Asahi Songwon Colors Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	8.07 (Reduced from 17.49)	CARE A; Positive	Reaffirmed
Long Term / Short Term Bank Facilities	156.00	CARE A; Positive / CARE A1	Reaffirmed
Short Term Bank Facilities	19.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Asahi Songwon Colors Limited (ASCL) continues to derive strength from its established operating track record, experienced management in the pigment industry and long-standing relationships with leading global colorant companies. The ratings also factor in the company's secured supply arrangements for one of its key raw materials, phthalic anhydride, which supports operational stability.

The ratings further factor in the sustained improvement in scale of operations and profitability in FY25 (FY refers to April 01 to March 31), supported by improved sales volume as well as capacity utilisation across all three segments i.e. phthalocyanine pigments and Azo pigments, and active pharmaceutical ingredients (APIs). This improvement was driven by better industry dynamics for the pigment business, led by inventory restocking, consolidation within the pigment industry and continuous product quality enhancement for azo pigments. The API segment registered improvement supported by backward integration initiatives undertaken in prior period. Despite significant reduction in sales realization, API segment registered growth in scale of operations supported by higher sales volumes. The ratings also favourably factor in ASCL's comfortable capital structure and adequate liquidity.

However, the ratings remain constrained by ASCL's relatively moderate scale of operations, notwithstanding gradual improvement, moderate debt coverage indicators and susceptibility of its profitability to volatility in raw material prices and foreign exchange fluctuations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations along-with revenue diversification
- Improvement in PBILDT margin to ~14% and improvement in its TD/PBILDT to 1.75x on a sustained basis.
- Improvement in return on capital employed (ROCE) above 15% on a sustained basis

Negative factors

- PBILDT margin and ROCE below 10% on a sustained basis.
- Total debt/PBILDT beyond 4 times on a sustained basis

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated approach of ASCL and its subsidiaries due to strong operational and financial linkages between them. List of entities consolidated is given in Annexure-6.

Outlook: Positive

Positive outlook reflects CareEdge Ratings expectation of higher cash flow generation from its Azo pigment business under its joint venture (JV) and Atlas Life Sciences (India) Private Limited (ALIPL) & Atlas Life Sciences Private Limited (ALSPL) which is expected to improve its return indicators and debt coverage indicators. ASCL is expected to benefit from its established position in the pigment industry along-with its experienced management. Outlook may be revised to 'Stable' in case ASCL is unable to sustain improvement in performance resulting in lower than envisaged return as well as debt coverage indicators.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Experienced management with an eminent board

ASCL and its promoters are engaged in manufacturing pigments for nearly three decades. The company is one of the leading manufacturers of CPC Blue Crude in India and has also set-up facility for manufacturing Beta Blue and Alpha Blue pigments as a part of forward integration and value-added products. ASCL's chairperson, Mrs. Paru M Jaykrishna, is a noted industrialist and a former president of Gujarat Chamber of Commerce & Industries (GCCI). Presently, ASCL's business operations are managed by Mr. Gokul Jaykrishna (CEO and Joint MD, ASCL) who is well qualified and has been engaged with ASCL since 1996. His son, Mr. Arjun Jaykrishna, also joined ASCL as an executive director from October 2019. Further, ASCL has several eminent personalities on its board.

Established track record in pigment industry with improvement in capacity utilisation

At a standalone level, ASCL operates blue pigment business and is one of the leading manufacturers of CPC Blue Crude in India with operational track record of over three decades. The company has a manufacturing capacity of 13,800 metric tonne per annum (MTPA) including Beta Blue and Alpha Blue pigments. The phthalocyanine pigments segment saw an increase in capacity utilisation to over 80% in FY25 from ~60% in FY24, supported by improved demand following inventory restocking across end use sectors. Furthermore, ASCL, through its 51% subsidiary, Asahi Tennants Colour Private Limited (ATCPL), also manufactures azo pigments with capacity of 2,400 MTPA for yellow and red pigments. Capacity utilisation of Azo pigment increased to 64% in FY25 (from 54% in FY24) and further to 76% in 9MFY26 after three years of commencement of operations. ATPCL's entire sales are currently from domestic market only and there is not much off-take by its JV partner, which was earlier envisaged, primarily due to the slowdown in textile industry.

