Ref: ASCL/SEC/2025-26/12

May 15, 2025

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: TRANSCRIPT OF CONFERENCE CALL HELD ON MAY 12, 2025 WITH INVESTORS AND ANALYST ON THE FINANCIAL PERFORMANCE OF Q4FY25

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

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are enclosing herewith the transcript of Conference Call held on Monday, May 12, 2025 at 11:30 a.m. (IST) with investors and analyst on the financial performance of Q4FY25.

The said transcript will also be made available at the website of the Company at www.asahisongwon.com.

This is for your information and records.

Thanking you,

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

JOSEPH SAJI VARGHESE

Digitally signed by JOSEPH SAJI VARGHESE
DN: c=IN, o=Personal, postalCode=382421, st=Gujarat, serialNumber=F662E94FE05F3094D34A3BA45CC32644EB51DD9912AF9095FC526D2D0BBCA361, cn=JOSEPH SAJI VARGHESE
Date: 2025.05.15 15:28:09 +05'30'

SAJI JOSEPH
Company Secretary and Compliance Officer

Encl: As above

“**Asahi Songwon Colors Limited**
Q4&FY25 Earnings Conference Call”
May 12, 2025

MANAGEMENT: **MR. GOKUL M. JAYKRISHNA**
JOINT MANAGING DIRECTOR & CEO
ASAHI SONGWON COLORS LIMITED

MR. ARJUN G. JAYKRISHNA
EXECUTIVE DIRECTOR
ASAHI SONGWON COLORS LIMITED

MR. MITESH PATEL
EXECUTIVE DIRECTOR
ASAHI SONGWON COLORS LIMITED

MR. PRATIK SHAH
CHIEF FINANCIAL OFFICER
ASAHI SONGWON COLORS LIMITED

MR. SAJI V. JOSEPH
COMPANY SECRETARY & COMPLIANCE OFFICER
ASAHI SONGWON COLORS LIMITED

Asahi Songwon Colors Limited

Q4FY25 Earnings Conference Call

May 12, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Asahi Songwon Colors Limited Q4 FY25 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sayam Pokharna from TIL Advisors. Thank you and over to you, sir.

Sayam Pokharna: Thank you, Michelle. Good morning, ladies and gentlemen. Welcome, everyone, and thank you for taking out the time to join this Q4 and FY25 earnings conference call of Asahi Songwon Colors Limited. The results and investor updates have already been emailed to you and are available on the Stock Exchange and company website.

To take us through today's results for the quarter and the whole financial year and answer your questions, we have with us from the management team, Mr. Gokul Jaykrishna - Joint Managing Director and CEO, Mr. Arjun Jaykrishna - Executive Director, Mr. Mitesh Patel - Executive Director, Mr. Pratik Shah - Chief Financial Officer and Mr. Saji Joseph - Company Secretary and Compliance Officer. We will be starting with a brief overview of the quarter and financial year from Mr. Jaykrishna, which will be followed by a Q&A session.

Before we proceed ahead, I would like to remind you all that anything and everything that is said on this call reflecting any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with the risk and uncertainties that we face. These risks and uncertainties have been entailed in our annual reports. Thank you. Over to you, Mr. Jaykrishna.

Gokul Jaykrishna: Good morning, everyone. I'm very happy to welcome you all to Asahi's FY25 conference call. Being a specialty chemical and API company with reasonably large overall export exposure, we are generally a proxy to the global economy. As we all know, we have witnessed and are actually witnessing very turbulent times with uncertainties and lots of volatility from Trump tariffs and the tariff wars to huge currency fluctuations such as which we haven't witnessed in a very long time. Wars across the world including in India as well with Pakistan recently. So, there is enough in a lot of volatility I personally like volatility. Volatility, turbulence and uncertainties invariably spring up opportunities which are unusual, time will tell how our side and our team stands up to take advantage of these opportunities but it is definitely a springboard, a quick springboard to future growth if we play our cards right.

As we navigate these uncertain times, I am very happy to report that this year Asahi and our team has stood up well to these challenges and turbulent times and emerged stronger than ever before. I hope that we have created a platform from which we can scale up and go in a reasonable manner and take advantage of the changing global dynamics. With this, I would like to give you a very quick snapshot of the consolidated results. All of you, most of you would have already looked at it. So, I would not go into the details of it, rather I'll give a snapshot and then we'll move into a Q&A where you can ask the question.

For the year, our revenues have moved from 429 crores in 2024 to 566 crores in 2025. This is a 32% increase. Our EBITDA has increased from 21 crores in 2024 to 60 crores in 2025. This is a 185% increase in EBITDA. Our EBITDA margins have doubled from 5% to 10% this year. PAT we were negative and now we stand at about 17 crores positive. Our total debt, which stood at 200 crores in 2024 March stood at 160 crores this March, we continue to deleverage as our cash flows show a lot of strength. Our cash flows from operations which were 9 crores positive in 2024 have come out to 57 crores positive. In 2025. This improvement is on account of four factors, 30 crores from pockets and 25 crores, a combination of improvement in payables, receivables and inventory levels.

