prof 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 2010-11

During the period under review the Committee met for one (1) time. The details of members are as below:

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

F. Details of remuneration paid to Directors

Executive Director

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	77.20
Mr. Gokul M. Jaykrishna	Joint Managing Director	43.60
Mr. Munjal M. Jaykrishna	Joint Managing Director	43.60
Total		164.40

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 Director

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 investor grievances.

The committee looks into:

- To monitor work related to:
 - Transfer and/or transmission of the shares of the Company.
 - Dematerialization / rematerialisation of the shares of the Company.
 - Sub-division, consolidation of any share certificate(s) of the Company.
- Approval of issue of duplicate share certificates against the original share certificates.
- To look into the redressing of shareholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, review of dematerialization, rematerialisation, shareholding pattern, distribution schedule etc.

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:

- Mr. Guarang N. Shah Chairman
- Mrs. Paru M. Jaykrishna Member
- Prof 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 2010-11

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
Prof. Pradeep Jha	1	1

F. Complaints

The status of complaints during the year under review is as under:

Number of complaints received : 4

Number of complaints solved : 4

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.

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 etc. that may have a potential conflict with the interests of the Company.

5. CEO/CFO Certification

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

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
2007-08	Regd. Office, 167-168, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30.09.2008	10.30 a.m
2008-09	-do-	30.09.2009	10.30 a.m
2009-10	-do-	20.07.2010	11.30 a.m

6.2 Extra Ordinary General Meeting

There was no Extra Ordinary General Meeting held during the Financial Year 2010-11.

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

No Special resolution was passed in the last three Annual General Meetings.

6.4 Special Resolution passed last year through Postal Ballot

No resolution was passed through Postal Ballot in the Financial Year 2010-11.

6.5 Whether any Special Resolutions are proposed to be passed through Postal Ballot. : No

6.6 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. A. Disclosures

1. Related party transactions

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest. 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 etc. 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 Accounts in the Annual Report.

2. Disclosure of Accounting treatment

The Company followed all the relevant Accounting Standards as issued by the Institute of Chartered Accountant or India while preparing the Financial Statements.

3. Board Disclosures - Risk Management

The risk management issues are discussed in the Management Discussion & Analysis.

4. 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 etc.

5. Compliances by the Company

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.

6. 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 the Bombay Stock Exchange Ltd for employees to report concerns about the unethical behaviour. No personnel have been denied access to the Chairman of the Audit Committee.

4. Non- Mandatory Requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd:

a. Office of the Chairman of the Board and re-imburement of expenses by the Company

The same is not applicable as the Chairperson of the Company is a Whole time Director.

b. Remuneration Committee

The Company has a Remuneration Committee in place.

c. Shareholders' Rights – Furnishing of Half Yearly Results

The Company publishes half yearly result in the newspaper and also posted on its own website www.asahisongwon.com. Further, the Company furnishes the quarterly and half yearly results on request from the shareholders.

d. Audit Qualifications

The Company, at present, does not have any audit qualifications pertaining to the financial results.

e. Mechanism for evaluating Non-Executive Board Members

The Company, at present, does not have any mechanism for evaluating the performance of Non-Executive Directors by a peer group.

f. Whistle Blower Policy

The Company has adopted Whistle Blower Policy.

B. Secretarial Audit for Capital Reconciliation

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 Bombay Stock Exchange Limited (BSE) and to the Board of Directors. 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 dematerialized form and in physical form.

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

8. Means of Communication

Results

The Board of Directors of the Company approves and takes on record the Financial Results and announces the said financial results to the Bombay Stock Exchange Ltd where the shares of the Company are listed. Further, the quarterly/half yearly results are normally published in widely circulating national and local dailies such as "Business Standard" and "Jansatta" in English and Gujarati respectively.

Website

The quarterly 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.

Green Initiative in Corporate Governance

Pursuant to Circular No. 17/2011 dated April 21, 2011, Ministry of Corporate Affairs, Government of India has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, Annual Report, documents and other communications from the Company through electronic mode, can register their e-mail addresses with the Company.

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 Pvt Ltd.

9. General Shareholder's information:

i. Annual General Meeting

Day, Date, Time & Venue

Thursday, 25th August, 2011 at 11.30 A.M.

At the Registered Office of the Company at 167-168, Village: Indrad, Kadi- Kalol Road, Dist. Mehsana, Gujarat - 382 727

ii. Financial Year Calendar(2011-12) Tentative

Financial Year

1st April, 2011 to 31st March, 2012

Annual General Meeting

August/ September, 2012

Results for quarter ended on

First Quarter Results

On or before 14th August, 2011

Second Quarter and Half yearly Results

On or before 14th November, 2011

Third Quarter Results

On or before 14th February, 2012

Fourth Quarter Results

On or before 14th May, 2012

iii. Date of Book Closure

Closure of Register of Members and Share Transfer Books

The Book Closure for payment of dividend, if any, is from Wednesday, 17th August, 2011 to Thursday, 25th August, 2011 (both days inclusive).

iv. Dividend Payment Date

The Board of Directors at its meeting held on 21st October, 2010 declared interim dividend of Rupee 1/- per share (10% p.a.) for the Financial Year 2010-11 and the same has been paid to the members / beneficial owners appearing on the record as on record date of 2nd November, 2010.

Final Dividend of Rupee 2/- per share (20% p.a.) for the Financial Year 2010-11 is proposed. The payment of final dividend upon declaration by the shareholders at the forthcoming Annual General Meeting will made on or after 30th August, 2011.

1. to all those shareholders holding shares in physical and whose names appear in Company' Register of Members as on 16th August, 2011.
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 16th August, 2011.

v. Listing of Equity Shares on Stock Exchange at

The Equity Shares of the Company are listed at Bombay Stock Exchange Ltd and Annual Listing Fees for the Financial Year 2011-12 has been paid to the above stock exchange.

