

Ref: ASCL/SEC/2023-24/43

October 26, 2023

1. To,
The General Manager
Department of Corporate Services
BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P. J. Tower
Dalal Street, Fort
Mumbai - 400 001
BSE Scrip Code: 532853
2. To,
The General Manager (Listing)
National Stock Exchange of India Ltd
5th Floor, Exchange Plaza
Plot No. C/1, G Block
Bandra - Kurla Complex
Bandra (East)
Mumbai - 400 051
NSE Trading Symbol: ASAHISONG

SUB: PRESS RELEASE

REF: REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a Press Release on the Company's Financial Performance of Q2FY24.

This is for your information and records.

Thanking you,

Yours faithfully,
For, **ASAHI SONGWON COLORS LIMITED**

SAJI JOSEPH
Company Secretary and Compliance Officer

Encl: As above

Asahi Songwon Colors Ltd.

CIN: L24222GJ1990PLC014789

Regd. Office: "Asahi House", 20, Times Corporate Park, Thaltej - Shilaj Road,
Thaltej, Ahmedabad - 380 059, Gujarat, India.

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ASAHI SONGWON COLORS LIMITED REPORTS Q2FY24 RESULTS

**Total Consolidated Revenue - ₹95.33 Cr;
Consolidated EBITDA at - ₹5.39 Cr**

Ahmedabad, October 26th, 2023: Asahi Songwon Colors Limited, India's leading manufacturer of pigments for ink, plastics, paint, textile and the paper industry has announced its financial results for the second quarter ended September 30, 2023.

Standalone Financial Highlights for Quarter Ended September 30th, 2023:

- Total Revenue was ₹57.91 Cr during the quarter under review, Q-o-Q degrowth of 14.83% and Y-o-Y decline of 28.68%
- EBITDA ₹4.85 Cr during the quarter, as against 0.01 Cr in Q1FY24 and Y-o-Y decline of 38.92%
- EBITDA Margin stood at 8.38% for Q2FY24 as compared to 9.78% in Q2FY23
- Net Profit stood at ₹24.71 Cr, as against -2.70 Cr in Q1FY24 and 3.33 Cr in Q2FY23

Consolidated Financial Highlights for Quarter Ended September 30th, 2023:

- Total Revenue was ₹95.33 Cr, a Q-o-Q degrowth of 7.26% and Y-o-Y decline of 24.52%
- EBITDA ₹5.39 Cr during the quarter, as against -0.89 Cr in Q1FY24 and 6.27 Cr. In Q2FY23
- EBITDA Margin stood at 5.65% for Q2FY24 as compared to (0.87)% in Q1FY24 and 4.96% in Q2FY23
- Net Profit stood at ₹22.71 Cr, as against -5.85 Cr. In Q1FY24 and 1.00 Cr. in Q2FY23

Commenting on the Q2FY24 performance, Gokul Jaykrishna, Joint Managing Director and CEO, said,

"I am pleased to provide you with an update on our performance in the past quarter. Our performance for this quarter was consistent with our prior guidance of achieving break-even at the PAT level by the second quarter. Despite a challenging operating environment with subdued demand, we've managed to maintain a strong operational performance. This achievement is attributed to the rigorous cost control measures we implemented during these trying times.

In our blue business, although we commenced the quarter with a positive momentum, a decline in demand in latter half resulted in reduced capacity utilisation and subsequent lower sales. Nevertheless, we've seen a rebound in the demand for our blue business, and we are optimistic about reaching a 70% capacity utilisation in the current quarter. While demand from Europe continues to remain weak, we are noticing promising signs from the US. Additionally, the domestic demand has consistently been strong.

I would also like to draw attention to the notable improvements in our balance sheet. With the cash inflow from the sale of a land parcel, we've managed to repay a portion of our debt. We now have a more comfortable inventory level, and our trade receivables have further seen a reduction. This has resulted in a leaner and more efficient balance sheet."

Arjun G. Jaykrishna, Executive Director, commented,

"I am pleased to update you on our recent performance. We continued to witness improvements in our Azo business. In the last quarter, we operated at approximately 40-45% capacity utilisation. Despite challenging market conditions for Azo pigments, our performance in this segment is showing progressive improvement. This quarter, we successfully launched several new products in the Red pigment range, and these continuous product additions have played a pivotal role in scaling our Azo business. Our capital expenditure for expanding our capacities in Yellow pigment remains on schedule, and we anticipate its completion by Q1FY25. As the market conditions improve, we're confident that our Azo business will reflect the positive returns on our investments. While we achieved break-even at the EBITDA level for the Azo business this quarter, our subsequent goal is to reach break-even at the PAT level in the forthcoming quarters.

Turning to our API segment, I am delighted to announce the inauguration and trial runs at our intermediates plant this week. This move will significantly assist us in sourcing two crucial raw materials, N-2 & N-1, essential for the APIs we produce. We project the ramp-up of this intermediate facility by the end of Q3FY24, which will, in turn, enhance our margins in the API business. The remainder of our CAPEX is progressing as planned and is set for completion this quarter. From the projected CAPEX of ₹ 70 crores, we have already invested over ₹ 60 crores.

On a consolidated note, it is evident that our business is nearing the culmination of its CAPEX cycle. Each of our business segments is steadily advancing past their challenging phases. While a surge in demand might still be a few quarters away, we remain steadfast in our belief of achieving a sequential improvement in our financial performance."

About Asahi Songwon Colors Ltd. (ASCL):

Asahi Songwon Colors Ltd. is a leading player in the Indian Pigment industry and is one of the leading manufacturers of pigments. The company manufactures CPC Beta Blue and Blue Crude. The company has also ventured into manufacturing of AZO pigments as well as APIs through its subsidiaries. The company caters to a diverse base of global and Indian customers with more than 50% of business from exports to global MNC's. It is currently manufacturing products for over 80 international and domestic customers. The company operates via its three manufacturing facilities in Gujarat, India, located at (Padra), Vadodara, (Dahej), Bharuch and (Odhav), Ahmedabad (manufacturing APIs).

FOR FURTHER DETAILS PLEASE GET IN TOUCH WITH:

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