Looking forward to the coming year with these turbulent times, there is a lot of consolidation that has happened within our company. We are coming towards the end or have already come to an end of a three-year CapEx cycle. Now we have to as a team Asahi, improve our utilization levels in our new segments of businesses, which are the AZO pigment business and the API and continue to do well with our dominating position in the pigment blue business. Going forward, we look forward to a top line growth of about 15%, EBITDA growth of about 25% and PBT growth of about 65% for the next year.

With this, I would like to open the floor for questions.

Moderator: The first question is from the line of Yashvi from Molecule Ventures. Please go ahead.

Yashvi: Thank you for this opportunity. So, my first question is, in the last call you had mentioned about the delay in the capacity expansion due to shipping delays due to the Chinese New Year. What is the update on the new line for yellow pigment? What is the incremental capacity that is added or will be added and what is the investment which is made for the capacity expansion?

Gokul Jaykrishna: So that delay is now over the Chinese. The Chinese equipment is already on its way and it should be fully operational within about three to four months. So, they should add about 40 tons to our existing capacity of yellow and what was the other question you want to ask on this account?

Yashvi: What is the investment which is made?

Gokul Jaykrishna: The Capex is about 5 crores.

Yashvi: OK.

Yashvi: Which has already been done now.

Yashvi: OK.

Gokul Jaykrishna: 5 to 6 crores. I don't remember the exact number. Mitesh or Pratik Bhai, can you throw light on the exact number?

Management: So, it is around 4 crores 80 lakhs.

Gokul Jaykrishna: Yeah, so 5 crores. I was right on 5 and this is more or less completely over.

Yashvi: OK. And in the commentary, you had mentioned about the tariff opening up an opportunity to scale up the AZO business. Can you please explain what sort of positive momentum you have started seeing? Are there any fresh inquiries that we are that we are witnessing and also on the profitability front, we've been trying to become part positive and AZO business for the last few years, do you think these tariffs in place we will finally be able to achieve it?

Gokul Jaykrishna: So, I will let Arjun answer this question in detail, Yashvi, but basically the tariffs have certainly thrown up some opportunities. The blue business remains unaffected because there is no competition from China in the blue business. So that largely remains unaffected because India has a very dominating position in the blue business as far. As the AZO business is concerned, Arjun would like to take that question.

Arjun Jaykrishna: Yeah. Thanks, Yashvi for the question. As our CEO said, the blue business will largely be unaffected as all the players are already Indian. So, the tariff is equivalent on all competitors. So, there we hope to maintain and continue the good business we've been doing in the US. For the AZO, it's a pretty good opportunity. The way the AZO landscape is built as we have said previously and it's very well known that China dominates the global share for AZOs. So even when we talk about the US, the large majority of imports of AZOs were Chinese. That is where the opportunity for all Indian makers is thrown up, we feel that we are in a very good position to be able to take some of this opportunity because as we know the largest pigment as a player from India, Sudarshan is very well positioned, they are in a good place to take up this opportunity. Barring that, we feel we are the best positioned out of the remaining azo players from India, we feel that we are in the right position with the available capacity as well as the thirst for growth. So, we have already started engaging with some people in the US. We are working hard to get the products there and take advantage of this tariff. We are already seeing inquiries and what we feel is that for certain large customers where we have discussed in the past that due to sensitive applications and several holding periods, we see that the approval period takes six months to a year even, but the advantage through this tariff, what I have felt is for some of our key customers, we are going to be able to expedite that since it is in our and their interest to get approved quickly and we are hoping that we will be able to reflect that into performance for the AZO commercially by next quarter.

Yashvi: I just want to understand like does this development profile or does it just have the top line growth?

Arjun Jaykrishna: Yeah. So again, a good question. I think it would very certainly and obviously help the top line, but also, we will strive for it to impact the bottom line as well. We in general are exports for the AZO have been only about 10% of our business. So, we will look over the next year in the US as well as other opportunities to grow that and double that out for this year, which will have a positive impact on the bottom line as well.

Gokul Jaykrishna: So, Yashvi, quickly to sum it up, you know the export business out of the ATC basket, which is currently 90 domestic, 10 export should look to about 20-25% coming from export for this financial year. And our top client should be growing at about 25% from 70 crores to roughly 90 crores and the EBITDA should also be growing substantially. We have had EBITDA positive year for the first time in the history of ATC since last three years we've been struggling a bit, but we've had a bit of positive year and now we hope to you know take it forward in a strong way and close our EBITDA should improve significantly going forward in this year.

Yashvi: OK, Sir. And on the API business front, since the acquisition, the profitability of the business has always been subdued. Sales have even dropped to levels that are lower than when we made this acquisition. So, we're acquiring the assets we had planned to enhance the profitability day by doing the backward integration. That we have done that CapEx, we still can't see any impact on the financials. Can you please explain what are the challenges we have?