Name and Address of Stock Exchange

Bombay Stock Exchange Limited
25th Floor, P. J. Towers Dalal Street, Fort
Mumbai - 400 001

vi. Stock Code (BSE)

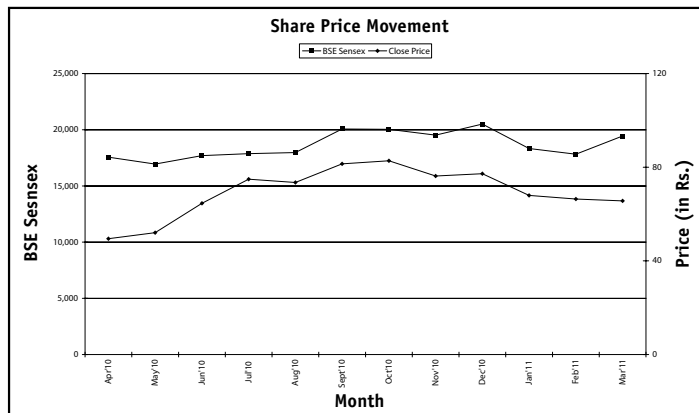
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vii. Market Price Data

High and Low during each month in the (2010-11) financial year on Bombay Stock Exchange Ltd

Month	BSE Sensex	High (Rs.)	Low (Rs.)
April, 2010	17,558.71	57.20	42.30
May, 2010	16,944.63	54.45	46.50
June, 2010	17,700.90	66.00	48.00
July, 2010	17,868.29	81.50	63.15
August, 2010	17,971.12	79.90	69.60
September, 2010	20,069.12	93.10	73.60
October, 2010	20,032.34	89.45	78.90
November, 2010	19,521.25	85.90	68.00
December, 2010	20,509.09	79.45	63.00
January, 2011	18,327.76	83.00	67.00
February, 2011	17,823.40	73.00	61.00
March, 2011	19,445.22	70.05	62.40

The Chart below shows the comparison of your Company's share price movement on BSE vis-à-vis the move movement of the BSE Sensex during the year 2010-11 (based on month end closing).



viii. Registrar and Transfer Agent

The Company in compliance with Securities Exchange Board of India (SEBI) guidelines has appointed Link Intime India Pvt. Ltd. (Formerly Intime Spectrum Registry Ltd.) to act as Registrar and Transfer agent to handle all investor services relating to shares held in physical form as well as in electronic mode. Their address is given below :

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

211, Sudarshan Complex, Near Mithakhali Under
Bridge, Navrangpura Ahmedabad – 380 009.

Tel : 079-26465179

ix. Share Transfer System

The Register and Transfer Agent deal with Share Transfer both in Physical and Demat Mode. The Demat shares are transferable through the depository system. Shares in physical form are processed by the Registrar and Transfer Agent and approved by the Shareholder / Investor Grievance Committee and transferred within the time stipulated by the Stock Exchange and in terms of Clause 47 of Listing Agreement.

x. Distribution of shareholding as on 31st March, 2011

a. Distribution Schedule

	Shareholders		Shares	
	Number	% of Total	Number	% of Total
001-500	3922	83.45	686150	5.59
501-1000	405	8.62	339990	2.77
1001-2000	188	4.00	299121	2.44
2001-3000	52	1.11	135010	1.10
3001-4000	30	0.64	106282	0.87
4001-5000	21	0.44	98969	0.81
5001-10000	41	0.87	303649	2.47
10001 & above	41	0.87	10303091	83.95
Total	4700	100.00	12272262	100.00

b. Shareholding Pattern as on 31st March, 2011

Category	No of Shares	% of Shareholding
A. Promoters		
1. Indian Promoters		
Individuals	7544152	61.48
Bodies Corporate	600	0.00
2. Foreign Promoters	NIL	NIL
Total Promoters Holding	7544752	61.48
B. Non Promoters		
3. Institutional Investors		
a. Mutual Funds	NIL	NIL
b. Banks, Financial Institutions, Insurance Companies	23601	0.19
c. Foreign Institution Investors	NIL	NIL
Sub Total	23601	0.19
4. Others		
a. Bodies Corporate	335192	2.73
b. Indian Public	2618010	21.34
c. NRIs/OCBs	1698190	13.84
d. Clearing Members / Clearing House	52517	0.43
Sub Total	4703909	38.33
Grand Total	12272262	100.00

- xi. Dematerialization of Shares and Liquidity** For Dematerialisation of Equity Shares, the Company has entered into a tripartite agreement with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Link Intime India Private Limited to facilitate the shareholders to demat their share with any of the depositories, under **ISIN No. - INE228IO1012**

Details of Demat Shares as at 31st March, 2011

	No of shareholders	No of Shares	% of Capital
NSDL	3212	6711528	54.69
CDSL	1479	1013010	8.25
Physical Form	9	4547724	37.06
Total	4700	12272262	100.00

- xii. 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.

xiii. Plant Locations

1. Pigment Green Division

167-68, Village: Indrad, Kadi-Kalol Road, Mehsana, Gujarat – 382 727

2. Pigment Blue Division

429-432, Village : Dhudwad, ECP Channel Road, Tal: Padra, Vadodara, Gujarat

xiv. Address for correspondence

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

At Registrar and Transfer Agent

Link Intime India Private Limited
 211, Sudarshan Complex, Nr. Mithakhali Under
 Bridge, Navrangpura, Ahmedabad – 380 009
 Tel : (079) 26465179 Fax :(079) 26465179
 Email: ahmedabad@linkintime.co.in

For and on behalf of the Board

Date : 06/07/2011
 Place : Indrad, Mehsana

Mrs. Paru M. Jaykrishna
 Chairperson & Managing Director

DECLARATION ON CODE OF CONDUCT

To the Members of
Asahi Songwon Colors Ltd.

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Level Employees 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, 2011, as envisaged in Clause 49 of the Listing Agreement with Stock Exchange.

For and on behalf of the Board

Date : 06/07/2011
Place : Indrad, Mehsana

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Asahi Songwon Colors Ltd.

We have examined the compliance of conditions of corporate governance by Asahi Songwon Colors Ltd. for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the shareholders and Investors Grievance Committee.

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

For, Trushit Chokshi and Associates
Chartered Accountants
Firm No. : 111072W

(Trushit Chokshi)
Proprietor
Membership No. 40847

Place : Ahmedabad
Date : 06/07/2011

REPORT OF THE AUDITORS

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 2011, and also the Profit and Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date, annexed thereto. 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance sheet, the Profit and Loss Account 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 ,2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 accounts, read together with the significant accounting policies and 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, 2011;
 - (ii) In the case of the Profit and Loss Account, 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 for the year ended on that date.

For, **Trushit Chokshi and Associates**
Chartered Accountants
Firm No. : 111072W

(Trushit Chokshi)
Proprietor

Membership No. 40847

Place : Ahmedabad
Date : 06/07/2011

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 2011.

