

Resilience in adversity. Success on the horizon.





Resilience in adversity. Success on the horizon.

An organisation’s true strength is reflected in its unwavering fortitude in times of adversity. At Asahi Songwon Colors Limited (ASCL), the preceding year was characterised by a series of challenges, including the Russia-Ukraine conflict, escalating raw material costs and supply chain disruptions. These circumstances served as rigorous examinations of our operational adeptness. Throughout this duration, our overarching objective remained steadfast: to stay resilient and ultimately achieve success.

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Forward-looking statement

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.

HOW DID WE STAY RESILIENT?

We learned, adapted and stayed strong. By strategically leveraging our core principles of innovation, expansion, empowerment, strong focus on quality and agile strategy, we upheld our commitment of creating value for our stakeholders. Additionally, our robust foundation of over 30 years and enduring client relationships proved invaluable, serving as pillars of support amidst tumultuous circumstances.

HOW WILL WE EMERGE SUCCESSFUL?

Throughout the year, we stayed committed to the realisation of our growth and expansion initiatives. We meticulously devised strategies to enhance our production capacities, expedite the progress of our greenfield project, and harness the inherent advantages offered by India – its favourable economic conditions, cost-efficient labour force, and convenient raw material accessibility. This amalgamation, coupled with our resolute commitment to impeccable quality standards and the prudent cost optimisation, undeniably positions us for a steadfast return to the growth trajectory.

Our resolve remains unshaken, and our sights are firmly set on our goals. We are diligently charting a course towards renewed achievement, unwavering in our relentless pursuit of excellence. We firmly believe that our combined endeavours will serve as the foundation for a more promising and radiant future.

ABOUT THE COMPANY

Delivering superior quality, consistently

A leader in the Indian pigment industry, Asahi Songwon Colors Limited (ASCL) has been transforming the industry with its pigments for over three decades. For the world, our story is one of creativity, innovation and a passion for perfection that has propelled us to the forefront of the industry.

From our humble beginnings, we have expanded our horizons, driven by a relentless pursuit for excellence. Our blue (Phthalocyanine) pigments have set global benchmarks, and with our recent foray into yellow and red pigments, we have cemented our position as a leading manufacturer in the country's surging market. In April 2022, we took a bold step in the realm of pharmaceuticals, with the acquisition of 78% stake in Atlas Life Sciences Private Limited, a manufacturer of bulk pharmaceutical ingredients (APIs). This strategic move has enabled us to expand our product basket, incorporating anti-convulsant, anti-psychotic and anti-diabetic APIs.

Despite the economic headwinds faced by the pigments and pharmaceuticals industries over the previous year, we remained resolute in our pursuit of growth and expansion. Through prudent and calculated decisions, we have enhanced our product portfolio, augmented our manufacturing capabilities and ventured into newer markets, all while navigating the challenges posed by a volatile market environment. As we look to the future, we remain grounded in our values, anchored by our commitment to stakeholders and inspired by the endless possibilities that lie ahead.

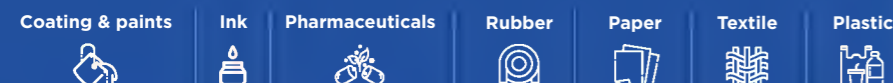
Vision

To be the world leader in the field of pigments by supplying quality and environment-friendly products to MNCs worldwide.

Mission

- To be the preferred supplier of finished pigments to MNCs worldwide with a higher pigments capacity
- To be the largest supplier of blue crude in the world
- To be the market leader in the pigment industry globally.

INDUSTRIES WE SERVE



OUR BUSINESSES

Phthalocyanine pigments 1

Phthalocyanine is a large, aromatic, macrocyclic, organic compound that is primarily used in chemical dyes, automotive paints, printing inks and photo electricity. Phthalocyanine colourants comprise blue and green pigments.

[Read more, Page 08](#)

Azo pigments 2

Azo pigments are colourless particles (typically earths or clays) that have been coloured using Azo compounds (compounds that have a specific formula). Owing to their excellent colouring properties, mainly in the yellow to red range, as well as lightfastness (that is, colourfast when exposed to light), they are widely used in the food, pharmaceutical, cosmetic, textile and leather industries.

