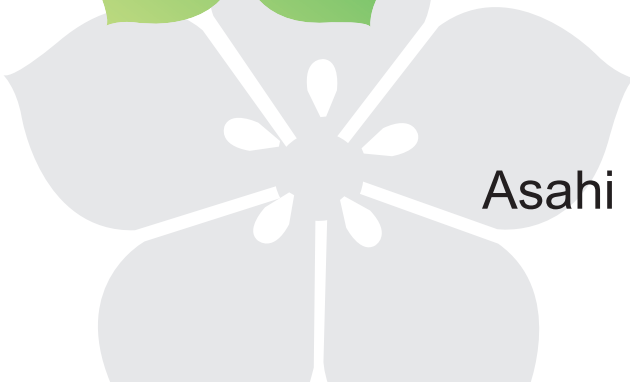


Annual Report
2009-2010



Asahi Songwon Colors Limited
Adding Color to Life



Message from the Chairperson & Managing Director

Dear Shareholders,

As anticipated in my speech last year, the year 2009-10 has been a much improved one. The global economy appears to be recovering from the financial crisis faster than previously anticipated. I think we are now seeing a turnaround as the economy has started to improve. India particularly has done extremely well and future looks brighter than ever for our great country.

During the previous year, Indian economic environment was also fairly mixed and uncertain. The first half year was overcast by the monsoon failure and sharp decline in food grain production, with negative growth in exports and imports. However, in the second half pick up in global economy and recovery in capital inflow has helped to see a quick rebound in the economy.

Despite all these challenging business conditions and competition, I am pleased to report that ASAHI has delivered a solid performance, further enhancing our competitiveness in all business areas.

We took the challenge as an opportunity, to improve operational efficiency, control cost, improve quality of our products, maintain our commitment in research & development and invest in things which support our growing order books.

We continued to experience strong global demand. Our customers continue their faith and confidence in the quality of our products and we have been able to meet their expectations by maintaining and attaining higher standards.

Our revenue increased marginally, operating profits rose and the profit margin improved significantly. Looking to the robust financial position and our consistent dividend record, the Board of Directors of the Company has recommended a final dividend of 10% for the year 2009-10 which with interim dividend of 7% make a total of 17% (i.e. Rupees 1.70 per share).

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

Gearing up for the future, I believe we are well positioned to continue our journey of our good progress to 2010-11 and will be soon embarking on the expansion of our capacity to enhance our production capacities.

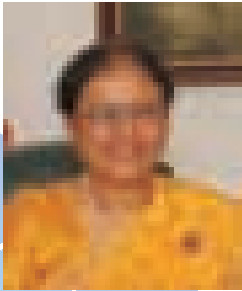
As always your Company remains committed to a greener and cleaner environment.

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

A handwritten signature in black ink, appearing to read 'Paru'.

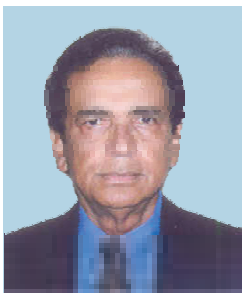
Paru M. Jaykrishna
Chairperson

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 severed 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 24 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 29 years experience in business and in particularly in the Chemical Industry. He is the chairman of Audit Committee & Remuneration Committee and a member of Shareholders/Investors Grievances Committee of the Company.



Prof. Pradeep Jha

Prof. Pradeep Jha, is an academician with over 34 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 and day to day management 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 1991.



Mr. Munjal M. Jaykrishna

Mr. Munjal M. Jaykrishna, is the Executive Director of the Company looking after the operations of the Company including production, marketing and quality control. 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>Executive 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

Contents	Page No.
Notice	2-12
Directors' Report	13-18
Management Discussion and Analysis	19-21
Report on Corporate Governance	22-34
Auditors' Report.....	35-37
Balance Sheet	38
Profit and Loss Account	39
Cash Flow Statement	40-41
Schedules forming part of Accounts	42-58

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of **ASAHI SONGWON COLORS LIMITED** will be held on Tuesday, the 20th July, 2010 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, 2010 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. Gaurang N. Shah who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. H. K. Khan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint statutory auditors and fix their remuneration.

SPECIAL BUSINESS:

7. **REVISION IN TERMS OF REMUNERATION PAYABLE TO MRS. PARU M. JAYKRISHNA, CHAIRPERSON AND 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 in partial modification of the earlier resolution passed by the members at the Extra Ordinary General Meeting held on 20th October, 2006 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby accorded to the revision in the terms of remuneration payable to Mrs. Paru M. Jaykrishna, Chairperson and Managing Director of the Company as set out in the Explanatory Statement."

"RESOLVED FURTHER THAT other terms and conditions of appointment of Mrs. Paru M. Jaykrishna, Chairperson and Managing Director of the Company shall remain unchanged as approved by the members in the Extra Ordinary General Meeting of the Company held on 20th October, 2006."

"RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Chairperson and Managing Director of the Company be paid the above salary and perquisites as minimum remuneration."

"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 appointment including the revised 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 thereto."

"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally 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. **REVISION IN TERMS OF REMUNERATION PAYABLE TO MR. GOKUL M. JAYKRISHNA, 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 in partial modification of the earlier resolution passed by the members at the Extra Ordinary General Meeting held on 20th October, 2006 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby accorded to the revision in the terms of remuneration payable to Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company as set out in the Explanatory Statement.”

“RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company shall remain unchanged as approved by the members in the Extra Ordinary General Meeting of the Company held on 20th October, 2006.”