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, 2011 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 (Rs. In Lacs)	Year to Which Amount relates	Forum where Dispute is Pending
Income Tax Law	Income Tax	17.57	2000-2001	Income Tax Appellate Tribunal Ahmedabad
Income Tax Law	Income Tax	3.78	2001-2002	Commissioner Of Income Tax (Appeal)
Income Tax Law	Income Tax	13.02	2001-2002	High Court of Gujarat
Income Tax Law	Income Tax	11.81	2002-2003	Income Tax Appellate Tribunal Ahmedabad
Income Tax Law	Income Tax	16.07	2003-2004	Commissioner Of Income Tax (Appeal)
Income Tax Law	Income Tax	37.33	2004-2005	Income Tax Appellate Tribunal Ahmedabad

10. The Company has neither accumulated losses at the end of the financial year as at 31st March 2011, 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. The Company, during the year under review, has not made any preferential allotment of shares.
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 and Associates**
Chartered Accountants
 Firm No. : 111072W

(Trushit Chokshi)
Proprietor

Membership No. 40847

Place : Ahmedabad

Date : 06/07/2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		AS AT 31/03/2011 (Rs.)	AS AT 31/03/2010 (Rs.)
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	122,722,620	122,722,620
Reserve & Surplus	2	851,768,283	694,446,567
		974,490,903	817,169,187
LOAN FUNDS			
Secured Loans	3	484,926,883	377,728,155
		484,926,883	377,728,155
Deferred Tax (Net)		83,574,070	59,400,172
Total		1,542,991,856	1,254,297,514
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	939,889,300	788,351,740
Less : Depreciation		185,411,699	141,311,556
Net Block		754,477,601	647,040,184
Capital work in progress		69,143,721	36,778,268
		823,621,322	683,818,452
INVESTMENTS			
	5	6,374,538	2,044,974
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	285,118,013	226,852,210
Sundry Debtors	7	396,771,479	380,591,870
Cash & Bank Balance	8	19,317,893	22,184,760
Loans & Advances	9	264,282,342	169,565,293
		965,489,727	799,194,133
LESS : CURRENT LIABILITIES & PROVISIONS:			
Current Liabilities	10	212,166,921	215,511,722
Provisions	11	63,971,596	44,950,610
		276,138,517	260,462,332
NET CURRENT ASSETS			
		689,351,210	538,731,801
MISCELLANEOUS EXPENDITURE			
(To the extent not written off)	12	23,644,786	29,702,287
Total		1,542,991,856	1,254,297,514

Significant Accounting Policies & Notes to Accounts 19
Schedules 1 to 19 form an integral part of the accounts

As per our Report of even date attached

For, Trushit Chokshi & Associates

Chartered Accountants

Firm No. : 111072W

Trushit Chokshi

(Proprietor)

Membership No. 40847

Place : Ahmedabad

Date : 06.07.2011

Saji V. Joseph
Company Secretary

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Joint Managing Director

Munjal M. Jaykrishna

Joint Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	YEAR ENDED 31/03/2011 (Rs.)	YEAR ENDED 31/03/2010 (Rs.)
INCOME			
Sales and Income from Operations	13	1,839,907,874	1,266,703,365
Other Income	14	2,093,407	6,182,485
Increase / (decrease) in stock	15	26,941,608	(3,704,533)
		1,868,942,889	1,269,181,317
EXPENDITURE			
Goods Purchased for Trading		18,123,635	8,947,865
Raw Materials Consumption		1,073,324,658	750,929,834
Packing Materials		26,152,349	19,155,641
Payments to and Provisions for Employees	16	55,640,670	34,312,917
Manufacturing & Other Expenses	17	384,219,132	247,632,360
Financial Charges	18	31,908,931	38,780,900
Loss on Sales of Assets / Investments		608,509	1,698,617
Depreciation / Amortization of goodwill		44,579,112	43,002,130
		1,634,556,996	1,144,460,264
PROFIT BEFORE TAXATION		234,385,893	124,721,053
Current tax		59,439	59,910
Deferred Tax		24,173,897	19,961,340
PROFIT FOR THE YEAR		210,152,557	104,699,803
Less : Prior period Adjustments		—	—
Miscellaneous Expenses Written off		9,757,042	9,294,588
		200,395,515	95,405,215
Add : Balance of Profit of earlier year		170,794,066	114,797,338
		371,189,581	210,202,553
APPROPRIATION			
Proposed Dividend at Rs 2.00 per share (P.Y.Rs. 1.00 per share)		24,544,524	12,272,262
Interim Dividend at Rs. 1.00 per share (P.Y. Rs. 0.70 per share)		12,272,262	8,590,584
Tax on Dividends		6,257,013	3,545,641
Transfer to General Reserve		30,000,000	15,000,000
BALANCE CARRIED OVER TO BALANCE SHEET		298,115,782	170,794,066
Earning per share (in Rs.) (Face value of Rs. 10/- each)			
Basic		16.33	7.77
Diluted		16.33	7.77

Significant Accounting Policies & Notes to Accounts 19
Schedules 1 to 19 form an integral part of the accounts

As per our Report of even date attached

For, Trushit Chokshi & Associates

Chartered Accountants

Firm No. : 111072W

Trushit Chokshi

(Proprietor)

Membership No. 40847

Place : Ahmedabad

Date : 06.07.2011

Saji V. Joseph
Company Secretary

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Joint Managing Director

Munjal M. Jaykrishna

Joint Managing Director

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011
--

(Rs. in Lacs)

	Year ended 31/03/2011	Year ended 31/03/2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	2,343.86	1,247.21
ADJUSTED FOR :		
Depreciation	445.79	430.02
Income from Exchange rate Difference/interest	(7.47)	(50.62)
Interest charged	319.09	387.81
Profit / (Loss) on disposal of assets	6.09	16.99
Interest Received	(13.46)	(11.21)
	750.03	772.99
Operating Profit before Working Capital Changes	3,093.89	2,020.21
CHANGES IN :		
Trade & Other receivables	(572.04)	(1,287.35)
Inventories	(582.66)	(465.47)
(Increase)/Decrease in Misc. Exp. Not written off	(37.00)	—
Trade & other payables	13.21	726.41
	(1,178.48)	(1,026.41)
Cash generated from operations	1,915.41	993.80
Interest paid	(319.09)	(387.81)
Direct taxes paid	(537.55)	(165.16)
	(856.64)	(552.97)
Cash flow before extra-ordinary items	1,058.77	440.83
NET CASH FROM OPERATING ACTIVITIES	1,058.77	440.83