Strong client profile along with gradual diversification

ASCL supplies pigments to some of the world's largest colorant companies such as DIC Corporation (Japan), Sun Chemical Corporation (USA; part of DIC group), and Clariant Chemicals India Limited, BASF SA (Germany) among others and enjoys a strong and long-standing business relationship with its key clients. Revenue from these key clients accounted for ~46% of total sales in FY25 and 9MFY26. Over the years, the company has gradually added some new customers in domestic and export markets which has enabled it to reduce the contribution of such key clients from 70%-80% in the past. While offset printing ink continues to be the major end use segment for pigments manufactured by the company, the company has gradually started catering pigment requirements of packaging ink as well as plastic and coating manufacturers. The company has also diversified its business profile with addition of pharma API business through acquisition of 78% shareholding in Atlas Lifesciences Private Limited (ALSPL) in April 2022. In FY24, ASCL acquired balance 22% shareholding in the company for a consideration of ₹9.65 crore, thereby consolidating its holding.

In FY25, pigments segment contributed 82% (PY:77%) of the revenue while API business contributed 18% (PY:23%). The company has also set up another facilityunder the subsidiary, Atlas Life Sciences (India) Private Limited (ALIPL) as a part of backward integration in this segment. The facility commenced commercial operations in December 2023 and during FY25, this segment reported improvement in operations, supported by backward integration which contributed to improved cost absorption and operational efficiency. Despite significant reduction in sales realization, API segment registered growth in scale of operations supported by higher sales volumes. Gradual ramp up of its unit is expected to further strengthen the company's business risk profile and shall remain key rating monitorable.

Diversification of revenue with improvement in profitability

During FY25, ASCL reported improved capacity utilization across segments—phthalocyanine pigments, Azo pigments, and APIs. The phthalocyanine pigments segment saw an increase in capacity utilisation over FY24, supported by improved demand following inventory restocking across end use sectors.

The Azo pigments segment experienced improvement in performance, with utilisation levels and operating metrics showing improvement with continuous product quality enhancement.

The API segment also reported ramp up in operations, supported by backward integration with growth in sales volume despite moderation in realization.

ASCL on consolidated basis reported y-o-y revenue growth of 32% in its total operating income (TOI) to ₹566 crore in FY25 as compared to ₹428 crores in FY24. Improvement in sales volume was underscored by pricing pressure in certain product lines. Out of this, exports constituted 64% of TOI in FY25.

In line with growth in scale of operations, PBILDT margin improved substantially by 565 bps to 10.56% in FY25 as compared to 4.68% in FY24 with improved operational efficiencies due to higher capacity utilisation across segments. With this, PAT margin

also improved to 2.98% in FY25 (PY: losses at PAT level excluding the onetime gain on sale of land of ₹25.61 crore) along with improvement in GCA to ₹34.03 crore (PY: ₹5.31 crore which is adjusted by deducting exceptional gain).
CFO improved significantly in FY25 to ₹55.72 crore with improvement in cash flow across Azo and API segment.
As per provisional 9MFY26 financials, ASCL reported TOI of ₹395 crore, declining ~4% year-on-year from ₹413 crore in 9MFY25. The moderation in TOI was due to subdued pigment demand amid geopolitical tensions, slowdown in key consumption markets, leading to a competitive pricing environment. Consequently, operating margin moderated by 181 bps to 8.49% in 9MFY26 from 10.30% in 9MFY25.
Going forward, CareEdge Ratings expects ASCL to scale up operations, supported by a healthy order book across segments, despite demand volatility from global geopolitical uncertainties.

Comfortable capital structure albeit moderate debt coverage indicators
ASCL's capital structure remained comfortable marked by an overall gearing of 0.74x as on March 31, 2025 (March 31, 2024 – 0.83x) on the back of healthy accretion of profit to reserves. Despite volatility associated with the business, ASCL's leverage has remained comfortable over the last many years due to management's conservative stance on availing significant debt.
Owing to improvement in operating profitability, the debt coverage indicators improved but continued to remain moderate marked by interest coverage and total debt to PBILDT of 3.63 times and 3.14 times respectively in FY25 (P.Y.: 1.60 times and 9.83 times respectively).
Further, as on December 31, 2025, ASCL, had a comfortable overall gearing of 0.61 times and the debt coverage indicators continued to remain moderate marked by interest coverage and total debt to PBILDT of 3.75 times and 3.54 times respectively.

Key weaknesses

Relatively moderate scale of operations
ASCL is a relatively medium sized player in the domestic pigment industry with its presence predominantly in Phthalocyanine pigments with focus on CPC Blue Crude and its derivatives in comparison to few other large and diversified players which offer wide spectrum of organic pigments - Azo pigments, Pthalocyanine pigments and High-performance pigments. ASCL's scale of operations is relatively small in comparison to the global pigment industry and moderate in comparison to domestic pigment industry which restricts its bargaining power against its much larger customers. Going forward, the company's ability to increase its scale of operations to a significant extent while earning healthy profitability shall remain a key rating sensitivity.

