

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
ASAHI SONGWON COLORS LIMITED**

**TRUSHIT CHOKSHI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
401, SHIVAM COMPLEX,  
B/H. SAMANTHESWAR MAHADEV,  
OFF. C. G. ROAD, AHMEDABAD - 380001

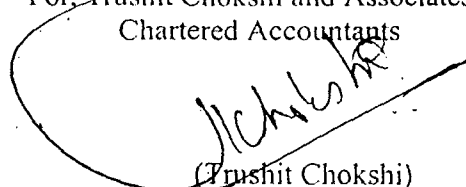
1. We have audited the attached Balance Sheet of **ASAHI SONGWON COLORS LIMITED** as at 31<sup>st</sup> March 2005, and also the Profit and Loss Account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 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 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2005 from being appointed as a director in terms of Clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;

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- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 31<sup>st</sup> March, 2003,
  - (ii) In 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-Flow for the year ended on that date.

For, Trushit Chokshi and Associates  
Chartered Accountants

  
(Trushit Chokshi)  
Proprietor  
Membership No. 40847

Place: Ahmedabad  
Date: 30<sup>th</sup> June, 2005



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**ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF  
THE ASAHI SONGWON COLORS LIMITED ON THE ACCOUNTS FOR THE  
YEAR ENDED ON 31<sup>ST</sup> MARCH 2005.**

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Management of the company has arranged for physical verification of the fixed assets at a reasonable interval, which in our opinion is reasonable and adequate. On such physical verification of fixed assets, no discrepancies were noticed.  
c) The Company has not disposed off any part of the fixed assets during the year.
2. a) Physical verification of inventories being conducted by the management at a reasonable interval and by Internal Auditors every month during the year; and in our opinion frequency of these verifications is reasonable.  
b) The procedure of the physical verification of inventories conducted by management and Internal Auditors are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) The Company is maintaining proper records of inventories and no material discrepancies have been noticed on physical verification as compared to the books/records.
3. The Company has neither granted nor taken any secured or unsecured loans to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies act, 1956.
4. In our opinion and as per information and explanations given to us there are adequate internal control procedure commensurate with the size of the company and the nature of it's business with regards to purchase of inventory and fixed assets and sale of goods. 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 the information and explanations provided by the management, we are of the opinion that the transactions that 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 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, and exceeding the value of rupees five lakhs in respect of any party during the year are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per 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. In our opinion the Company has an internal audit system, commensurate with the size of the company and the nature of it's business.

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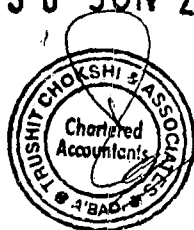


8. We have broadly reviewed the books of accounts maintained by the company pursuant to Rules made by the Central Government, for the maintenance of cost records prescribed under section 209 (1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. a) In our opinion and as per 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, custom duty, excise duty and cess and other statutory dues, if any, with the appropriate authorities.
- b) As at 31<sup>st</sup> March, 2005 according to the records of the Company, following are the particulars of disputed dues on account of Sales Tax, Excise Duty, Custom and Income Tax.

Name of the statute	Nature of Dues	Amount of Demand net of Deposits (Rs. in Lacs)	Period to Which Amount relates	Forum where Dispute is Pending
Income Tax Law	Income Tax	4.06	1993-1994	Commissioner Of Income Tax (Appeal)
Income Tax Law	Income Tax	17.57	2000-2001	Commissioner Of Income Tax (Appeal)
Income Tax Law	Income Tax	3.78	2001-2002	Commissioner Of Income Tax (Appeal)

- 10 The Company has neither accumulated losses nor has incurred cash losses in the financial year and in the immediately preceding financial year.
- 11 In our opinion and as per information and explanations given to us, the Company has not defaulted in repayment of dues to Banks and Financial Institutions.
- 12 The Company has not granted any loans or advances on the bases of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(XII) of the Order is not applicable.
- 13 The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund and / or a Society, and therefore no provision of special statute is applicable as per 4(XIII) of the order is applicable.
- 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.

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- 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 and therefore paragraph 4(XV) of the Order is not applicable.
- 16 As informed 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 an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short-term bases used for long-term investments and vice versa.
- 18 The Company has not made any preferential allotment of shares during the year.
- 19 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 explanation given to us, no fraud on or by Company was noticed or reported during the year.

For, Trushit Chokshi & Associates  
Chartered Accountants

Place: Ahmedabad  
Date: 30<sup>th</sup> June, 2005

(Trushit Chokshi)  
Proprietor.

Membership No. 40847



## ASAHI SONGWON COLORS LTD.

BALANCE SHEET AS AT 31ST MARCH 2005

	Schedule	(Rs.)	AS AT 31/03/2005 (Rs.)	AS AT 31/03/2004 (Rs.)
<b>SOURCES OF FUNDS</b>				
<b>SHARE HOLDERS' FUNDS :</b>				
Share Capital	1	38,424,200		38,424,200
Reserve & Surplus	2	<u>50,342,316</u>	88,766,516	<u>43,221,736</u> 81,645,936
<b>LOAN FUNDS :</b>				
Secured Loans	3	140,263,343		70,050,526
Unsecured Loans	4	<u>68,616,880</u>	208,880,223	<u>-</u> 70,050,526
DEFERRED TAX LIABILITY NET			6,557,124	6,485,777
			<u>304,203,863</u>	<u>158,182,239</u>
<b>APPLICATION OF FUNDS :</b>				
<b>FIXED ASSETS</b>				
Gross Block	5	219,027,638		96,542,609
Less : Depreciation		<u>27,935,978</u>		<u>21,825,520</u>
Net Block		191,091,660		74,717,089
Capital work in progress		<u>3,253,150</u>	(122,303,810)	<u>3,434,369</u>
		194,344,810	194,344,810	78,151,458
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	42,033,043		27,611,543
Sundry Debtors	7	87,482,382		68,051,256
Cash & Bank Balance	8	5,523,915		3,336,834
Loans & Advances	9	<u>48,260,668</u>		<u>36,346,647</u>
		183,300,008		135,346,280
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS :</b>				
Liabilities	10	58,135,907		40,164,532
Provisions	11	<u>16,748,657</u>		<u>15,628,147</u>
		74,884,564		55,792,679
NET CURRENT ASSETS			108,415,444	79,553,600

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**MISCELLANEOUS EXPENDITURE**  
( To the extent not written off)

12

1,443,609

477,181

304,203,863

158,182,239

Notes on Accounts & Significant  
accounting Policies

19

Schedules 1 to 19 form an integral part of the accounts

As per our Report attached of  
even date

**For, Trushit Chokshi & Associates**  
Chartered Accountants

Trushit Chokshi

(Proprietor)

Membership No. 40847

AHMEDABAD

Date : 30th -June-2005



P. K. Gupta  
Vice President ( Fin. & Sect.)

For and on behalf of the board.

Mrs. Paru M. Jaykrishna  
Chairperson & Managing Director

Munjal M. Jaykrishna  
Executive Director

Gokul M. Jaykrishna  
Director

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