Gokul Jaykrishna: I'll quickly answer this. So, the Backward Integration project has gone on well. We are at about good utilization levels and it's performing also well on margins as well the backward integration. What has not worked in favor of atlas performance is the prices of the products, particularly the main product Pregabalin have really crashed. So, the last whole year has been, we have seen about a 15% decrease in the prices of most of the products. So, despite that we have achieved 12% growth in revenues. So, our volumes have actually gone up by 25% and the backward integration has helped us navigate through this and you know, come out with a year which is not too bad. Our EBITDA have improved by from 5 crores to 10 and a half crores. But yeah, it should have been better. It is not because of the sharp increase in competition and drop in prices which will result in consolidation going forward as lot of the weak players in these products will stop making these products for sure. And the product itself has a very good future. I mean it's not going to, I mean, the next 5-7 years, 10 years look quite good for the product. So, we have to just sustain.

Yashvi: OK. Also, it would be great if you could…

Moderator: I'm sorry to interrupt you, Yashvi. There are others who are waiting for their turn. Can you please rejoin the queue for follow up questions?

Yashvi: Yeah, sure.

Moderator: Thank you so much. Thank you. We'll take the next question from the line of Rudraksh Raheja from Ithought financial consulting. Please go ahead.

Rudraksh Raheja: Yeah. Thanks for the opportunity, Sir. Congratulations on the great set of numbers. What is the current capacity utilization for Blues and can we sustain 35% gross margin in this segment?

Gokul Jaykrishna: So current capacity utilization Rudraksh is about 85-87%. Arjun, can you take the question on the gross margins, generally our team has done well. So, Arjun will take this question.

Arjun Jaykrishna: Yeah. So, to answer your question, I think our CEO gave the general utilization. We don't want to delve too much into those details. What I can tell you is that, yes, the from a gross margin point of view as we have said previously, we've had last year was not like we've wanted. We have given a stronger performance this year and we are confident that we will be able to replicate the gross margin and overall numbers of the blue business going forward as well.

Gokul Jaykrishna: Rudraksh, to add to what Arjun said, the blue business itself remains extremely challenging and the general environment for the blue business isn't very robust. The demand is not that strong, but generally we have been able to do quite well because of some engineering improvements and efficiency improvements at high. So, we should be probably likely to sustain the gross margin.

Rudraksh Raheja: Got it, Sir. Got it. And since we have done exceptionally well in all in the power and fuel front, if I'm looking at your numbers on a percentage basis, it is the lowest in this quarter ever, it's like 7% that we have done. I'm talking about the blue segment only. So, could you help us understand this? Is it only the crude prices in the commodity market that are low or we have done some internal cost saving measures?

Arjun Jaykrishna: Can I take that question?

Gokul Jaykrishna: Yeah, please.

Arjun Jaykrishna: So unfortunately, we cannot delve too much into this due to revealing, you know what we are doing even to competitors. I think you've noted it perfectly. We have consciously worked on this. We are as our CEO said you know the industry continues to not have that robust demand or yet the kind of impetus we would want. Yet we have been able to, through factors like this work internally and give the numbers that that we have done. So, I think we would refrain from giving exact details and I hope you can understand because of the competitive landscape that we can't share exactly, you know what we are doing to get the added benefits in this segment.

Gokul Jaykrishna: Just to clarify, but whatever we are doing that is sustainable for the long term.

Rudraksh Raheja: Understood, Sir. Understood. And in the API segment, Q4 has seen some margin contraction versus Q3. And Sir, could you guide us the sustainable level of EBIT margins as we can expect. Last quarter, I think we saw some backward integration effect, but now margins are contracted again.

Gokul Jaykrishna: So generally, Rudraksh, the EBITDA margins for the API business have improved from 5% to 10%, QoQ basis, which are the fluctuations that you see are due to the decrease in the price of some of the products. So, this is the ongoing challenge that we are facing in the industry right now. We are not very perturbed about this because you know our position in the industry is that we have to be efficient and sustain this downturn. Automatically the weak players, the unorganized players, are going to fall out because the margins are for them. If we are having these low margins, they are having actually negative margins. So, what I can tell you is in this segment that we operate, the APIs in which we operate, we are better than most of our competitors if not all, in some of the products and this gives us the sustainability for the next few months or even if it takes the whole year to withstand that and see that the consolidation takes place, some of the unorganized sectors fall out and then automatically there should be an improvement in the segment. But going forward, the EBITDA margins we project would be in double digits, low double digits, so about 10 to 11% for the full year for the consolidated atlas performance. And also, on the top line we should see a reasonable improvement about 25% on top line for the year so that means that the total overall EBITDA also should improve by about 25 odd percent if we are able to maintain 10-11% margins there. And then we will look for opportunities to get into other products which you know could give a scale in.

Rudraksh Raheja: Understood. Understood sir. So, could you walk us through your plan for this year regarding new products and new markets expansion for API segment?