Profitability susceptible to raw material price volatility and foreign exchange rate
Majority raw materials required by ASCL are derivatives of crude oil and hence, their prices are highly volatile and fluctuate in accordance with changes in international crude oil prices. The risk is mitigated to some extent through presence of supply arrangement for one of its key raw materials; however, ASCL's profitability is still susceptible to sudden changes in prices of raw material as there would be a lag between change in raw material price and reset of finished goods price. Being an export-oriented company, ASCL derives part of its revenue from exports thus exposing it to currency fluctuation risk also. However, ASCL has a natural hedge to the extent of import of raw materials. Further, as per the company management, ASCL has a well-structured risk management system for monitoring and mitigation of such forex risk.

Liquidity: Adequate

ASCL's liquidity remained adequate owing to improvement in operational performance, resulting in sufficient cash accruals to meet its debt-repayment obligations, healthy cash flow generation and low utilisation of working-capital facilities. Going forward, the company's cash accruals are expected in the range of ₹32 to ₹58 crore which are expected to comfortable meet its annual debt-repayment obligation of around ₹12 to ₹13 crore. The utilisation of its fund-based working-capital limits remained low marked by average utilisation of fund-based limits ranging from 11% to 35% during the 12 months ended December 2025. ASCL generated cash flow from operations of ₹55.72 crore in FY25 compared with marginal cash flow of ₹4.54 crore in FY24. This was supported by improved profitability and cash flow generation from azo and API segments.
The company had free cash and bank of ₹3.72 crore as on March 31, 2025 (PY: ₹0.68 crore). Its operating cycle improved and remained comfortable at 82 days in FY25 (103 days in FY24), and the current ratio remained adequate at 1.20x as on March 31, 2025 (previous year: 1.14x).

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Dyes And Pigments

Incorporated in December 1990, ASCL is promoted by the Jaykrishna family based out of Ahmedabad (Gujarat). The company is mainly engaged in manufacturing and sales of Copper Phthalocyanine (CPC) pigments including CPC Blue Crude, Beta Blue and Alpha Blue. As on December 31, 2025, ASCL had an installed capacity of 13,200 Metric Tons Per Annum (MTPA) for manufacturing Blue Pigment (CPC Blue Crude, Beta Blue and Alpha Blue) at its Padra (Vadodara) plant (ISO 9001:2008 and ISO 14001:2004 certified). ASCL has long-standing relationship (technical collaboration/equity participation/sourcing arrangement) with some of the world's largest colorant companies. Under its JV/subsidiary, ASCL is also engaged in manufacturing Azo pigments (comprising of red & yellow pigments) with manufacturing capacity of 2,400 MTPA at Dahej (Bharuch) and API intermediates/bulk drugs with API capacity of 50 tonne per month across Odhav (Ahmedabad) and Chattral (Gandhinagar).

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	428.02	565.50	394.63
PBILDT	20.05	59.71	33.50
PAT	15.64	16.86	6.95
Overall gearing (times)	0.83	0.74	0.61
Interest coverage (times)	1.60	3.63	3.75

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	April 2027	8.07	CARE A; Positive
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	131.00	CARE A; Positive / CARE A1
Fund-based/Non-fund-based-LT/ST		-	-	-	25.00	CARE A; Positive / CARE A1
Non-fund-based - ST-BG/LC		-	-	-	19.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	8.07	CARE A; Positive	-	1)CARE A; Positive (24-Jan-25) 2)CARE A; Positive (17-Jan-25) 3)CARE A-; Stable (05-Apr-24)	-	1)CARE A; Stable (14-Mar-23) 2)CARE A+; Stable (26-Apr-22)
2	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	131.00	CARE A; Positive / CARE A1	-	1)CARE A; Positive / CARE A1 (24-Jan-25) 2)CARE A; Positive / CARE A1 (17-Jan-25) 3)CARE A-; Stable / CARE A2+ (05-Apr-24)	-	1)CARE A; Stable / CARE A1 (14-Mar-23) 2)CARE A+; Stable / CARE A1+ (26-Apr-22)
3	Non-fund-based - ST-BG/LC	ST	19.00	CARE A1	-	1)CARE A1 (24-Jan-25) 2)CARE A1 (17-Jan-25) 3)CARE A2+ (05-Apr-24)	-	1)CARE A1 (14-Mar-23) 2)CARE A1+ (26-Apr-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
4	Fund-based/Non-fund-based-LT/ST	LT/ST	25.00	CARE A; Positive / CARE A1	-	1)CARE A; Positive / CARE A1 (24-Jan-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Asahi Tennants Color Private Limited	Proportionate	Operational, Managerial and Financial Linkage
2	Atlas Life Sciences Private Limited	Full	Operational, Managerial and Financial Linkage
3	Atlas Life Sciences (India) Private Limited	Full	Operational, Managerial and Financial Linkage

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications

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About us:
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