[Read more, Page 09](#)

APIs 3

The active ingredient in a pharmaceutical drug is called an active pharmaceutical ingredient (API). Active ingredients are the substances in drugs that are responsible for the beneficial health effects. APIs are produced by processing chemical compounds.

[Read more, Page 09](#)

MARQUEE CLIENTELE

CLARIANT

Nearly 2 decades of steadfast partnership, and still going strong



Color & Comfort

Supply agreement for the last 16 years



Nurturing relationship for the last 16 years



We create chemistry

Successful business relations for more than a decade, with sales in every quarter



Continuous business for the last 10 years



PURPOSE

Rooted in experience and knowledge

With a vision to cultivate a culture of knowledge and customisation, ASCL is committed to creating value for its stakeholders while maintaining its responsibility towards sustainability and governance. With our eyes fixed on the horizon, we pledge to maximise shareholder value and provide a platform for our employees to flourish.

Despite facing challenges and increased costs, our strategic decisions to establish new growth platforms, such as Azos and APIs, have strengthened the business.

Knowledge

As a knowledge-driven Company, we aim to invest in processes, practices, and products to fortify our competitive edge. Our relentless focus on R&D is what sets us apart and enables us to push the boundaries of innovation.



Shareholder value

At Asahi, maximising value for our shareholders is at the heart of our ethos, and we are committed to creating value that stands the test of time. Our dedication to sustainable growth, relentless innovation and long-term customer relationships is driven by our strong belief that when our shareholders thrive, so do we.



Empowerment

Empowerment

Our employees are the backbone of our Company. We are deeply committed to nurturing and empowering them, providing them a platform to grow, build skills, and make meaningful contributions to our operations. By prioritising their professional and personal growth, we attract and retain top talent, which further enables us to maintain a culture of excellence in our industry.



Culture

As a fundamental tenet of our culture, Asahi is imbued with a deep-seated sense of responsibility and sustainability. We believe that growth should always be pursued in a manner that is both ethical and enduring.



Customisation

The world is moving towards products that are tailored to meet specific requirements. Against this backdrop, our goal is to create bespoke products that cater to the unique needs and requirements of our diverse customer base across the world. By doing so, we not only forge long-term relationships but also garner better insights into customer preferences and expectations, all of which lead to improved products.



Governance

We recognise the importance of upholding utmost standards of governance, ethics, and compliance. At Asahi, we place our bets on trust, transparency, and accountability, all of which are paramount in all business dealings. To ensure all of these factors become synonymous with the Company, our Board of Directors place a keen eye on recruiting specialised professionals and keep institutionalised systemic checks in place that foster a culture of integrity along the length and breadth of our Company.



Value creation

Value creation is the cornerstone of our business. Our approach to prudent scaling, enhanced asset utilisation and better cost management are driven by our commitment to creating tangible, sustainable value for all our stakeholders.



Responsibility

At ASCL, we recognise our responsibility to the environment and society by investing in effluent-treatment equipment, infrastructure and mindset. Our goal is to minimise our impact on the environment while maximising our contribution to society.



Our unwavering commitment to excellence, coupled with our improved manufacturing capabilities and the trust of our loyal customers, is poised to propel us on the path toward success.

ASCL at a glance

4* MANUFACTURING FACILITIES

80+
CUSTOMERS
SERVED

580+
SKILLED
PROFESSIONALS

80%
REPEAT
CUSTOMERS

Zero

CUSTOMER
RETURNS

MANUFACTURING CAPACITIES

13,800 MTPA

BLUE PIGMENTS

2,400 MTPA

YELLOW AND RED PIGMENTS

CARE RATING:

A LONG-TERM **A1** SHORT-TERM

*The 4th site at Chhatral is currently a work in progress and will begin commercial production from October 2023.

JOURNEY

Growing strong, steadily

ASCL has stood the test of time in the pigment industry, overcoming challenges and growing stronger with each passing year. With each challenge, our indomitable spirit soared higher, as we remained steadfast in our mission, using this time to strengthen our business model and prepare for the next leg of growth.