Arjun Jaykrishna: Yeah. So, for the API segment to achieve, generally the numbers that that our CEO mentioned, we are working as we have even described briefly in the past, I'll run you through what our plan is over the next two years. So, you know, we already since the last call we have been working quite a bit with our internal R&D team as well as closely tied with the marketing team as well on launching new products, we have made a statement. We are very much looking forward to over the next years moving from a single product company to a multi-product API company, so what we plan to do is that we plan to leverage the advantages of Odhav as well as Chhatral units and work as one. So, when I say that to be more specific, we are for one, we will be looking to add a new segment to our main product by applying for accreditations, for example, within the next year to give you a channel we hope to achieve CEP certification. We are in line to apply for it within the next few months, and we hope within the next year we will have got this certification adding that new level of customers and entering slightly more developed countries by increasing our exports to them. Apart from this and strengthening for a main product, we will also be adding new products. So, within the next few months we are already we have taken trials and we are launching some new products in the market. Obviously, this comes with a slight caveat that whenever you add a new product and try to gain volumes without being backward integrated, we may not immediately see the numbers we want but over the next year, we plan to launch these molecules and over the next two years, we plan to be making them even from a few stages backwards so that we can create a similar thing that we have created for pregabalin in the market for certain other molecules as well. So, we are working on those and at the same time as we have described in the past, we continue to leverage our advantages at Odhav where we have a very well-functioning unit where we will be launching certain smaller volume molecules that will hopefully add to our bottom line in the next two years.

Rudraksh Raheja: Understood. Understood.

Moderator: We'll take the next thank you, Sir. We'll take the next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Hi, good morning, everyone and congratulations for our very strong numbers. Sir, my first question is I think Gokul bhai, you guided that on the side you know we'll go from 70 crores to probably 90 crores kind of number and largely export the market will drive this growth. So, we were working with three or four large customers for various product approvals. So, is this growth contingent upon getting such approvals or do we already have those approvals in ways and you know we are waiting for commercial supply, some, some kind of an indication as to what gives us, you know, confidence for the strong growth on the side?

Gokul Jaykrishna: Thank you, Dhwanil. Dhwanil, is it ok if because Arjun may be more appropriately able to answer this question.

Dhwanil Desai: Sure, either of you.

Gokul Jaykrishna: Yeah. Arjun, can you take this?

Arjun Jaykrishna: Yeah. No, thank you for the question. I think as you rightly said, you know, we have been working with certain customers in the export region and to answer specifically, it is actually a mix of the two. So, there are certain global MNC customers to whom we have gotten approvals and sent trial orders as well and for those we would be waiting to for them to use the product in bulk and then move directly to commercial quantities and at the same time with the new opportunity say with the US as well as that, there is a few things you're working on in Europe where we are looking to get new approvals, but we are now in a position where we can confidently say that over the next year, we have certain approvals in place and hence we are confident that the numbers that CEO gave about what we plan to achieve with the export, we are confident of achieving that and we have certain approvals already in place and we are we are working on a few others as well. So, within the next few months we should be having enough to back up those numbers and statement.

Dhwanil Desai: Sure, sure. And we did incremental growth is going to be driven by largely the scale up on the yellow side or do you think that the red pigment also is kind of picking up and you know we are seeing increased capacity utilization on that side, more orders, some color on that?

Arjun Jaykrishna: Yeah. So, to answer the question, you know, we have historically said and we were faster in growth in the yellow, but the red side has definitely started to pick up. We have consciously worked on it both from the production side as well as the marketing side. And we are confident that the red side over the next six months to a year will also give good growth and performance. So, we feel that it will be driven by both the red and yellow side making a move and we are hoping that since we were a little slower in the red in the past, over the next year, we can we are confident with approvals and things in the pipeline and in place that we will work hard and we are confident that the red will make percentage wise even a faster growth in the yellow. So, we are we are going to use leverage both the red and the yellow over the next six months.

Dhwanil Desai: Sure, sure. Very helpful, Arjun. A second question on the API side. I think again, you know we are launching new products this year, next year. So again, at our strategy level, wanted to understand that in Pregabalin essentially what we did was we did backward integration and now trying to do the cost leadership model and thereby in higher market share, so in the incremental products that we are launching, you know product this year and next year, are we intending to follow the same strategy and I understand that backward integration may not happen immediately, but let's say over a period of next 2-3 years do we see full backward integration? Is that a part of the product selection process? Some kind of an understanding on that would be helpful, Arjun.

Arjun Jaykrishna: Yeah. So, to answer your question very specifically, I think you pretty much summed it up perfectly in the question itself that it cannot happen immediately. But our goal at Atlas is that you know, we will launch molecules and this will the decision of when and how to go backward will obviously depend on the scale and the vision we have for the product, obviously when we launch several products over few months, we would not be backward integrated for all of them. But the idea remains and the thought remains that for products that we see good growth for products that we see can really add strength to a basket. Our eventual goal would certainly be to also be backward integrated. We feel that Asahi as a company, you know we have successfully done it with the blue. We have successfully done it with pregabalin and hence we feel that to really gain market share and do well in the market, we will be backward integrated for the molecules we launch and see good scope in the market for.

