

business continuity

ASAHI SONGWON COLORS LIMITED | ANNUAL REPORT 2013-14

Disclaimer

The disclosures of forward-looking information contained in this annual report are made to enable investors to comprehend the prospects and make informed investment decisions. This report and other statements – written or oral – may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Maximum effort has been made to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. However, the entire realisation of these forward-looking statements cannot be guaranteed, although the assumptions have been prudent enough to rely upon. The achievement of results is subject to risks, uncertainties and unforeseen events. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. The management does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.

CONTENTS

03 Corporate details

04 Our big numbers

10 Chairperson's review

12 Our competitiveness

14 Risk management

16 Directors profile

17 Notice

32 Directors' Report

42 Management discussion
and analysis

44 Report on Corporate
Governance

59 Financial section



THERE COMES A TIME IN THE
EXISTENCE OF A SUCCESSFUL
COMPANY WHEN IT MUST
LEVERAGE ALL THAT IT HAS STOOD
FOR AND ACCELERATE GROWTH
OVER THE FORESEEABLE FUTURE.

SO EVEN AS ASAHI SONGWON
EXPECTS TO LEVERAGE ITS
RICH LEGACY, NETWORK AND
INTELLECTUAL CAPITAL, IT WILL
RESPOND TO NEW DYNAMICS,
FRESH OPPORTUNITIES AND
SUNRISE POSSIBILITIES WITH
RENEWED VIGOR.

TRANSLATING INTO A SINGULAR
FOCUS.

business continuity



For nearly two and a half decades, Asahi Songwon emerged as a national leader and one of the fastest growing global pigment manufacturers.

The Company reinforced its industry leadership through enhanced capacities, superior quality, delivery dependability, customer stability, value-addition and responsible environment-friendly practices.

As a result, the Company finds itself perched at an inflection point, following which growth is expected to be quicker, profitable and more sustainable.

Background

The Company was incorporated in 1990 by Mrs. Paru M. Jaykrishna.

Products

The Company is one of the leading manufacturers of Phthalocyanine pigments (Blue and Green) and derivatives in India and one of the fastest growing in the world within its sector. Pigments (coloring agents that impart color) are generally classified into Phthalo and Azo.

Asahi Songwon is engaged in the manufacture of Phthalo pigments (one of the largest categories of pigments manufactured in India) comprising CPC Green, CPC Blue Crude and a range of Beta Blue Pigments.

Applications: About 60 percent of all Phthalocyanine pigments are used in the manufacture of printing inks while the rest find application in paints, plastics, textiles and paper.

Manufacturing capacities: The Company's principal manufacturing facilities are at Padra (Vadodara), manufacturing Blue pigment with an installed capacity of 11,400 TPA. The Company also has manufacturing facilities at Kadi, (Mehsana) manufacturing Green pigment with an installed capacity of 1,440 TPA.

Clientele

The Company's Blue pigment clientele comprises global giants like DIC (Japan), Sun Chemicals (USA), Clariant Chemical India Ltd. and BASF (Korea).

Awards and accolades

The Company's Padra plant is certified with ISO 9001:2008 and ISO 14001:2004, resulting in stringent health, safety and environmental compliances.

Award for outstanding export performance for four years by GDMA.