Objectives of our journey

- 1 Investing in sustainability:**
Our Company's unrelenting dedication to sustainability has been a driving force behind our success. Through prudent tie-ups and strategic investments, we have set ourselves on a path towards long-term viability and reduced environmental impact.
- 2 Improving efficiency:**
Our focus on cost reduction and operational efficiency has allowed us to maximise our resources and deliver outstanding results for our clients. By constantly seeking out newer ways to improve our processes and streamline our operations, we have set ourselves apart as one of the leaders in our industry.
- 3 Diversifying revenue stream:**
We have successfully diversified our business by expanding our reach beyond the ink industry. By tapping into new markets and exploring new opportunities, we have reduced our reliance on a single revenue stream and positioned ourselves for continued growth and success in the years to come.

The growth phase

- 1993**
Commenced operations of green pigment, marking the beginning of the journey in the pigment industry
- 2003**
Strategically collaborated with Clariant to manufacture CPC blue crude
- 2007**
Entered into a technical collaboration and supply agreement with DIC Japan, which paved the way for increased global exposure.

- 2007**
Successfully completed IPO, which paved the way for the Company to expand further across all fronts
- 2008**
Took significant strides to strengthen manufacturing capabilities by increasing capacities of CPC blue crude from 3,000 TPA to 7,000 TPA and further establishing a new capacity of 1,200 TPA for Beta blue as forward integration
- 2010**
Enhanced Beta blue capacity from 1,200 TPA to 2,040 TPA

Consolidation and strengthening of business

- 2014**
Streamlined operations and focused on core strengths by demerging the green pigment segment, which further enabled the Company to leverage its strengths
- 2016**
Debottlenecked the CPC blue crude capacity to 10,200 TPA and established a new capacity of 600 TPA for Alpha blue as forward integration
- 2018**
Enhanced the Beta blue capacity to 3,600 TPA

Scaling up

- 2019**
Entered into a joint venture with Tennants Textile Colors Ltd. (TTC), UK with the goal of producing red and yellow Azo pigments at Dahej, India, which resulted in a new production facility with 2,400 TPA capacity, distributed equally between red and yellow pigments
- 2022**
Acquired Atlas Life Sciences, which allowed ASCL to foray into the API business and thus create a new growth lever
- 2023**
Recorded highest ever turnover in the operating history of the Company



PRODUCTS

A spectrum of solutions

We are a leading player in the vibrant world of pigments and with our recent venture into APIs, we are constantly pushing the boundaries of excellence through our decades of expertise and innovative spirit.

Phthalocyanine pigments

1

For the past three decades, our commitment in the pigment industry has been unwavering, characterised by superior product quality and punctual deliveries. We have firmly established ourselves as a trusted partner across sectors, including printing inks, packaging inks, paints, plastics, and textiles.

The Phthalocyanine pigment market has witnessed substantial changes over the last decade, with India stepping into a leading role. Currently, India supplies over 70% of the global Phthalocyanine pigment demand, a space once primarily held by China.

GROWTH DRIVERS

- Increasing adoption of Phthalocyanine pigments in paints, printing inks, plastics, and other sectors due to their lightfastness, translucency, and high-straining properties
- Growing demand for copper Phthalocyanine blue in high-performance paint compositions across the automotive industry, considering its great colour and strength
- Surge in demand for colourants in the paints and coatings sector due to the increasing number of commercial establishments investing in paints and coatings to preserve the visual stature of their facilities

One of the
largest manufacturers
of CPC blue crude,
globally



Azo pigments

2

We entered into a joint venture (JV) with UK's leading colour manufacturer Tennants Textiles Colours Limited (TTC) and formed Asahi Tennants Color Private Limited to manufacture red, yellow and orange Azo pigments. We invested a total of ₹82 crore in this venture. At optimum capacity utilisation, this facility can achieve ₹140-150 crore of turnover.

We allocated investments in essential infrastructure and common utilities. This forward-thinking strategy enables us to double our Azo pigment capacity with an added capital expenditure of approximately ₹40 crore.

During H1FY24, we commenced capital expenditure efforts to double our yellow pigment capacity. Completion of this expansion is anticipated by Q1FY25.

Cost competitiveness, domestic market knowledge, strong business relations and TTC's expertise in red and yellow pigments give us the competitive edge to harness opportunities in the Azo pigments market.

GROWTH DRIVERS

- Azo pigments possess exceptional colouring abilities, and exhibit better lightfastness, making them a preferred choice in the global market. The market is poised for growth, owing to the rising demand for high-quality pigments in various industries.
- The easy availability of raw materials in India is expected to boost the production of Azo pigments, ensuring consistent and uninterrupted production in the coming years.
- The anticipated rise in global population and economic expansion are expected to bolster the demand for printing inks for packaging, thus driving the growth of the Azo pigment market, especially in the developing countries.
- The increase in consumer spending and demand for a variety of colours, driven by the rising middle-class population in emerging economies, is expected to boost the demand for colourants, including Azo pigments. Their wide ranging applications, including in the manufacturing of construction materials, synthetic fibres, and cosmetics, act as a key growth driver for the global Azo pigment industry.

20%
of the total output will
be purchased by TTC

Asahi and TTC jointly
own the venture with a
51:49
stake ratio



Active pharmaceutical ingredients

3

In April 2022, we acquired 78% stake in Atlas Life Sciences Private Limited (Atlas), a manufacturer of bulk pharmaceutical ingredients (APIs). The acquisition has added Atlas' fully operational WHO GMP- certified manufacturing facility in Odhav, Ahmedabad; a 4,000 square- foot state-of-the-art R&D facility; a 5,000 sq. ft corporate office; and a 15,000 sq. m land parcel in Chhatral with EC permission for 32 products to our portfolio. The R&D centre has a Product Development Lab and Process Development Lab. Quality control (QC) testing and stability studies are conducted on site.

The QC Lab is equipped with sophisticated instruments such as high-performance liquid chromatography (HPLC).

In FY2024 and FY2025, we plan to acquire an additional 11% stake annually in Atlas, based on performance metrics, thus bringing our equity stakes to 100% by the end of FY2025.

We will acquire an additional 11% stake in Atlas Life Sciences Private Limited each year in FY2024 and FY2025 based on performance metrics, bringing our equity stake to 100% by the end of FY 2025. Atlas' existing plant in Odhav has started to contribute to our consolidated financial results from Q1FY2023. We remain on track to start commercial production from October 2023 in our new plant in Chhatral to backward integrate the existing products and introduce newer high-value products.

GROWTH DRIVERS

- Increasing prevalence of chronic diseases worldwide is a major growth driver for the API market.
- Rising drug research and development activities for drug manufacturing is driving the demand for APIs.
- The adoption of sedentary lifestyle, coupled with rapid urbanisation is propelling the demand for therapeutic drugs.
- Strict regulatory guidelines to enhance clinical effectiveness of the final product are resulting in higher overhead costs. This in turn has forced many pharmaceutical companies to outsource their API manufacturing process, thus making the Asia-Pacific region as the preferred cost-effective alternative to in-house manufacturing in western countries.

Market leader in Pregabalin

Products:
Pregabalin
R-Compound
Levosulpiride
Amisulpride
Glicazide
Phenylephrine

10
Products under R&D

15
Experts in R&D team

6
Out of those are
for developing
new molecules and
intermediates

80
Skilled professionals
on board



MANUFACTURING CAPABILITIES

World-class manufacturing for superior products

At ASCL, we understand the importance of advanced technological capabilities that are necessary to create a portfolio of world-class pigments and intricately curated APIs, to meet the evolving needs of our customers. Our state-of-the-art manufacturing facilities have enabled us to achieve this balance while ensuring a stable supply of our products. As we expand our horizons in FY2023, our newly acquired facility in Odhav has substantially added to our manufacturing strengths, allowing us to continue our pursuit of excellence. With a greenfield project in the pipeline at our newly acquired land parcel in Chhatral, we are poised to unlock new possibilities in the art of manufacturing.

Padra site

Located on a 98,000 sq. mt. plot, our Padra facility has been instrumental in producing our pigments. The site, with an additional 25,000 sq. mt, offers potential for future expansion aligned with our Company’s growth objectives. Prioritising environmental responsibility, the facility is equipped with advanced waste and effluent treatment systems and green surroundings , ensuring sustainable and consistent operations.

13,800 TPA
Total capacity

475
Skilled people workforce

Manufacturing hub for Phthalocyanine pigments

- CPC BLUE CRUDE
- BETA BLUE
- ALPHA BLUE

CAPACITY DIVISION

10,200 TPA
CPC Blue crude

3,000 TPA
Beta blue

600 TPA
Alpha blue



Dahej site

Situated on a 60,000 sq. mt. plot, our Dahej facility, established in 2020, manufactures Azo pigments. Equipped with waste and effluent treatment systems compliant with industry standards, we prioritise environmental sustainability alongside product excellence.

Azo pigments
Production site for

2,400 TPA
Total capacity

80
Talented professionals
team strength

CAPACITY

1,200 TPA
Red pigments

1,200 TPA
Yellow pigments

Ongoing capacity expansion to double the capacity of Yellow pigments by Q1FY25



Odhav site

The Odhav plant was built on an area of 2,401 sq. mt. and manufactures APIs and is currently running at optimum capacity. Its key focus lies in manufacturing Pregabalin IP.

WHO GMP
Certified

ISO 9001:2015
Accreditation

GMP & GLP
Certifications from Gujarat FDA

80
Team strength



PRESENCE

Catering to the pigment needs of the world

Over the last decade, the competitive landscape in the chemical industry has undergone significant changes, particularly in Phthalocyanine pigments, where India has risen to dominate, supplying to over 70% of the global demand. As global clients explore alternatives to China, the Asia-Pacific region stands strong, with India poised to harness this momentum for its competitive gain.

We are observing a similar trend unfolding in Azos and APIs.

At ASCL, we are capitalizing on these industry shifts to broaden our reach and foster more robust relationships with our clientele.

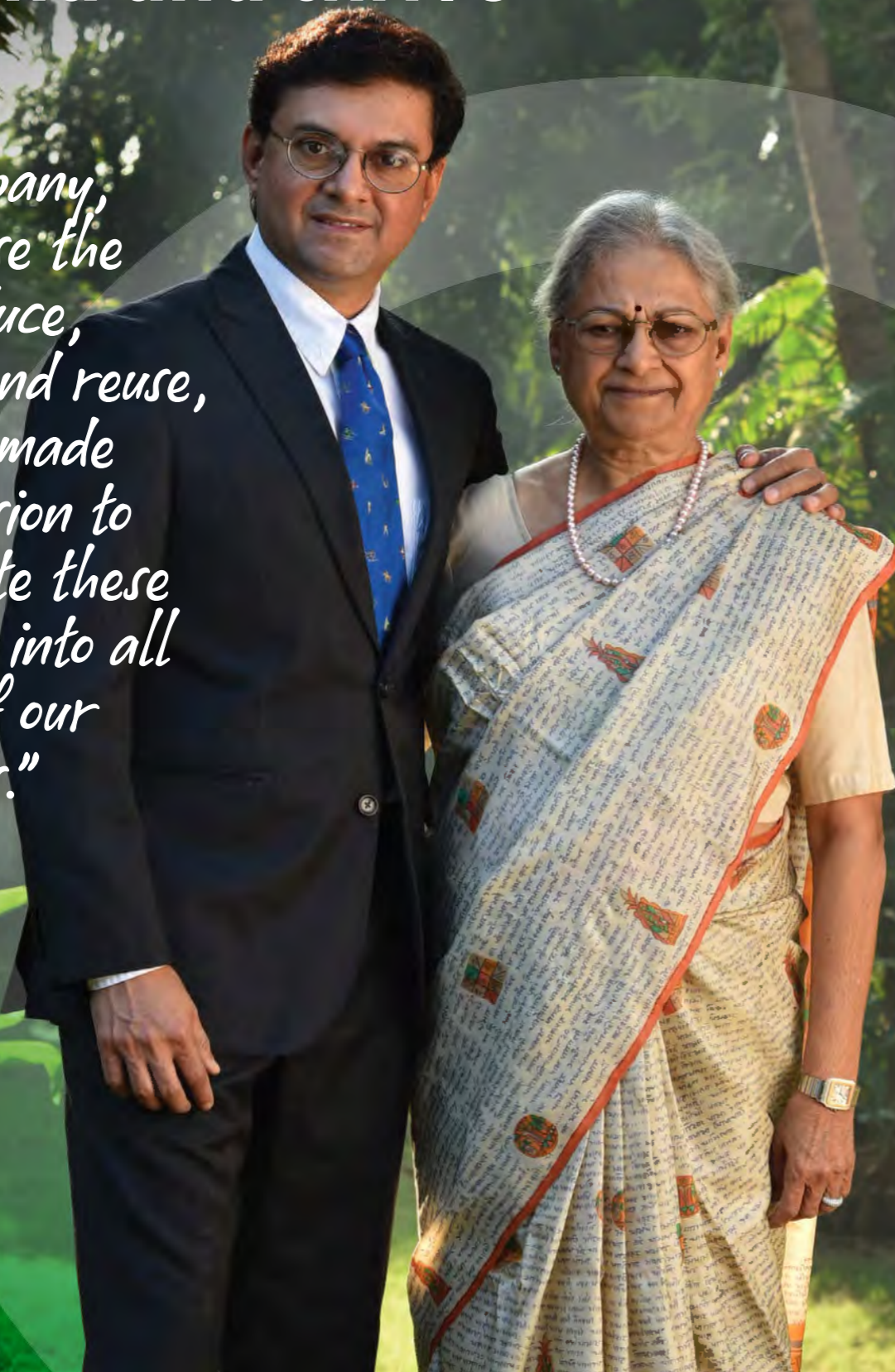
62%
(STANDALONE) REVENUE
CONTRIBUTIONS FROM
EXPORTS IN FY2023