Dhwanil Desai: And last question you know is Gokul by you gave a very strong guidance and we all know that the operating environment overall in the industry is quite challenging for all too many things going on in the geopolitical side. But still, we are giving a very strong guidance. So, at a broader level what gives us confidence to, you know, do such strong numbers. You know if you can expand on that?

Gokul Jaykrishna: This is a very good question. So, two things. One, as I said earlier and most of you know that we are coming towards the end of a Capex cycle, so the requirement of capital over the next two years is likely to not be, at least for the next one year, is not going to be there at all almost and at the same time, since we have just finished the Capex cycle, we are just coming off the peak of the debt deleveraging. So, we've started the deleveraging process, it's going on faster than even we had estimated and hopefully if we are able to do well and generate good free cash and deleverage, of course our bottom line will be impacted more than the top line. So that is 1 simple matter. The second thing is, as we have already finished, the Capex is on toward the new business segments, the AZO and the API. Now the challenge over the next two years is going to be utilization first, so has the utilization improves it will automatically add to the EBITDAs and also decrease our overhead cost. And then we could probably after those one or two years start concentration concentrating more on the EBITDA margins per say. So right now, you know if we do well over the next year or two years for utilizing our capacities and creating new customers and geographic markets for the AZO business and the API business, we even without dramatic improvement in the EBITDA margins, we should be able to see good improvement in the bottom line because the overheads will be coming down and also the leverage will be coming down. So that was the reason why you know, we are thinking that the top line growth will be decent at about 15%, but the EBITDA and the PBT growth would probably be much faster.

Dhwanil Desai: It's very helpful. Makes total sense. Thank you. Thanks a lot, and wish you all the best.

Gokul Jaykrishna: Thank you, Dhwanil. Thanks a lot.

Moderator: Thank you. The next question is from the line of Nikhil from Simpl. Please go ahead.

Nikhil: Yeah, hi. Congratulations on good improvement and very strong expectations or for the next year. Two three questions. Sir, I heard you like we are capacity is we have the capacity. So, in a way we are ready to meet whatever demand come. My question is more on the demand side. When you are discussing with your customers, what is the sense you are getting on how is the demand shaping up considering all this volatility? And secondly, if we look at our incremental share of whatever demand is getting generated, are we taking more share from and this increasing share is because of capacities which shut down in last one, 1, 1 and a 1/2 years, just some sense on how the industry is moving at the pigment side?

Gokul Jaykrishna: So, the general demand scenario in the pigment business is not very robust. It's improved a bit, but again now with the uncertainties and the tariffs and all of course there may be some inflationary impacts and hence there could be slightly tepid demand going forward as well. It may be remaining similar to what it is. We had a terrible year or two in 23 and half of 24, in terms of demand from there, we have come a long way and demand has improved about 20 odd percent, but it is not back to normal demand levels. Now, given the uncertainties of the tariffs and possible increases in inflation, there would be probably not a huge expectation this year that demand will suddenly come back to normal. Eventually at some point it should because global consumption patterns should revert to its normal mean at some point of time, but I don't see it happening this year. So, then it comes to us internally what you ask the second part of it. So, it is coming more from what we are able to gain in terms of market share and that we do by better utilization and maintaining better efficiencies.

Nikhil: OK. Thanks for that first part.

Gokul Jaykrishna: If the demand comes through, if the demand comes through, then it is a bonus, but we are not going to sit and wait for that to happen because it's not happened. I mean it's improved a bit. Of course, inventory levels have come off a lot. So, the pricing has the pressure has come off a bit, but still the demand environment to be estimate will remain tipping.

Nikhil: OK. And if we look at our pigments number for this quarter? Would you give a sense of how is the break up between volume growth and price growth like what would be the split? Is it 50:50 or is it more tilted towards volume? Some sense if you can give?

Gokul Jaykrishna: Yeah, yeah, I would say there is of 50:50 divide between volume and price or maybe 65:35 because it depends on the product to product. But generally, I would say in that basket about 65/60 coming from volumes and about 35 from that.

Nikhil: Which is a good indication on the price because I think barring last three 2-3 quarters, price was actually very bad.

Gokul Jaykrishna: Yeah.

Nikhil: If we are getting price increase So what is supporting this price increase? Is it RM inflation or is it because you said demand has come up by 20-25%? And parallelly what we have seen is that some level of further consolidation happened at the industry. So, is it like supplies have gone down like the capacities have gone down, that is giving better realization or is it RM inflation is just getting added with the getting reflected in better realization?

Gokul Jaykrishna: I understood your question, so it is a factor of two things. Demand is not a key driver for this yet. As I said, it remains tepid. The environment is not that sexy for the business yet. So, it's not so much coming from demand. So, it is coming from 1 the consolidation because you know we as well as many others, everyone not many other everyone was operating below cost actually to be honest. So now that scenario because of the inventory we're talking in the global pipeline that scenario is gone at least you don't have to operate at those levels and then the second one is that you know partially be due to the raw material input cost increase and partially due to some demand improvement we have seen some improvement in the prices.

Nikhil: OK going forward when we mentioned when you gave the guidance that for FY 26, our sales growth would be good and EBITDA growth would actually be much better. If then there are two ways to look at it. One is year on year improvement in EBITDA margin and second way is a sustenance of the EBITDA margins at the Q4 level. So, because in many quarters Q4 has, we've now come to almost 13-14% margin, which was historic margin level. So, do you think ee can improve from this 13-14 to 15-16 or is it like we believe that we will sustain at this level and look at more volume?

Gokul Jaykrishna: So, I'll tell you basically what I think you know, the reason why we are expecting internally that the EBITDA margin should grow a little faster than the top line is because the EBITDA margins in the API as well as the AZO business which are you know which have improved from last year definitely, significant improvement, but they are far from what we desire. So, we expect that the EEBITDA there will increase faster than the top line, hence the overall console EBITDA will be better than the top line growth.

Nikhil: OK. And just last question, in the initial discussion you mentioned that gabapentin, the prices had pressed and many of the players who were not able to operate are actually making losses. And following you mentioned that this product is still really attractive over a longer term, so you won't like to discontinue it, but probably just wait through and let this period go off. So, what attracts you to this product? And how do you see capacity consolidation happening in this?

Gokul Jaykrishna: So attractive is a relative term. I mean is this product going to be very attractive in that sense that it will be very what I meant is that the demand for the product is not going to disappear, it's not caught the, I mean it's not going to see obsolescence for the next day I didn't mean that there is going to be very attractive. So, the consolidation itself because right now the prices have gone down and a lot of the players, I'm sure are operating below cost. We have our advantage because of backward integration and we want to play upon this advantage to sustain the business and see when the opportunity strikes, how to take it forward. At the same time, we will continue to keep our eye out as Arjun has mentioned very clearly earlier that we would be looking at getting into over the next this is not going to happen in quarter or two quarters, but over the next two years getting into more molecules. So, our dependence on pre cabinet will decrease because it's not a very sexy molecule that it's going to suddenly become major weak. We are not expecting that it is going to improve margins by itself or we are going to triple our sales there. That's not the case. So, to utilize our capacities, we will look at other molecules while here we will consolidate and utilize our backward integration to create advantage in the space which makes the business sustainable. That is the best we can guide right now because yeah, it's not a very high margin business right now at all. And doesn't this not like that's going to change over the next couple of years. So, we don't see any new money or CapEx being spent behind this, even we won't spend any CapEx behind pregabalin and we would rather do that by finding other molecules which could, over the next three to four years, help us scale and achieve better at better EBITDA margin.

Nikhil: OK, sure. Thanks a lot. Thanks for that.

Gokul Jaykrishna: Thank you.

Moderator: Thank you. The next question is from the line of Sai Ganesh from Square 64 Capital Advisors LLP. Please go ahead.

Sai Ganesh: Thank you for the opportunity. I just wanted to know about the anti-dumping duty rate imposed on as of pigments as of March 29, 2025. What is the percentage?

Gokul Jaykrishna: The AZO business has seen this anti-dumping on China. Mitesh, what is the percentage currently?

Mitesh Patel: So, it's varied from 20 to 30%.

Sai Ganesh: 20 to 30% are we seeing any volume of peak after that duty imposed? Our volume of peaks.

Gokul Jaykrishna: Yes, you should. I mean, it's just happened now. So, you know, we haven't seen any immediate uptick in our volumes, but will we see some opportunities and uptick in the volumes? Yes, for sure we are exploring this opportunity. Yeah, it takes a little time when they want to do the switch because these products are specialty products and very difficult for any user to switch immediately. But as you mentioned the anti-dumping duty is a reality and a 20 to 30% duty on China clearly means that they are not going to be able to they're eventually going to lose the business in India for this volume, whatever they had. So, we will hope to get part of that volume for sure.

Sai Ganesh: OK. and my 0another question is regarding the CEP filing that we are planning. It is for the pregabalin molecule or there are other APIs included as well?

Arjun Jaykrishna: Yeah. So, the CEP would be per molecule and that is how the system also we will be applying for pregabalin at the moment and this is what you know to also a little bit to your previous questions and stuff, we will be doing internally. You know what is in our hand to get our products more globally approved in time, increase our market share through that fashion and that is the path we vision out for pregabalin so it would be per molecule, the application would be for pregabalin only.

Sai Ganesh: Ok, thank you.

Moderator: Thank you. The next question is from the line of Vipul Kumar Shah from Sumangal Investments. Please go ahead.

Vipul Kumar Shah: Hi. Congratulations Sir for very good numbers. Si, if I heard you correctly, you said you gave a guidance of 15% sales growth, 25% EBITDA growth and 65% PBT growth. Is that correct, Sir?

Gokul Jaykrishna: So yeah, we are we are hoping to have a 15% top line growth, 25% EBITDA growth and about a 50 to 65% PBT.

Vipul Kumar Shah: That is for 25-26, right?

Gokul Jaykrishna: Yeah.

Vipul Kumar Shah: And for that, so what you building that guidance, what type of capacity utilization you build in that guidance for your Azo segment and what was the capacity utilization last year?

Gokul Jaykrishna: So, Vipul bhai, basically capacity utilization on the AZOs was about 64% for last year for the yellows and red put together and we are hoping to improve that to about 85 percent, 80 to 85% this year, that is not a huge a top line growth, that will improve the top line from a 70 crores to 90 crores, which is about a 26-27% growth in the top line of the AZOs and the EBITDA of course should improve significantly.

Vipul Kumar Shah: So, would you like to share the AZO EBITDA? What was that last year and what you're expecting this year?

Gokul Jaykrishna: The last year EBITDA is there because we moved from a negative EBITDA in 24 to a positive, it's marginally positive at about one 1, 1 and a half crores of EBITDA and we would of course you know on 90 crores, we are looking to have an EBITDA of 8-10%, so we should be getting about 8 crores of EBITDA. So, in percentage terms, its large percentage, but that we can't, that's nothing great because our EBITDAs this year were low. So that is where the on a console basis, the EBITDA number is better than the top line.

Vipul Kumar Shah: And lastly if you achieve the numbers which you are hoping for, then the increase cash flow, would it be used to retire the debt or what will be the use of the increased cash generation?

Gokul Jaykrishna: Good question, Vipul bhai. Very, very good question. So currently our cash generation is quite strong and the way we are thinking right now - short term, we are looking to still continuing to deleverage. Longer term, we would definitely want to grow. Does it make sense? I mean, am I answering that question for you for the for this year, I would say that because you have already guided that we're not going to do any major capex's so the cash generation would go into retiring some debt further. So, our total debt equity has dropped from it was 0.75 total debt to equity, not long term, I mean long and short combined was 0.75 debt to equity which is currently standing at 0.55. So, this we are looking to see that it drops below 0.5 and a EBITDA to debt, which was very high last year, has dropped to 2.5 times this year and likely to be dropping below 2 in the coming year. Then of course, if you look at it from a three-year perspective, of course once we get utilization levels over the year, we will look to put the free cash into to work and you know do some CapEx to generate skin.

Vipul Kumar Shah: OK, Sir. Thank you very much and all the best.

Gokul Jaykrishna: Thank you, Vipul bhai.

Moderator: Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: Thank you for the opportunity, Sir. 2 questions from my side. So firstly, if I see your operating cash flow, I see that in last five years, I mean this is the highest operating cash flow we have managed to make, ok. So, just to understand what was our networking capital days as on end of this year versus what it was in FY24?

Gokul Jaykrishna: Pratik bhai - our CFO will take the question on the net working days. I will again you know I said it in my opening commentary, but I'll just quickly touch upon it. Yes, we've had a very strong year in terms of cash flow. 30 crores have come from profits and 25 odd crores has come from a combination of improved payables, improved receivables and improved inventory levels, and we hope to maintain this efficiency. Pratik bhai, can you take Mr. Iyers question on the exact number of days.

Pratik Shah: Sure. So, the exact days for 24 or the working capital turn was 2.8 at the end of 24, which is stands at 3.65 at end of March 25.

Vignesh Iyer: Sorry. 2.? Sorry I didn't get it.

Pratik Shah: 2.8 and as of March 25, it is 3.65.

Gokul Jaykrishna: The working capital turn.

Vignesh Iyer: OK. I mean in terms of days; you're talking about the ratio to 2.8 to 3.65.

Pratik Shah: So, in terms of days, if you work out roughly for last week, it was around 130 days and currently it is around 102 days.

Vignesh Iyer: OK, so I mean I got the number. Thank you. And secondly, more on the consolidated level, if I see for the entire year, our taxation stands at 33% roughly, can you tell me if you're going to opt for the 25% tax bracket in the coming year?

Pratik Shah: Yes. So, it is 25% only, but because of the entity we have 4 entities in the group or the consolidated numbers and the tax treatment is different as compared to the books consolidation and therefore you are seeing a higher rate of taxation.

Vignesh Iyer: So, for modelling going at we consider for 30 days, right?

Gokul Jaykrishna: Mr. Iyer I'll add to this answer. So, see the generally from the taxation point of view, the lower tax entities currently are not PAT positive, which is why overall tax rate seems to be higher. Once the two entities which are PAT positive kick in then the impact on PAT will be higher than the increase in EBITDA.

Vignesh Iyer: Got it, got it. Got it, Sir. Thank you. Thank you, Sir. That's all from my side and all the best.

Moderator: Thank you. The next question is from the line of Rajat Sethia from Idot PMS. Please go ahead.

Rajat Sethia: Hi, thanks for the opportunity. First of all, congratulations on great set of numbers. First question about CPC blue segment, what is the maximum achievable capacity utilization in this segment?

Gokul Jaykrishna: Rajat bhai, with the blue, we are already at pretty much maximum, so I would not expect too much more in terms of utilization on a sustainable basis out of that.

Rajat Sethia: So, the growth in this segment will largely be driven by pricing growth or there are I mean the debottlenecking making opportunities that exist?

Gokul Jaykrishna: So, we are not forecasting too much growth coming out of this segment, honestly. As I said, it's not I mean we are doing well, but generally the industry is a very challenging times and you know there is significant capacity in the industry. So, we would continue to do what we are doing, but I would not see any to be very frank and honest, I would not see you know great growth or anything coming out of it.

Rajat Sethia: Understood, Sir, thank you. On the API side about this pregabalin being categorized as a narcotic drug, do you see the major impact in the business because of that particular development or not here?

Gokul Jaykrishna: I don't think we are having any impact due to that as of now. Mitesh, would you want to throw some light on this?

Mitesh Patel: Basically, we are selling only to regulated customers. So, we hope we don't have any impact. Although we are selling to regulated customers, but ultimately demand may get impacted. We don't think we have any impact.

Rajat Sethia: OK. And just finally, if you can comment on the pricing outlook for different segments for the whole year?

Gokul Jaykrishna: Going forward to comment on a futuristic pricing outlook would be very treacherous. You know the volatility is are very high and you know it would what I would say is generally across all three segments, generally we should be in a position to pass on any increases if we see them, but on conversely, if there is a decrease in the input cost also, we would have to probably pass that on as well. So, I would say very difficult to for, you know, kind of forecast whether the prices are likely to, you know, go up or go down. We at Asahi, we don't actually pay too much attention to trying to forecast that what our job is that whatever the environment is, in that environment, we should be able to maximize the opportunity. So even if the raw material prices were to go up, we would not be concerned if they go down, we would not be too excited.

Rajat Sethia: Thank you so much. I'm sure its the best.

Gokul Jaykrishna: Thank you.

Moderator: Thank you. The next question is from the line of Ankur Agrawal from RC Business House Private Limited. Please go ahead.

Ankur Agrawal: Thanks for the opportunity. What is the currently ROCE for this year?

Gokul Jaykrishna: This year, ROCE stands at about ROCE is about 10 to 11% on a consolidated basis, which was much lower last year of course.

Ankur Agrawal: What will be your internal estimate for the next 1-2 years or see?

Gokul Jaykrishna: So, this is a very good question. Difficult to you know kind of the number on it, but we would be we would be targeting 15% ROCE over the next couple of years

Ankur Agrawal: And what is the maximum top line from current capacity that foresee?

Gokul Jaykrishna: The maximum top line from current capacity should take us to about 750 crores.

Ankur Agrawal: And after that you have to mix some catastrophe to add?

Gokul Jaykrishna: Absolutely, yeah.

Ankur Agrawal: And in next 1-2 years that you can do that capacity utilize 100%?

Gokul Jaykrishna: Yes, that would be the idea. Over the next two years, we should be getting to that number.

Ankur Agrawal: And what will be the possible numbers of EBITDA in next 2 years? 14-15%?

Gokul Jaykrishna: EBITDA number over the next couple of years EBITDA, you mean in percentage terms or in?

Ankur Agrawal: Yeah. Percentage consolidated basis.

Gokul Jaykrishna: Consolidated percentage EBITDA, we are targeting at about 12%.

Ankur Agrawal: Thanks. Thanks a lot.

Gokul Jaykrishna: Thank you, Mr. Agrawal.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today, which is from the line of Rudraksh Raheja from Ithought financial consulting. Please go ahead.

Rudraksh Raheja: Yeah. So, thanks for the opportunity again. Just one quick question on AZO. I think in our top line it doesn't include any of our bigger export clients, which was our initial cases when we expanded into this. Could you clarify where are we in on that stage like approval stage, can we get a big order in this year?

Arjun Jaykrishna: Yeah. So, you know, I briefly answered before. To be more specific, we have you know we have got approval from a few of those and we will hope to answer questions specifically yes, we do hope that certainly, in this year, not only one, but we are able to execute at least two large customers, and while it will be a step-by-step process in the sense that once we are even commercially approved, no company can just directly hand over the full capacity to us. So, through the year, through the next few quarters itself, we will look to start moving commercial and by the end of the year, yes, we should have commercial large quantity orders from one or two customers at least.

Rudraksh Raheja: Thank you, Arjun.

Gokul Jaykrishna: This is going. That's very good to be the work in process and it is going to be gradual. It is not going to be very sudden, but it will be continuously gradual.

Rudraksh Raheja: Thanks for the clarification, Sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, I would now like to hand the conference over to Mr. Gokul Jaykrishna for closing comments. Thank you and over to you Sir.

Gokul Jaykrishna: Thank you everyone for attending this call. It is a pleasure for me and my team to be having interacted with you. We had some very, very interesting and very solid questions. I hope I've been able to answer them all, but more importantly, we at Asahi remain optimistic about taking opportunity from the current volatile global scenario and hope that we are able to fulfill some of the promises or outlooks that we have been able to share with you today. With that, I thank you and wish you all the best. Have a good day.

Moderator: Thank you, members of the management. On behalf of Asahi Songwon Colors Limited, that concludes this conference. We thank you for joining us and you may now disconnect your line. Thank you.