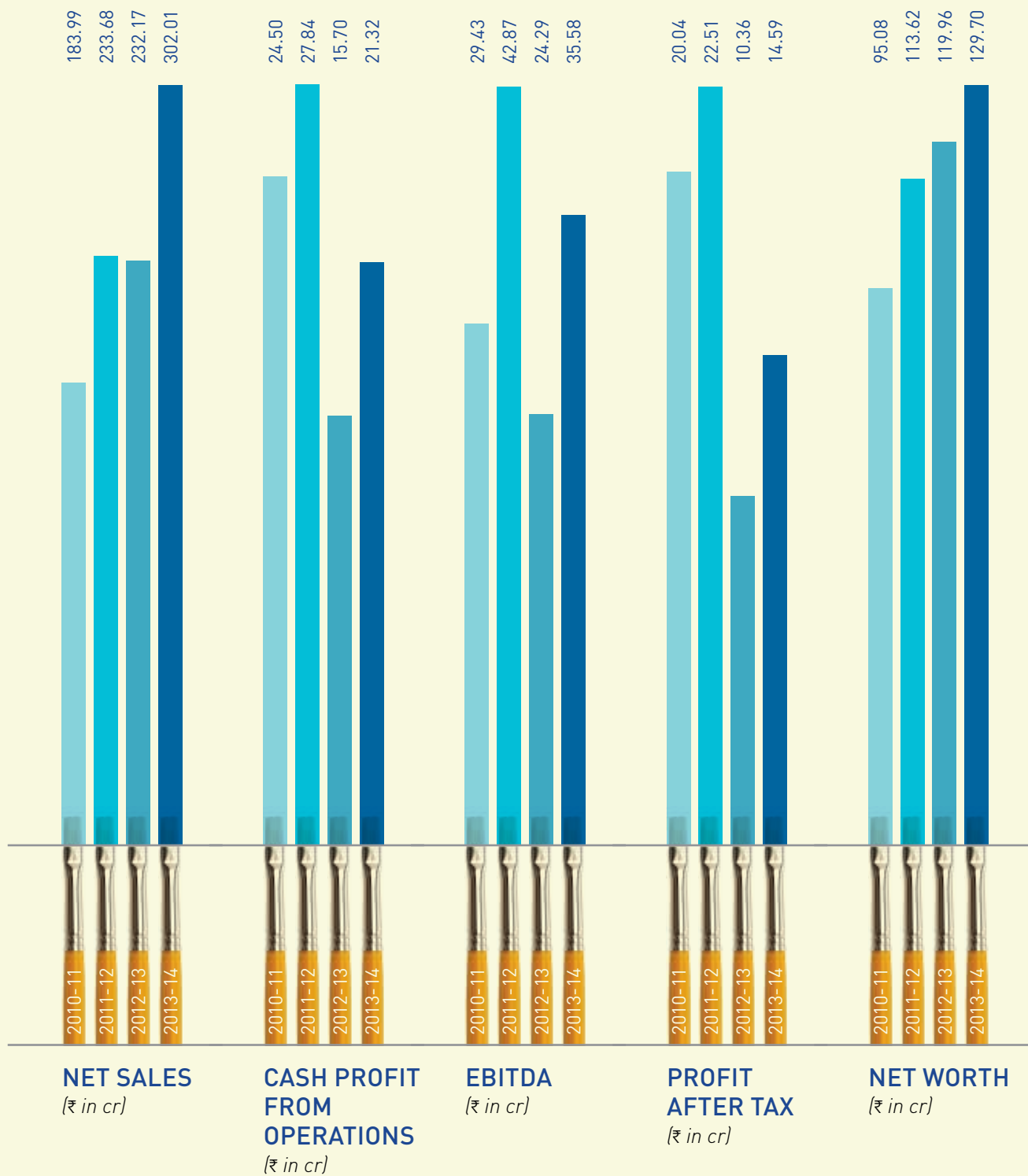
Award for 'Outstanding performance in the export of dye and dye intermediaries' by CHEMEXCIL for three years.