“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Joint Managing Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to further alter, vary and/or amend the terms and conditions of appointment including the revised 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 thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally 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. REVISION IN TERMS OF REMUNERATION PAYABLE TO MR. MUNJAL M. JAYKRISHNA, EXECUTIVE 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 in partial modification of the earlier resolution passed by the members at the Extra Ordinary General Meeting held on 20th October, 2006 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby accorded to the revision in the terms of remuneration payable to Mr. Munjal M. Jaykrishna, Executive Director of the Company as set out in the Explanatory Statement.”

“RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Munjal M. Jaykrishna, Executive Director of the Company shall remain unchanged as approved by the members in the Extra Ordinary General Meeting of the Company held on 20th October, 2006.”

“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Executive Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“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 appointment including the revised 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 thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally 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.”

10. AUTHORITY TO BORROW IN EXCESS OF PAID UP CAPITAL AND FREE RESERVES OF THE COMPANY

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

“RESOLVED THAT the consent of the Company, be and is hereby accorded under the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow, from time to time, such sums or sums of money as may be deemed necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount up to which monies borrowed/to be borrowed by the Board of Directors of the Company and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 500 Crores (Rupees Five Hundred Crores Only).

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters or things and give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may rise in this regard as the Board on its absolute discretion may deem necessary or desirable for giving effect to this resolution.”

11. AUTHORITY TO MORTGAGE ASSETS 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 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to charge/mortgage/create security/encumber in respect of the whole or substantially the whole of undertakings of the Company including all or any of its moveable or immoveable properties both present and future, for securing the loans/financial assistance obtained/ to be obtained from Banks, Public Financial Institutions, Body or Body Corporate or any other party together with interest, compound interest, liquidated damages, commitment charges, premium on prepayment or on redemption cost, charges, expenses and all other monies payable to Banks, Financial Institutions, Body or Body Corporate or any other party in terms of their respective loan agreements, hypothecation, agreements, letter of sanction, memorandum of terms and conditions from time to time on behalf of the Company to secure borrowings up to Rs. 500 Crores (Rupees Five Hundred Crores Only).

“RESOLVED FURTHER THAT for giving effect to the above resolution, the Board/Committee of Board or officers authorised by them in this regard be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers/ agreements as may be required and do all such acts deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid.”

By the Order of the Board of Directors

Place: Indrad, Mehsana

Date : 08/06/2010

Registered Office :

167-168, Village Indrad,

Kadi Kalol Road, Dist. Mehsana

Gujarat - 382 727 (India)

GOKUL M. JAYKRISHNA

Joint 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 11 is annexed hereto.
3. For the Financial Year 2009-2010 interim dividend of Rs. 0.70/- per Equity Share (@ 7% on face value of Rs. 10/- each) was approved at the meeting of Board of Directors held on 18th January, 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 2009-2010 is sought for, at the ensuing Annual General Meeting.
4. 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.
5. A brief resume of Directors retiring by rotation 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 Tuesday, 13th July, 2010 to Tuesday, 20th July, 2010 (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 12th July, 2010, 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 12th July, 2010.
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. Members desirous of obtaining any information / clarification concerning accounts and operations of the Company are requested to send their in writing to the Company atleast 7 days before the date of the Meeting.

STATEMENT REGARDING THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE ENSUING ANNUAL GENERAL MEETING

Name of Director	Mr. Guarang N. Shah	Mr. H. K. Khan
Date of Birth	18.02.1958	15.08.1933
Date of Appointment	01.09.2007	28.11.2006
Expertise in specific functional areas	29 years work experience in accounts and finance	Retired IAS
Qualification	M. Sc.	B. A. (History)
No. of Equity Shares Held	NIL	NIL
List of outside Company Directorships Held	<ol style="list-style-type: none"> 1. Devarsons Industries Pvt Ltd 2. Madhavdas Manilal & Co. Pvt Ltd 3. Madhavdas Manilal & Co. 4. Shreeji Finance Corporation 5. Centre for Computer Technology 6. Kumar Dyes 7. New Coalters Chemical Mfg. Co. 8. Devarsons Corporation 9. Devarsons Industries 	<ol style="list-style-type: none"> 1. Jubilant Organosys Ltd 2. Lafance Overseas Pvt. Ltd 3. Shreewood Infrastructures (I) Pvt Ltd 4. Calcom Visions Ltd 5. Todays Pertotech Ltd
Chairman/Member of the Committees of the Board of Directors of the Company	Chairman-Audit Committee Chairman-Remuneration Committee Member-Shareholders/ Investor Grievances Committee	<ol style="list-style-type: none"> 1. Remuneration Committee- Member
Chairman / Member of the Committees of Directors of Companies in which he/she is a Director a) Audit Committee b) Shareholders / Investors Grievances Committee		<ol style="list-style-type: none"> 1. Jubilant Organosys Ltd - Audit Committee Chairman - Shareholder/Investor Grievance Committee Member 2. Calcom Visions Ltd - Audit Committee Member

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 5 years.

Mrs. Paru M. Jaykrishna is the promoter of the Company. Under her visionary leadership, the Company has recorded quantum growth since inception to the current year. There has been manifold increase in the responsibilities shouldered by the Top Management. Therefore, to compensate Mrs. Paru M. Jaykrishna, Chairperson and Managing Director of the Company, fairly and in consonance with the industrial standards and as recommended by the Remuneration Committee, the Board approved, subject to approval of members, enhancement of remuneration. The other terms and conditions of the remuneration remaining the same as approved in the Extra Ordinary General Meeting held on 20th October, 2006. The terms and conditions are: