

Unwavering focus...

On sustainability and long-term value creation

ASAHI SONGWON COLORS LIMITED
ANNUAL REPORT 2018-19

FORWARD LOOKING STATEMENTS

IN THIS ANNUAL REPORT, WE HAVE DISCLOSED FORWARD-LOOKING INFORMATION TO ENABLE INVESTORS TO COMPREHEND OUR PROSPECTS AND TAKE INFORMED INVESTMENT DECISIONS. THIS REPORT AND OTHER STATEMENTS - WRITTEN AND ORAL - THAT WE PERIODICALLY MAKE, CONTAIN FORWARD-LOOKING STATEMENTS THAT SET OUT ANTICIPATED RESULTS BASED ON THE MANAGEMENT'S PLANS AND ASSUMPTIONS. WE HAVE TRIED WHEREVER POSSIBLE TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATE', 'ESTIMATE', 'EXPECTS', 'PROJECTS', 'INTENDS', 'PLANS', 'BELIEVES', AND WORDS OF SIMILAR SUBSTANCE IN CONNECTION WITH ANY DISCUSSION OF FUTURE PERFORMANCE. WE CANNOT GUARANTEE THAT THESE FORWARD-LOOKING STATEMENTS WILL BE REALISED, ALTHOUGH WE BELIEVE WE HAVE BEEN PRUDENT IN ASSUMPTIONS. THE ACHIEVEMENT OF RESULTS IS SUBJECT TO RISKS, UNCERTAINTIES AND EVEN INACCURATE ASSUMPTIONS. 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. READERS SHOULD BEAR THIS IN MIND. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

contents

2

Unwavering focus
on doing things
extraordinarily

4

Unwavering focus on
ensuring customers
are central

6

Unwavering
focus on long-term

8

Unwavering focus
on building an
environmentally
sustainable organisation

10

About Asahi Songwon

12

From the
chairperson's desk

14

Performance
highlights FY2018-19

16

Company strengths

18

Risk management

20

Board of directors

22

Notice

33

Boards' Report

58

Management
Discussion & Analysis

60

Report on Corporate
Governance

83

Financial Statements

At Asahi Songwon, we bring extraordinary focus to everything we do.

As we work to grow our business spanning multiple global markets, we are promoting a learning environment where our talented employees can succeed, and where innovation can thrive.

As we look for best solutions, we are emphasising on meeting the vital needs of our demanding customers and exceed their expectation.

As we strive to maximise profitability over the long run, we are proactively nurturing existing competencies while exploring opportunities to build on new competencies.

All these towards one central objective...



... driving
sustainable growth
for delivering long-term
value to all our
stakeholders.

Even as some external challenges have impacted our performance, we are confident of a better future. Our fundamentals are strong on the back of our robust product quality, reliability and strong relationships and our proactiveness to respond to the market scenario.



UNWAVERING FOCUS ON
doings things
extraordinarily

In a world with complexities and uncertainties, we believe large gains can be accrued only by doing things extraordinarily. At Asahi, we have adopted this philosophy in our corporate strategy which is enabling us to create differentiation in a competitive industry. It has positioned us competitively in the industry and is ensuring our long-term sustainability.

Focusing on building lasting relationships

We are in a specialty chemical business where volumes are key. We believe that volumes can be grown by building strong relationships. We are doing this by providing our clients an unmatched proposition of quality, competitive costs, reliable supply and superior services. Our strong relations have led to repeat and growing orders.

Adopting innovation driven culture

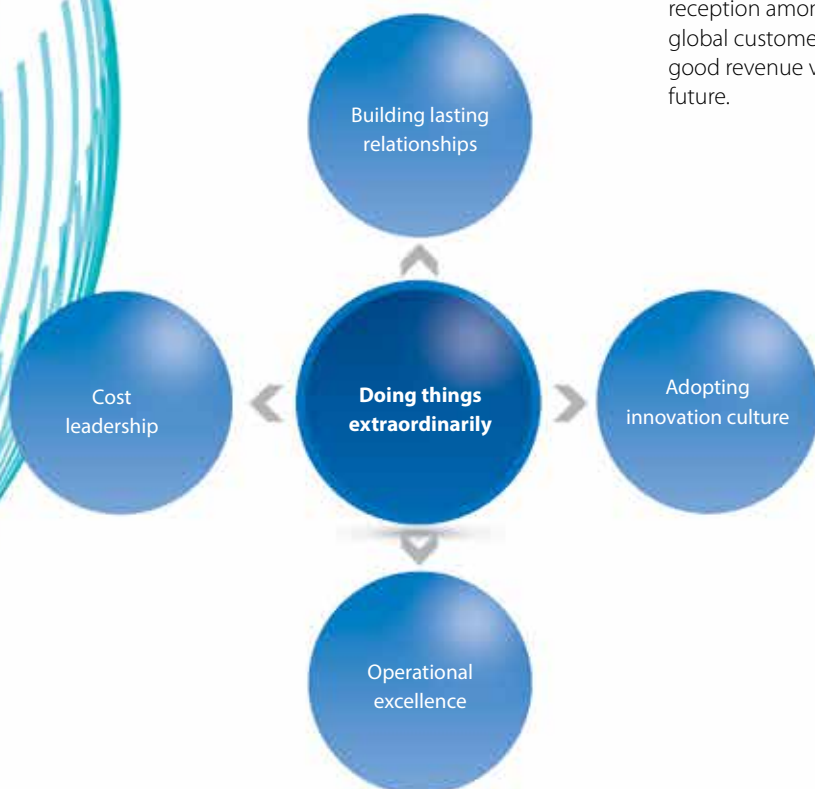
Innovation has been important to our business success. Even as our existing products were performing strongly, instead of remaining stagnant, we focused on developing new products and strengthening our competitive positioning in the industry. During the last two years, we have stepped up our innovation charter developing several new products for textile and plastic applications like Blue 15.0 for textiles, Blue 15.1 plastic grade and Blue 15.4 for Publication Gravure Ink. These products are having good reception among domestic and global customers and provide good revenue visibility for the future.

Setting new standards of operational excellence

We have undertaken a major overhaul at our plants by investing in equipment and process upgradation. These are enabling us to attain new levels of efficiency and set new standards of quality. Further, as an ongoing process, we continue undertaking operational excellence measures across the plants along with training people which has resulted in streamlining of operations. We are also working towards effective debottlenecking of existing assets to enhance production.

Attaining cost leadership

Our multiple initiatives towards operational optimisation have resulted in considerable cost reduction over the years. We have modernised several plants with automation and adopted better processes that have led to reduction in fuel and power consumption. Our investment in 128 KVA Solar Power Plant is enabling us to reduce power costs. Employees have also been trained on minimising wastage.





UNWAVERING FOCUS ON
ensuring
customers
are central

We have one of the largest blue pigment capacities in the world that are consumed by leading chemical companies globally. Our customers want reliable supply of cost-effective and quality products for uninterrupted operations. They want us to understand their latent needs. We are making this possible with our extraordinary focus on operational excellence and customer engagements.

Customer focused product development

Having strong relationships with customers, we undertake continuous engagement with them to understand their current and upcoming expectations from us. We also participate in various domestic and international chemical industry meets to understand emerging needs and engage with prospective customers. These enable us to undertake focused product development.

On time delivery and supply reliability

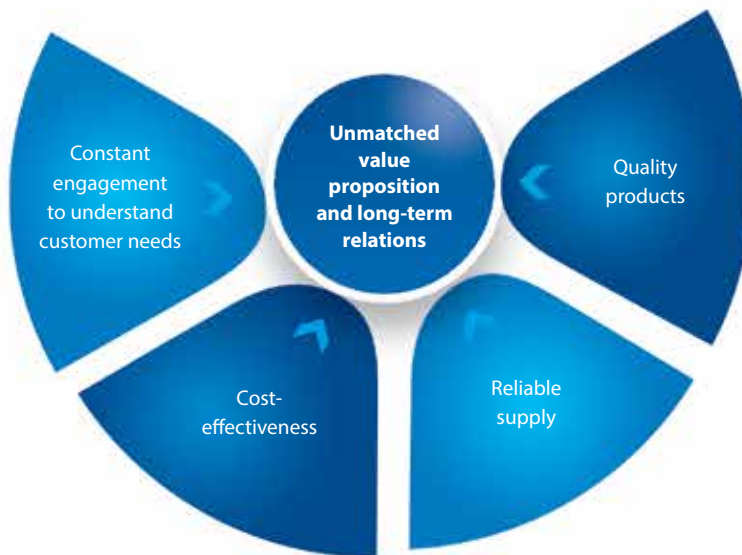
We operate our plants safely, efficiently and reliably to maintain steady operations which enable us to deliver products to customers on time. With our operational excellence we further ensure reliable supply of quality products which makes us a preferred player.

Meeting customer's environmental concerns

With tightening pollution norms, customers are increasingly demanding eco-friendly products sourced from environmentally sustainable players. Our investment in state-of-the-art emission and effluent management system, compliance to safety and environmental norms along with reviewing and upgrading the same positions us favourably in the competitive industry and helps us to meet customer needs.

Building relations on trust, transparency and teamwork

Delivering top quality products and service to customers is our mantra. We have built strong relationships based on Asahi's 3Ts: Trust, Transparency and Team Work. We ensure trust and transparency across all business dealings and work as a team to deliver superior customer experience.



UNWAVERING FOCUS ON long-term



Having a long-term approach is central to our business strategy. It has enabled us to build a solid foundation that is geared to deliver strongly during positive times and protects bottomline during challenging times. With this approach, we have delivered sustainable growth over the years while creating more value for our stakeholders.

Driving our long-term approach is...

...our statement of purpose

Culture

Our DNA will be marked by the urgency to grow in a sustainable and responsible manner

Knowledge

Invest in processes, practices and products to reinforce competitive advantage

Shareholder Value

Make dedicated efforts towards maximising shareholder value over the long-term

Value-creation

Scale prudently, enhance asset utilisation, manage cost, and address a larger share of the customer wallet

Employees

Become an employer of choice by providing a platform to grow, build skills and contribute

Customisation

Develop products customised around customer needs to build enduring relationships, create business sustainability and garner superior realisations

Responsibility

Make sustained investments in effluent-treatment equipment, infrastructure and mindset

Governance

Ensure highest standards of governance by constituting Board of Directors, recruiting specialised professionals, institutionalising systemic checks and balances, undertaking extensive compliance and running business ethically

...our business strategies

Build relationships	Maximise shareholder value	Unwavering focus on quality
<ul style="list-style-type: none"> • Deliver on client requirement • Enhance share in client's overall requirement • Competitive pricing 	<ul style="list-style-type: none"> • Scale operations • Consistently add new products • Portfolio enhancement with value-added products • Optimise cost and operations 	<ul style="list-style-type: none"> • Invest in equipment and processes • Train employees • Best manufacturing practices
Become environmentally sustainable	Think long-term	Leverage market opportunities
<ul style="list-style-type: none"> • Invest in technologies to ensure effective treatment of discharged effluents • Reduce carbon footprint and water usage • Sensitise employees 	<ul style="list-style-type: none"> • Add more clients and geographies • Think future, act today • Build strong intellectual capital 	<ul style="list-style-type: none"> • Leverage advantage of high-quality and competitive pricing • Have geography specific strategies



UNWAVERING FOCUS ON

building an
environmentally
sustainable
organisation