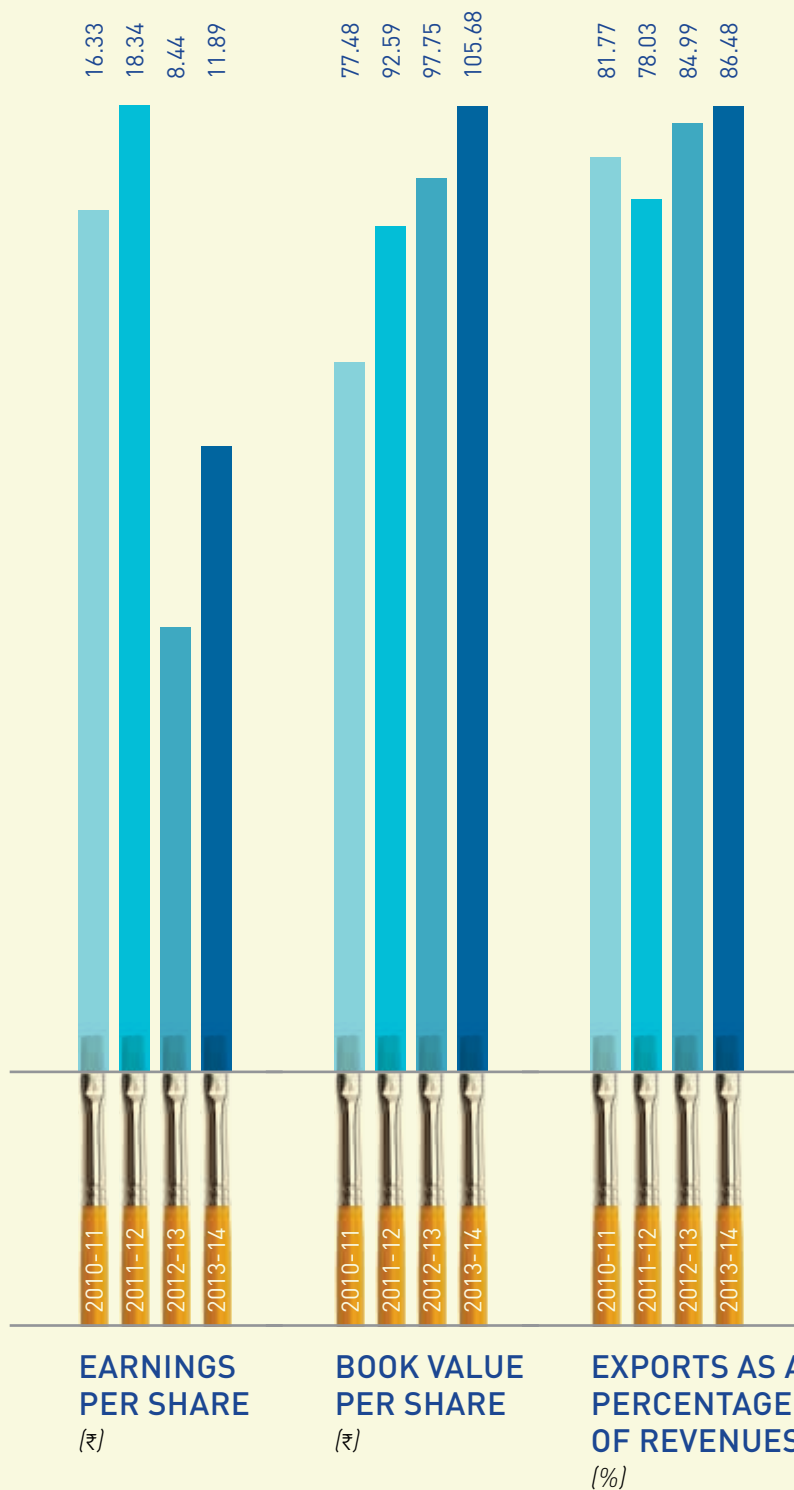
Award for 'Excellent export performance' in the category of 'Export House' by FIEO in 2000-01.

Award for 'Emerging SME' across all sectors in India by Dun and Bradstreet and Fullerton India in 2008; given an award for 'SMEs in the chemical and petrochemical sectors' by Dun and Bradstreet and Fullerton India in 2008.

Award for 'International Trade' in the chemical category by DHL-CNBC TV 18 in 2009 and 2010-11.