(Rs. in Lacs)

	Year ended 31/03/2011	Year ended 31/03/2010
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,856.80)	(466.72)
Sale of fixed assets	6.90	—
Purchase of investments	(63.70)	—
Income from Exchange rate Difference/Interest	20.93	61.82
Sales of investments	20.40	4.31
NET CASH USED IN INVESTING ACTIVITIES	(1,872.27)	(400.59)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital issue	—	—
Proceeds from borrowings	1318.52	647.62
Loan repayments	(246.53)	(351.36)
Dividend paid	(287.16)	(244.08)
NET CASH USED IN FINANCING ACTIVITIES	784.83	52.17
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(28.67)	92.40
CASH & CASH EQUIVALENTS-OPENING BALANCE	221.85	129.45
CASH & CASH EQUIVALENTS-CLOSING BALANCE	193.18	221.85

As per our Report of even date attached

For, Trushit Chokshi & Associates

Chartered Accountants

Firm No. : 111072W

Trushit Chokshi

(Proprietor)

Membership No. 40847

Place : Ahmedabad

Date : 06.07.2011

Saji V. Joseph
Company Secretary

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Joint Managing Director

Munjal M. Jaykrishna

Joint Managing Director

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2011 (Rs.)	AS AT 31/03/2010 (Rs.)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORIZED :		
20,000,000 (Previous Year 20,000,000) Equity Shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
ISSUED, SUBSCRIBED & PAID UP :		
12,272,262 Equity Shares of Rs. 10/- each fully paid. (Previous Year 12,272,262 Equity Shares of Rs. 10/- each fully paid)	<u>122,722,620</u>	<u>122,722,620</u>
Total	<u>122,722,620</u>	<u>122,722,620</u>
1. 3,842,420 Equity Shares of Rs. 10/- each were allotted as fully paid up by way of Bonus Shares at the ratio of 1:1 in F. Y. 2006-07 by capitalisation of General Reserve		
2. 3,027,600 Equity shares of Rs. 10/- each were allotted as fully paid pursuant scheme of merger in the ratio of 6 : 1 on March 21, 1996 without payments being received in cash		
SCHEDULE - 2 : RESERVE & SURPLUS		
GENERAL RESERVE		
Balance as per last Balance Sheet	<u>128,699,588</u>	113,699,588
Add : Transferred from Profit & Loss A/c.	<u>30,000,000</u>	15,000,000
	<u>158,699,588</u>	128,699,588
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	<u>394,952,913</u>	394,952,913
	<u>394,952,913</u>	394,952,913
BALANCE IN PROFIT & LOSS A/C		
Total	<u>298,115,782</u>	<u>170,794,066</u>
	<u>851,768,283</u>	<u>694,446,567</u>
SCHEDULE - 3 : SECURED LOANS		
TERM LOANS :		
From State Bank of India :		
Foreign Currency Term Loan (US\$) * (Refer Note III)	—	22,450,000
Interest Accrued and due thereon	—	88,812
From State Bank of India :		
In Indian Rupees	<u>75,530,102</u>	—
Repayment within next 12 months Term Loan Rs. 30,000,000/- (P.Y. Rs.22,450,000/-)		
Sub Total	<u>75,530,102</u>	<u>22,538,812</u>
VEHICLE LOANS		
Amount payable within 12 months is Rs. 4,976,880/- (P.Y. Rs. 446,862/-)	<u>10,823,701</u>	1,010,607
Sub Total	<u>86,353,803</u>	<u>23,549,419</u>
WORKING CAPITAL LOANS :		
From State Bank of India		
Pre-shipment Advances	<u>171,374,554</u>	92,429,760
Post-shipment Advances	<u>217,808,076</u>	222,668,441
Buyer's Credit	<u>9,390,450</u>	39,080,535
Sub Total	<u>398,573,080</u>	<u>354,178,736</u>
Total	<u>484,926,883</u>	<u>377,728,155</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET

Notes :

- I Term Loans are secured by Equitable mortgage of Land & Buildings and a first charge by way of hypothecation of the whole of the movable properties of the company including its movable Plant & Machinery, 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.
- II Vehicle loans are secured by Hypothecation of Vehicles purchased.
- III Foreign Currency Term Loan Nil (P.Y. US\$ 500,000 @ Exchange rate Rs.44.90 per 1.00 US\$ =Rs. 22,450,000)
- IV Working Capital Loans : 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.

SCHEDULE - 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 1/4/2010 (Rs.)	ADDITI— ONS (Rs.)	DEDUC— TION (Rs.)	AS AT 31/3/2011 (Rs.)	AS AT 1/4/2010 (Rs.)	FOR THE YEAR (Rs.)	DEDUC— TION (Rs.)	UP TO 31/3/2011 (Rs.)	AS AT 31/3/2011 (Rs.)	AS AT 31/3/2010 (Rs.)
Goodwill	17,986,576	—	—	17,986,576	8,993,288	4,496,640	—	13,489,928	4,496,648	8,993,288
Land	2,308,597	—	—	2,308,597	—	—	—	—	2,308,597	2,308,597
Buildings	108,908,110	5,357,974	—	114,266,084	13,427,171	3,502,073	—	16,929,244	97,336,840	95,480,939
Plant & Machinery	636,554,684	130,245,441	—	766,800,125	111,450,670	34,030,665	—	145,481,335	621,318,790	525,104,014
Furniture & Fixtures	7,123,124	346,826	—	7,469,950	1,663,056	458,659	—	2,121,715	5,348,235	5,460,068
Office Appliances & Air Conditioners	7,255,507	1,757,227	—	9,012,734	4,000,507	790,588	—	4,791,095	4,221,639	3,255,000
Vehicles	8,215,142	15,607,571	1,777,479	22,045,234	1,776,864	1,300,487	478,969	2,598,382	19,446,852	6,438,278
Total	788,351,740	153,315,039	1,777,479	939,889,300	141,311,556	44,579,112	478,969	185,411,699	754,477,601	647,040,184
Previous Year	773,474,749	14,876,991	—	788,351,740	98,309,426	43,002,130	—	141,311,556	647,040,184	675,165,323
Preoperative Expenses	1,519,100	1,500,000	1,519,100	1,500,000	—	—	—	—	1,500,000	1,519,100
Capital work in Progress	35,259,168	50,412,720	35,259,168	50,412,721	—	—	—	—	50,412,721	35,259,168
Advance for land	—	17,231,000	—	17,231,000	—	—	—	—	17,231,000	—
Total	36,778,268	69,143,720	36,778,268	69,143,721	—	—	—	—	69,143,721	36,778,268
Grand Total	825,130,008	—	—	1,009,033,021	—	—	—	—	823,621,322	683,818,452

Capital Work in Progress includes Advance for Capital goods Rs. 18,294,629/- (Previous Year Rs. 8,240,282/-)

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2011 (Rs.)	AS AT 31/03/2010 (Rs.)
SCHEDULE - 5		
INVESTMENTS (AT COST)		
Quoted Shares		
2000 (P.Y Nil) Equity Shares of Rs. 10/- each of Mahindra & Mahindra Fin.	1,437,555	—
7839 (P.Y Nil) Equity Shares of Rs. 10/- each of Eclerx services	4,871,983	—
Nil (P.Y 20000) Equity Shares of Rs. 10/- each of Sun Pharma Adv. Reaserch Company Ltd.	—	1,984,974
5000 (P.Y. 3000) Equity Shares of Rs. 2/- (P.Y.Rs. 10/-) each of Bodal Chemicals Ltd.	20,000	60,000
Total	6,329,538	2,044,974
Note: Aggregate Market value of Quoted investments is Rs 6,756,161/- (P.Y.2,253,800/-)		
Investments in Unquoted Shares		
4500 (P.Y. Nil) Equity Shares of Asahi Energy Pvt. Ltd of Rs. 10/- each	45,000	—
Total	6,374,538	2,044,974
SCHEDULE - 6 : INVENTORIES		
(As taken, valued and certified by the Management)		
Fuel & Oil	5,556,381	3,812,276
Stores & Spare parts etc.	15,419,607	14,866,910
Stock in Trade		
Raw Materials	83,815,364	60,642,748
Finished Goods	160,782,978	135,896,580
Finished Goods (Trading)	—	15,382
Goods in Transit	5,915,000	60,223
Work in Process	13,628,683	11,558,091
Total	285,118,013	226,852,210
SCHEDULE - 7 : SUNDRY DEBTORS		
(Unsecured Considered Good unless Stated otherwise)		
Debts outstanding for a period exceeding six months	3,785,335	5,223,310
Other Debts	392,986,144	375,368,560
Total	396,771,479	380,591,870
SCHEDULE - 8 : CASH & BANK BALANCES		
Cash on Hand	266,835	388,812
Bank Balances with Schedule Banks		
In Current Accounts	8,803,529	6,193,011
In Unpaid Dividend accounts	233,767	251,104
Fixed Deposit Accounts	10,013,762	15,351,833
Total	19,317,893	22,184,760

SCHEDULE FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2011 (Rs.)	AS AT 31/03/2010 (Rs.)
SCHEDULE - 9 : LOANS & ADVANCES		
(Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received	73,791,065	57,344,628
Deposits	23,688,840	7,018,077
Export Incentive Receivable	20,328,366	17,453,446
Balance with Central Excise Department. (Includes Refund on export - Rs. 9,348,872/- Previous Yr. Rs.7,555,111/-)	29,749,882	24,717,169
Advance Payment of Tax	116,724,189	63,031,973
Total	264,282,342	169,565,293
SCHEDULE - 10 : CURRENT LIABILITIES		
Sundry Creditors		
- Outstanding dues of Micro & Small Industries	35,989,720	28,632,857
- Outstanding dues of creditors other than Micro & Small Industries	166,944,386	177,799,722
Unclaimed Dividends	233,766	251,104
Other Liabilities	8,999,049	8,828,039
Total	212,166,921	215,511,722
SCHEDULE - 11 : PROVISIONS		
Proposed Dividend	24,544,524	12,272,262
Provision for Tax on Dividend	4,171,342	2,085,671
Provision for Income tax (Includes FBT and Wealth Tax)	24,264,090	24,267,310
Provision for Gratuity	10,991,640	6,325,367
Total	63,971,596	44,950,610
SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE		
Preliminary Expenses / Public issue expenses	16,671,413	25,082,777
Deferred revenue Expenses (To the extent not written off)	6,973,373	4,619,510
Total	23,644,786	29,702,287

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED 31/03/2011 (Rs.)	YEAR ENDED 31/03/2010 (Rs.)
SCHEDULE - 13 : SALES AND INCOME FROM OPERATIONS		
SALES		
Export Sales	1,488,293,405	1,017,430,247
Domestic Sales	341,123,109	253,784,587
Other Goods/By Products	517,891	3,096,060
	<u>341,641,000</u>	<u>256,880,647</u>
Less : Excise Duty	21,379,321	14,066,493
Net Sales	<u>320,261,679</u>	<u>242,814,154</u>
	<u>1,808,555,084</u>	<u>1,260,244,401</u>
INCOME FROM OPERATIONS		
Export Incentives	15,066,937	5,990,095
Exchange rate Difference	16,285,853	468,869
	<u>31,352,790</u>	<u>6,458,964</u>
Total	<u>1,839,907,874</u>	<u>1,266,703,365</u>
SCHEDULE - 14 : OTHER INCOME		
Interest on Fixed Deposits with Bank	1,346,227	1,120,791
Dividend income	2,700	7,477
Other Incomes	655,609	110,506
Gain on investments of Shares	88,871	—
Exchange Rate Difference	—	4,943,711
	<u>2,093,407</u>	<u>6,182,485</u>
SCHEDULE - 15 : INCREASE/(DECREASE) IN STOCK		
Closing Stock as on 31/03/2011		
Finished Goods	160,782,978	135,911,962
Work in Process	13,628,683	11,558,091
	<u>174,411,661</u>	<u>147,470,053</u>
Less :		
Opening Stock as on 01/04/2010		
Finished Goods	135,911,962	128,537,612
Work in Process	11,558,091	22,636,974
	<u>147,470,053</u>	<u>151,174,586</u>
Net Increase /(Decrease) in Stock	<u>26,941,608</u>	<u>(3,704,533)</u>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

	YEAR ENDED 31/03/2011 (Rs.)	YEAR ENDED 31/03/2010 (Rs.)
SCHEDULE - 16 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc.	35,828,110	22,477,425
Directors Remuneration	15,000,000	8,600,000
Contribution to Provident & other Funds	3,594,068	1,767,857
Staff Welfare Expenses	1,218,492	1,467,635
Total	55,640,670	34,312,917
SCHEDULE - 17 : MANUFACTURING & OTHER EXPENSES		
Power & Fuel	187,471,611	140,548,847
Consumption of Stores & Spares	19,386,404	13,374,195
Pollution Treatment Expenses	40,408,873	8,074,514
Repairs:		
Plant & Machinery	8,442,277	3,338,197
Building	2,717,871	1,456,660
Others	1,126,266	752,949
	12,286,414	5,547,806
Rent	245,300	161,280
Rates & Taxes	62,302	76,468
Insurance	2,744,275	2,078,516
Manufacturing & Labour Charges	37,025,754	22,898,851
Traveling, Conveyance & Vehicles Expenses	6,211,721	5,002,963
Directors Traveling Expenses	6,523,329	3,024,466
Stationery & Printing Expenses	945,463	774,050
Communication Expenses	2,506,584	2,072,188
Selling & Distribution Expenses	60,740,706	38,948,967
Auditors Remuneration	125,515	125,515
Internal Audit Fees	300,000	300,000
Directors sitting fees	10,000	8,000
Legal & Professional Expenses	3,645,129	2,035,573
General Charges	2,978,062	2,370,575
Donation	311,000	15,000
Freight, Handling & Transportation Expenses	290,690	194,586
Total	384,219,132	247,632,360
SCHEDULE - 18 : FINANCIAL CHARGES		
INTEREST		
On Term Loans	1,706,921	3,618,403
On Working Capital Loans	23,389,711	27,628,939
BANK & OTHER CHARGES		
Bank charges	6,589,584	7,533,558
Exchange rate Difference	222,715	—
Total	31,908,931	38,780,900

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SCHEDULE - 19 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

a. Disclosure of Accounting Policies

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with the Generally Accepted Accounting Principles in India and provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires 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.

2. Inventories Valuation

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 Profit & Loss Account 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.

3. Cash Flow Statement

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

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.

5. Net Profit or Loss 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 (AS-5).

6. Depreciation

a. Depreciation has been provided 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.

7. Revenue Recognition

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

8. 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.

9. Accounting for the effects of changes in Foreign Currency Transaction

- 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 profit & loss account 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 Profit & Loss Account. Treatment of Forward Contract Transactions are dealt with as per AS – 11.

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.

11. Accounting for Investments

Investments are classified into current investments and long term investments, current investments are valued scrip wise, at cost or net realizable value, whichever is lower. Long-term investments are valued at cost.

12. Employee Benefits

a. Defined Contribution Plan

Provident Fund and Employee State Insurance Fund are defined contribution Scheme and the contribution are charged to Profit and Loss Account 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.

13. Borrowing Cost

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.

14. Segment Reporting

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

15. Related Party Disclosure

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 Accounts.

16. 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.

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.

18. Tax 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.

19. Discontinuing Operation

The Company has not discontinued any operations during the year.

20. Intangible Assets

Intangible assets are stated at cost less accumulated amortization.

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 profit and loss account.

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 to Accounts.

c. Contingent Assets are neither recognized nor disclosed.

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 Profit and Loss Account. 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 Profit and Loss Account.

II. NOTES FORMING PART OF ACCOUNTS:

1. Contingent Liabilities

	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
1. Letter of Credit and Bank Guarantees issued by bankers and outstanding as on 31.03.2011	42,341,546	—
2. Bills discounted against LC Pending Realization	—	2,593,001
3. Estimated Value of Contracts / purchase orders pending for Capital goods / Capital work in progress	86,182,503	18,134,719

4. Contingent Liabilities not provided for :

Claims against the Company not acknowledge as debts:

Name of the statute	Nature of Dues	Amount in Rs.	Forum where Dispute is Pending
Income Tax Act	Income Tax (A.Y. 2000-01 to 2008-09)	9,959,364/- (10,240,196/-)	Commissioner of Income Tax (Appeals) / ITAT / High Court

2. Sundry Debtors, Sundry Creditors and Loans and Advances

- a. 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.
- b. There are no Micro, Small & Medium Enterprises to whom the company owes, which are outstanding for more than 45 days as at 31st March, 2011. 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.

3. Auditors Remuneration

	31/03/2011 Rs.	31/03/2010 Rs.
Audit fees	125,515	125,515
Tax audit fees	30,000	20,000
Certification work	—	24,250
Total	155,515	169,765

4. Managerial Remuneration

Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the financial year to the Directors and Computation of Net Profit in accordance with Section 198(1) and Section 349 of the Companies Act, 1956 are as under :

	(Rs in Lacs)	
Particulars	2010-2011	2009-2010
A. Profit/Loss as per profit & Loss Account	2003.96	954.05
B. Add:		
Chairperson & Managing Director, Joint Managing Directors Remuneration (Including perquisites & P.F. Contribution)	134.40	62.72
Commission to Chairperson & Managing Director & Joint Managing Directors	30.00	30.00
Depreciation as per books of account	445.79	430.02
Loss on Sale of Fixed assets / Investments	6.09	16.99
Provision for Taxation (Including FBT/Wealth Tax)	0.59	0.60
Provision for Deferred Tax	241.74	199.61
Directors Sitting fees	0.10	0.08
Public Issue Expenses written off	97.57	83.36
Sub Total	956.28	823.38
C. Less :		
Depreciation under Section 350	445.79	430.02
Profit on which Remuneration is payable (A+B-C)	2,514.45	1347.41

Details of Directors Remuneration

(Rs in Lacs)

	Chairperson & Managing Director	Joint Managing Director	Joint Managing Director	Total
Remuneration including Commission, perquisites & PF	77.20	43.60	43.60	164.40
Total				164.40

5. Additional information required pursuant to Para 3 under Clause (i) (a), (ii) (a), (b), Para 4 and Para 4D of Part II of Schedule VI of the Companies Act, 1956 is detailed as under:

A. DETAILS OF LICENCED, INSTALLED CAPACITIES & PRODUCTION

Class of goods	Unit	Licensed Capacity	Installed Capacity
1. Pigments	M.T.	N.A.	12,840 (12,480)
2. Electricity units –(KWH) Wind Mill	KWH	N.A.	0.600MW (0.600)

B. PRODUCTION MEANT FOR SALES

Class of goods	Unit	31/03/2011	31/03/2010
1. Pigments	M.T.	8715.433	7246.885

C. POWER GENERATED BY WINDMILL HAVE BEEN CAPTIVELY CONSUMED

Class of goods	Unit	31/03/2011	31/03/2010
1. Electricity Units	KWH.	944,886	1,144,236

- D. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O. 301(E) dated 8th February 2011 issued under section 211 (3) of the companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit & loss account. The company being an “Export Oriented Company” is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i) (a), 3(ii) (a), 3(ii) (b) and 3(ii) (d) of part II, Schedule VI to the Companies Act, 1956 have not been provided.

E. RAW MATERIAL CONSUMED VALUE

	2010-2011		2009-2010	
	In Rs.	%	In Rs.	%
Imported	350,541,617	32.66%	193,730,748	25.80%
Indigenous	722,783,041	67.34%	557,199,086	74.20%
Total	1,073,324,658	100.00%	750,929,834	100.00%

6. FOREIGN CURRENCY TRANSACTIONS

Particulars	2010-2011 (In Rs.)	2009-2010 (In Rs.)
a) Value of Imports Calculated on CIF Basis		
Raw Materials	359,239,410	185,307,525
Capital Goods	2,450,662	—
b) Expenditure in Foreign Currency		
Purchase of Raw Materials	359,239,410	185,307,525
Capital Goods	2,450,662	—
Commission	2,828,727	1,634,826
Others	11,007,374	3,970,900
c) Dividends remitted in Foreign Currency		
1) Final Dividend		
Number of Shareholders	2	2
Number of Shares held	1,583,800	1,583,800
Amount of Dividend remitted in Rupees	1,583,800	1,583,800
Year/Period to which dividend relates	2009-2010	2008-2009
2) Interim Dividend		
Number of Non-Resident Shareholders	2	2
Number of Shares held by Non-Resident Shareholders Dividend	1,583,800	1,583,800
Dividend (Rupees)	1,583,800	1,108,660
Year/Period to which the dividend relates	2010-2011	2009-2010
d) Earnings in Foreign Exchange		
Export of Goods (FOB)	1,464,859,561	925,783,825
e) Effect of Exchange Fluctuations including Forward Contracts:		
Profit and Loss Account *	16,285,853	468,870

* The net foreign exchange rate difference pertaining to export realization amounting to Rs. 162.86 lacs income (Previous Year Rs. 4.69 lacs income) has been given net effect in export sales in profit and loss account.

f) The company to hedge it's exports business, books forward contracts. As on 31st March, 2011, outstanding forward contracts amounts to equivalents of Rs. 3,225.76 Lacs.

7. Employees Benefits

The disclosures required under accounting standard 15 “Employees Benefits” notified in the Companies (Accounting Standards) rules, 2006 is given below:

1. Defined Contribution Plan:

The Company has recognized the following amount as an expense and included in the Schedule 16 – “Payments to and Provisions for Employee”.

	31/03/2011	31/03/2010
i) Contribution to Provident and Other Funds	3,455,949	1,692,581
ii) Contribution to ESI	138,119	75,276

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 Accounting Standard – 15.

I. Assumptions April 10 – March 11

Discount Rate Previous Period	8%
Discount Rate Current Period	8.25%
Rate of Return on Plan Assets Previous Period	8%
Rate of Return on Plan Assets Current Period	8.25%
Salary Escalation Previous Period	6%
Salary Escalation Current Period	6%

II. Table Showing Change In Benefit Obligation April 10 – March 11

Liability at the beginning of the Period	6,325,367
Interest Cost	506,029
Current Service Cost	571,304
Benefit Paid	(93,231)
Actuarial (gain)/loss on obligations	3,682,171
Liability at the end of the period	10,991,640

8. Segment Reporting

The Company has only one segment namely “Pigments” and does not fall under secondary segment. In view of this, details of segment information is not required to be given as per AS-17 Segment Reporting issued by the Institute of Chartered Accountants of India.

9. Related Party Disclosures

1. Related Parties and Nature of Relationship

a) The Parties over which significant influence is exercised :

<u>Names</u>	<u>Relationship</u>
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:

<u>Names</u>	<u>Relationship</u>
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.

2. Details of Transactions (Amount in Rupees)

	31/03/2011	31/03/2010
a. Sale of Goods		
Aksharchem (India) Ltd	16,948,900	27,909,800
b. Purchase of Goods		
Aksharchem (India) Ltd	322,672	97,815
c. Paid for Services		
Skyjet Aviation Pvt Ltd	—	890,871
Skyways	—	108,000
d. Rent Paid		
Skyways	215,300	161,280
e. Remuneration Paid	12,000,000	5,600,000
f. Provident Fund Contribution	1,440,000	672,000
g. Commission	3,000,000	3,000,000
h. Consultancy	120,000	120,000
i. Against Land Purchase	17,231,000	—

10. Earning per Share

	31/03/2011	31/03/2010
Net Profit / (Loss) after Tax available for Equity Shareholders	200,395,515	95,405,215
Weighted average number of equity shares at the end of the year	12,272,262	12,272,262
Number of Equity Shares of Rs. 10/- each outstanding during the year	12,272,262	12,272,262
Basic / Diluted Earning Per Share face value of Rs. 10/- each	16.33	7.77

11. Accounting for Tax on Income

i) 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.

ii) The Deferred tax liability comprises of Tax effect of Timing difference on account of :

(Rupees in Lacs)

	31/03/2011	31/03/2010
Deferred Tax Liabilities	957.48	694.30
Less : Deferred Tax Assets	121.74	100.30
Net Deferred Tax Liabilities	835.74	594.00

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

13. Amounts represented in lacs have been rounded off to the nearest two decimals points.

As per our Report of even date attached

For, Trushit Chokshi & Associates

Chartered Accountants

Firm No. : 111072W

Trushit Chokshi

(Proprietor)

Membership No. 40847

Place : Ahmedabad

Date : 06.07.2011

Saji V. Joseph
Company Secretary

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Joint Managing Director

Munjal M. Jaykrishna

Joint Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
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ADDITIONAL DISCLOSURE UNDER SCHEDULE VI PART IV OF THE COMPANIES ACT, 1956
I REGISTRATION DETAILS

Registration No.	14789	State Code	04
Balance Sheet Date	31-03-2011		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	1,542,992	Total Assets	1,542,992
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Sources of Funds