CHAIRPERSON'S COMMUNIQUE

Committed to
rebound and thrive

"As a Company, we practise the 3 Rs- reduce, recycle, and reuse, and have made it our mission to incorporate these principles into all aspects of our operations."

**DEAR SHAREHOLDERS,**

As we conclude another fiscal year, I consider it my responsibility to address you on the journey we have undertaken together. The year gone by has not only tested our resolve but also our adaptability as an organisation, inadvertently impacting our financial performance. We, at Asahi, acknowledge this reality with utmost sincerity. However, I believe our recent setbacks are simply a temporary detour and soon we will bounce back on the growth trajectory.

A tough macroeconomic environment

The year gone by was influenced by major events. The ongoing war between Russia and Ukraine has created major problems for the world's stability and economy. Because of the consequential energy crisis in Europe, inflation across nations was on the rise. Escalating interest rates went higher further hindered demand development. Meanwhile, China, a pivotal player in the chemical market, continued to maintain a stringent zero-Covid policy. This resulted in prolonged periods of lockdown for a significant portion of FY2023. This unwavering approach, while aimed at public health, has contributed to major disruptions in global supply chains and trade dynamics.

The slowdown in the ongoing global consumer demand became increasingly visible in the second half of 2022. India was not completely isolated from the effects of these events; however, the Indian economy showed resilience on the back of prudent policies and a strong domestic foundation.

Amidst the turbulent times, we have remained on track to our strategic objectives and focused on strengthening our core business.

The road to a gradual recovery

Our core values of innovation, expansion, empowerment, and a strong focus on quality continued to serve as a solid foundation during the year. We are now taking bold steps to improve our process, streamline our operations, expand our product portfolio, and build a more agile and responsive organisation that can adapt to changing market conditions.

We are already witnessing a gradual recovery across our businesses. With raw material prices beginning to stabilise and the destocking period slowly coming to an end, we are confident that the upcoming quarters will steer the Company in the direction of growth and continue to create value for all our stakeholders.

Ready to capitalise on opportunities

The past year has served as significant learning for us – we are now gearing up to make the most of upcoming opportunities.

With customers from Japan, Korea, and Thailand increasingly looking to diversify their supply chains away from China, India's Azo pigment industry holds significant potential for growth. As global businesses continue to seek ways to reduce risk and mitigate the impact of supply-chain disruptions, India's active combination of easy access to local raw materials and backward-integrated operations is poised to capture new opportunities. Moreover, the 'China + 1' strategy' is expected to last for long, aiding India's API industry. These trends are expected to act as demand drivers for our business.

We are well-poised to capitalise on these trends through our operational excellence, maximised efficiency and elevated performance across our installed capacity. Further, our laser focus on product quality and cost optimisation will empower us to unlock value-creating possibilities that benefit both our stakeholders and the broader community.

Our people, our backbone

As we persevered through hardships during the year, our people showed true resilience and stood by the Company. They responded to the challenges with determination, unity and a deep commitment to our shared vision of becoming a trusted leader in the pigment industry and I am immensely grateful to them.

We will continue creating a productive work environment that fosters our people's growth and development. Their dedication and commitment have allowed us to maintain long-standing customer relationships, gain trust and continue to deliver innovative solutions to customers around the world. We will thus, leave no stone unturned, in providing relevant career progression paths and performance-based rewards to recognise and celebrate their contributions.

Making an impact

We take pride in our unwavering commitment to preserving the environment and ensuring safety in all our operations. Our management is acutely aware of the need to maintain a green environment even at our manufacturing facilities.

As a Company, we practise the 3 Rs- reduce, recycle, and reuse, and have made it our mission to incorporate these principles into all aspects of our operations.



Amidst the turbulent times, we have remained on track to our strategic objectives and focused on strengthening our core business.

Our corporate vision for safety is centred around achieving the only acceptable standard of performance: zero accidents. To this end, we provide our staff with comprehensive work procedures and safety instructions, as well as conducting safety seminars, mock drills, and training programmes at regular intervals.

We are proud of our Vadodara Unit, which has been certified with ISO 9001:2015 and ISO 14001:2015 by a reputed certifying body. As a chemical Company, we are keenly aware of the impact our operations have on the environment. That is why we have made sustainability a cornerstone of our business strategy. By reducing our impact on the environment, we aim to lead the way in various aspects of our business.



Our core values of innovation, expansion, empowerment, and a strong focus on quality continued to serve as a solid foundation during the year.

Progressing with gratitude and confidence

As I conclude, I want to express my heartfelt gratitude to our shareholders, customers, employees, and all stakeholders who have stood with us through thick and thin. Your unwavering support and trust have been the pillars of our strength, something that inspires us every day. We are committed to continue working tirelessly to deliver the best results, and ensure sustainable growth for all.

Despite the turbulent year gone by, I believe that we can still seize opportunities and return to our growth trajectory. With our dedicated workforce, valuable partnerships and robust business strategies, I am confident that, together, we can achieve even greater success in the future.

Best wishes,

Paru M. Jaykrishna
Chairperson

LETTER FROM THE JOINT MD AND CEO

Towards recovery and renewed growth

"We are an environmentally conscious business and strive to reduce our carbon footprint. 'Reduce, reuse, recycle' is the philosophy we follow across our operations."

₹504.55 crore

OUR REVENUE FOR THE YEAR STOOD AT ₹504.55 CRORE AGAINST ₹410.82 CRORE IN FY2022.

DEAR SHAREHOLDERS,

In the face of a challenging macroeconomic environment, the past year tested our resilience. While the financial results were not as anticipated, I am pleased to share that the tide is turning. The coming couple of years hold promise, as strategic adjustments position us for renewed growth.

You, our stakeholders, are essential to our growth journey and your unwavering support has propelled us forward. Thus, while we are optimistic about the future, we believe in transparency and honesty, and would like to openly communicate our performance to all those associated with us.

A year that tested us

With the continuing Russia-Ukraine war, significant energy crisis in Europe and rising inflation in the US, supply chains across the world were majorly disrupted. All three of our business verticals were impacted by adverse conditions, resulting in subpar financial performance.

Our pigments business was particularly affected by the customers' destocking in response to the uncertain economic environment in European markets, leading to decreased demand and lower realisations for Phthalocyanine and Azo pigments. Furthermore, high inventory costs, coupled with falling commodity prices had a significant impact on the operating profitability of our business. The demand for our blue products was unusually low, leading to lower capacity utilisation. However, we implemented the long-overdue maintenance shutdown for our blue pigment segment, which also helped us moderate our inventory levels.

The Azo market is gradually recovering from the effects of the dynamic macro-environment. The recovery has borne well for us and we have managed to maintain optimal operation levels for our yellow pigment production, bolstered by a strong demand for the product. We expect to ramp up the production of red pigments as well and debottleneck our yellow pigment capacity.

We experienced a drop in realisation for our APIs as well. However, we managed to maintain our market position by increasing volumes. The profitability of our API business has been low since its acquisition, but we are confident that this cycle will normalise as the inventory with higher costs is phased out and new orders start flowing in. Moreover, we remained committed to our capital expenditure plans at our new Chattral site for API production. We expect the commercial production to begin from October 2023. This investment will enhance our capabilities and position us for future growth in the segment.

Against these circumstances, our revenue for the year stood at ₹504.55 crore against ₹410.82 crore in FY2022. PAT and EBITDA stood at ₹(18.47) crore (against ₹14.65 crore in FY2022) and at ₹5.28 crore (against ₹31.95 crore in FY2022). While our performance does not look good, the strategic investments made over the past three years have fortified our optimism, even though this has not yet been reflected in our financial performance. Further, we have undertaken stringent cost control measures and are treading with caution. We remain confident that the coming quarters will be significantly better than the previous ones.



In 2007, we became a publicly listed company and have been delivering superior quality pigments to global clients for the past 30 years. We have been collaborating with Clariant for the past 19 years and have entered into a supply agreement and technical collaboration with DIC – the world's largest ink manufacturer.

A rock-solid foundation

Despite the challenging circumstances, your Company remained resilient owing to its solid foundation. Our growth journey of three decades continued to hold our boat steady in choppy waters.

We began our journey as a single-product, single-location company. In 2007, we became a publicly listed company and have been delivering superior quality pigments to global clients for the past 20 years. We have been collaborating with Clariant for the past 19 years and have entered into a supply agreement and technical collaboration with DIC – the world's largest ink manufacturer.

In the last few years, we acquired an API business, set up a new site in Dahej for a joint venture for making Azo pigments and are setting up a greenfield site for backward integration for the acquired business of API. We have grown against the odds and are proud to have set up a multi-product business with a presence in four locations today.

As I look ahead, I am confident that our pillars of innovation, expansion, empowerment and sustainability are well rooted in the ethos of excellence, and this strong foundation will continue to support us in delivering amplified value to all our stakeholders.



We plan to ramp up the capacity of the intermediates for pregabalin and supply them to our Odhav facility instead of buying them from external sources.

Committed to our expansion plans

Leveraging the solid foundation and our core values, we remained committed to our expansion plans during the year.

We have always believed that growth is essential to sustain a business, and with our new greenfield project in Chhatral, we aim to further cement our position as the market leader in the production of APIs and raw materials for pregabalin. With a total estimated cost of ₹70 crore, the project is a testament to our commitment to expanding our horizons and seizing growth opportunities in the pharmaceutical sector. Moreover, with the existing plant at Odhav already contributing to our consolidated financial results from Q1 FY2023, we are confident that this investment will further drive our growth and enhance our value proposition to stakeholders.

We plan to ramp up the capacity of the intermediates for pregabalin and supply them to our Odhav facility instead of buying them from external sources. This should help us improve our EBITDA margins.

Optimistic about the road ahead

As I write this letter, our Azo business is already gaining steady momentum and the demand for Phthalocyanine pigments is gradually improving. Raw material prices are stabilising and we have cleared our books of high-cost inventories. I am confident that things will only get better from here and we will bounce back from the challenges, stronger than ever.

As we think back on the past year, we remember the important lessons we have learned. Looking ahead, I am confident that we can use what we have learned to make the most of future opportunities and tackle challenges head-on.

In closing, I want to sincerely thank everyone who has supported us. Your unwavering support gives us the confidence to keep moving forward. Let's embrace the future with optimism, together.

Warm regards,

Gokul M. Jaykrishna
Joint MD and CEO