Financial transformation





₹153.40_{cr}
Market capitalisation as on 31st March 2014

₹302.01_{cr}
Total revenue in 2013-14

₹35.58_{cr}
EBITDA 2013-14

₹14.59_{cr}
Profit after tax in 2013-14

₹21.32_{cr}
Cash profit after tax in 2013-14

₹129.70_{cr}
Net worth in 2013-14

₹80.38_{cr}
Net debt in 2013-14

₹3.50
Dividend per share in 2013-14

₹105.68
Book value per share in 2013-14

11.78%
EBITDA margin in 2013-14



product

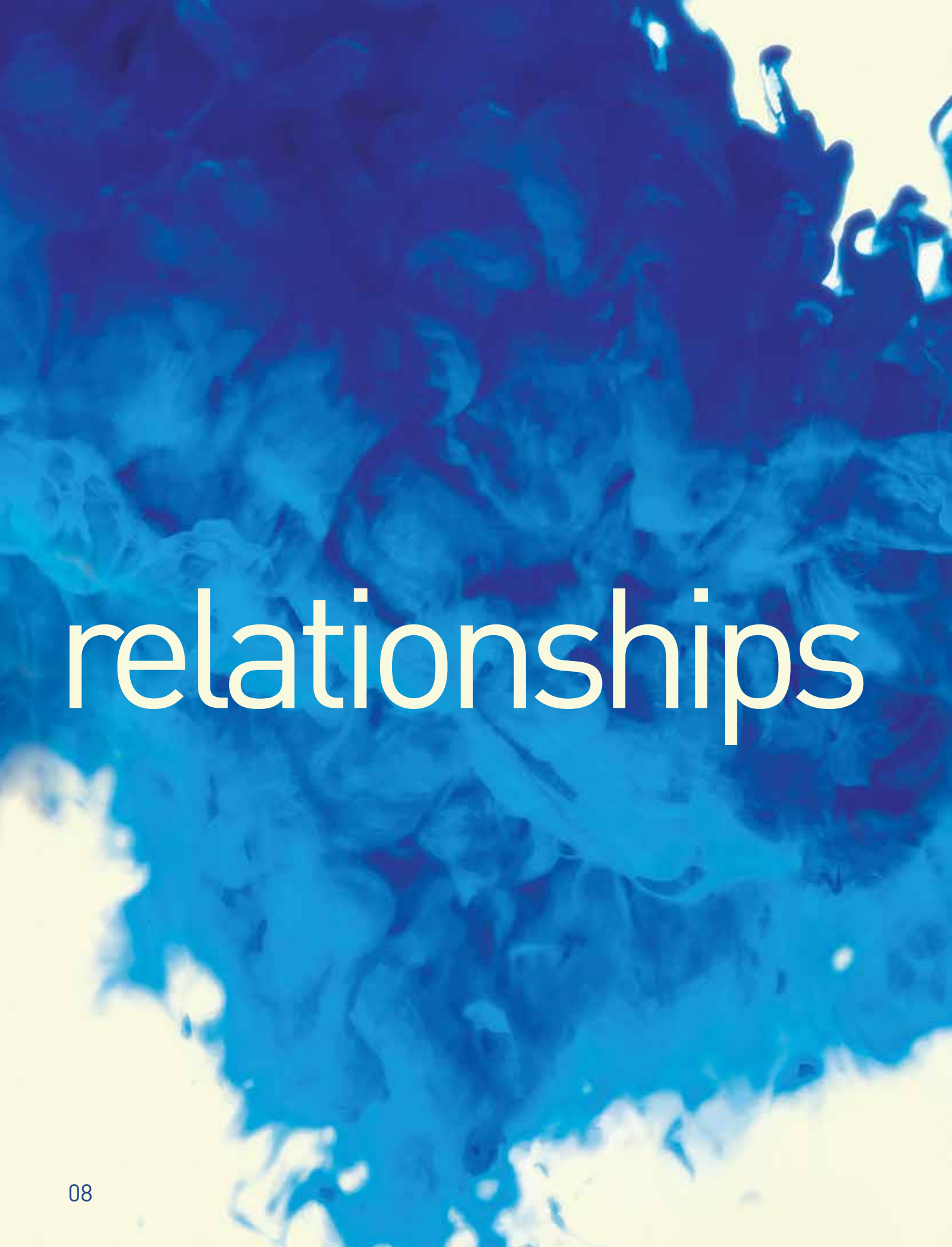


IN A BUSINESS WHERE CUSTOMER REQUIREMENTS KEEP EVOLVING ALL THE TIME, ONE OF THE MOST ENDURING STRENGTHS AT ASAHI SONGWON IS ITS CONSISTENTLY HIGH QUALITY BENCHMARK.

Over the decades, the Company invested its Blue pigment products comprising the highest quality standards through proactive investments in research, manufacturing technologies and product testing.

More than just an in-pipe approach, Asahi Songwon extended its focus to a holistically superior customer experience. This superior experience commenced from a deep understanding of customer requirements, need for corresponding customization (product and process) and the ability to make proactive improvements to take the customer's requirements ahead.

At Asahi Songwon, the comprehensive service commitment translated into a superior price-value proposition. This proposition inevitably translated into a global respect for being able to deliver a first-rate quality. In turn, this translated into a major global share and an undisputed leadership in India's pigments sector.



relationships