Paid up Capital	122,723
Reserves and Surplus	851,768
Secured Loans	484,927
Unsecured Loans	—
Deferred Tax Liability	83,574

Application of Funds

Net Fixed Assets	823,621
Investments	6,375
Net Current Assets	689,351
Miscellaneous Expenditure	23,645
Deferred Tax Assets	—

IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	1,842,001	Profit After Tax	200,396
Total Expenditure	1,607,615	Earnings per Share	16.33
Profit / (Loss) before Tax	234,386	Dividend % (Proposed)	20%

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)
ITEM CODE NO. (ITC CODE)
PRODUCT DESCRIPTION

320417.61

CPC GREEN PIGMENT

320417.51

CPC BLUE CRUDE

 Place : Ahmedabad
 Date : 06.07.2011

Saji V. Joseph
 Company Secretary

 For and on behalf of the Board
Mrs. Paru M. Jaykrishna
 Chairperson & Managing Director
Gokul M. Jaykrishna
 Joint Managing Director
Munjal M. Jaykrishna
 Joint Managing Director

ASAHI SONGWON COLORS LIMITED

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

ATTENDANCE SLIP

DP Id* _____ Name & Address of the Registered Shareholders

Client Id* _____

Regd. Folio No. _____

* Applicable where shares are held in electronic form _____

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

I hereby record my present at the 21st Annual General Meeting of the Company at 167-168, Village Indrad, Kadi - Kalol Road, Dist: Mehsana, Gujarat - 382727, on 25/08/2011 at 11.30 AM.

Member's/Proxy name in Block Letters

Signature of Member / Proxy

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

ASAHI SONGWON COLORS LIMITED

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

PROXY FORM

I/We _____ of _____

being a member/members of the above named Company, hereby appoint _____

_____ of _____

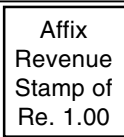
or failing him _____ of _____

or failing him _____ of _____

as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held on 25/08/2011 at 11.30 AM and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ 2011.

Signed by the said _____



DP Id* _____ Name & Address of the Registered Shareholders

Client Id* _____

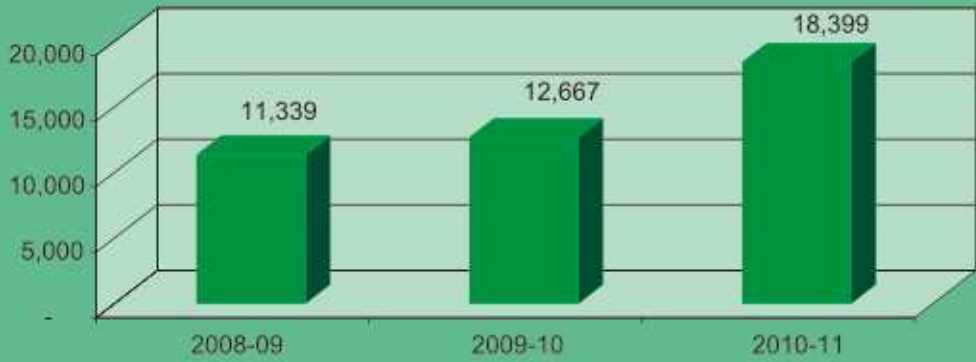
Regd. Folio No. _____

* Applicable where shares are held in electronic form _____

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

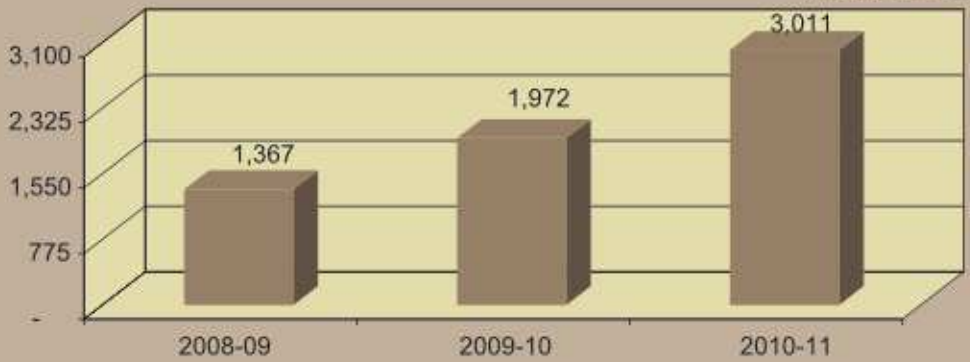
TURNOVER

(Rupees In Lacs)



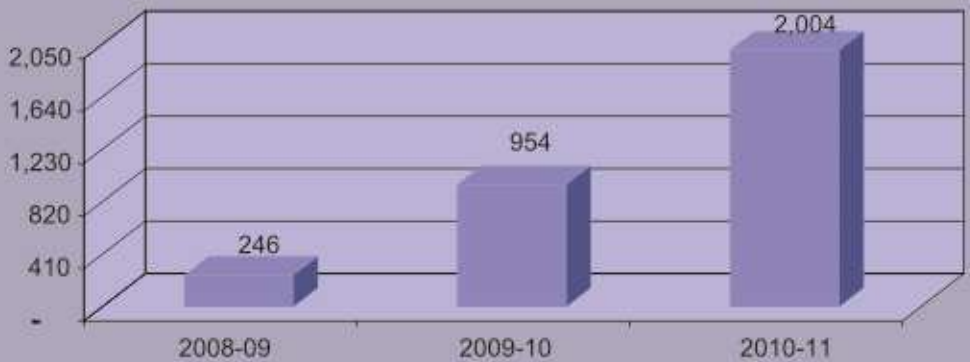
EBITDA

(Rupees In Lacs)



PROFIT AFTER TAX

(Rupees In Lacs)





Vadodara Plant



Corporate House



OUR ACCOLADES also includes following prestigious Awards :

2008 : Dun & Bradstreet, Fullerten India, SME Awards in the Chemical & Petrochemical Sector

2008 : Dun & Bradstreet, Fullerten India, Emerging SME Awards across all sectors all over India

2008-09 : DHL - CNBC TV18 International Trade Award

Vadodara Plant



R & D Center

Book-Post



Asahi Songwon Colors Limited

Registered and Corporate Office

167/168, Indrad Village, Kadi Kalol Road, Dist. Mehsana, Gujarat - 382727.

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

Website: www.asahisongwon.com