



Date: May 21, 2024.

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051.

Scrip Code: **541167**

Symbol: **YASHO**

Dear Sir/ Madam,

Sub: Earnings Call Transcript

Further to our intimation on May 09, 2024, intimating of the earnings call to be hosted by the Company on May 14, 2024, please find transcript of the said earnings call for your reference and records.

The transcript of the earning call is also made available on the Company's website i.e. www.yashoindustries.com

You are requested to take the above information on record.

Thanking You,
Yours faithfully,
For Yasho Industries Limited

Rupali Verma
(Company Secretary & Compliance Officer)
Membership No. A42923

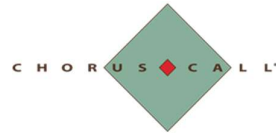
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YASHO INDUSTRIES LIMITED

REGISTERED OFFICE: Office No. 101/102, Peninsula Heights, C.D Barfiwala Marg, Juhu lane, Andheri (West), Mumbai - 400058, India
TEL: +91 22 62510100; FAX: +91 22 62510199; E-Mail: info@yashoindustries.com; CIN No: L74110MH1985PLC037900



“Yasho Industries Limited
Q4 FY '24 Earnings Conference Call”
May 14, 2024



MANAGEMENT: **MR. PARAG JHAVERI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – YASHO INDUSTRIES
LIMITED**
**MR. YAYESH JHAVERI – WHOLE TIME DIRECTOR –
YASHO INDUSTRIES LIMITED**
**MR. DEEPAK KAKU – CHIEF FINANCIAL OFFICER –
YASHO INDUSTRIES LIMITED**

MODERATOR: **MR. BHAVYA SHAH – ORIENT CAPITAL**



Moderator:

Ladies and gentlemen, good day and welcome to Q4 and FY 24 Earnings Conference Call of Yasho Industries Limited organized by Orient Capital. 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 star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Bhavya Shah from Orient Capital. Thank you and over to you, Mr. Shah.

Bhavya Shah:

Good afternoon, everyone. Thanks for connecting to Yasho Industries Q4 and FY 24 business con call. Today we have with us from the management, Mr. Parag Jhaveri, Managing Director, and CEO, Mr. Yayesh Jhaveri, Whole-Time Director and Mr. Deepak Kaku, CFO. Before we proceed with the call, I would like to give a small disclaimer that the conference call may contain forward-looking statements which are based on the beliefs, opinion, and expectations of the company as on today. A detailed disclaimer has been given in the company investor presentation. I hope everyone had a chance to go through it which was uploaded on Stock Exchange yesterday.

I would like to hand over the call to Mr. Parag Jhaveri. Over to you, sir.

Parag Jhaveri:

Good afternoon, ladies, and gentlemen. I extend a warm welcome on behalf of Yasho Industries Limited to all of you who have joined us for these results con call. We appreciate your time and interest in our company's performance. I hope everyone had an opportunity to go through the financial results and investor presentation which have been uploaded on Stock Exchange and on our company's website. Also, we are quite glad that we have completed our Pakhajan project as per schedule and have commissioned it on 9th April 2024. We are quite excited about the same.

Our consolidated revenue from operations is INR593 crores for the full year which is a drop of 11.6% over the last year. However, we achieved volume growth by about 13% even amidst challenging microeconomic conditions. A significant contribution has been our focus on improving the product mix and implementing dynamic pricing actions. Despite difficult operating environment, company has continued to maintain stable performance. Global demand is showing sign of stability and a bit of recovery.

But we need to be cautious because of the geopolitical instability and high interest rate environment still continues. We expect sustainability to be a long-term trend. This year industrial chemical contributed 84% of top line whereas consumer business contributed 16%. We achieved 64% of our sales from exports and 36% from domestic business. The outlook for FY25 for both the markets continues to be optimistic. In conclusion, we are optimistic about the trajectory of our business and excited about the future prospect of Yasho Industries Limited.

Our commitment to creating a long-term value for our stakeholders coupled with prudent financial management and strategic initiatives will be instrumental in sustaining our growth in coming years. So that is from my side. We will open the floor for Q&A. Thank you very much.

Moderator:

Thank you very much. We have our first question from the line of Arman from Blue Sky Capital. Please go ahead.



Arman: Yes. My first question is our borrowings now combined long-term and short-term around 550 or so? Can you tell me what is the average cost of borrowing for us? That is my first question. And my second question is, in Q4, our volumes rose by 30% Y-o-Y, but our sales have not rose to that extent. That means a clear bear has been lower realization in spite of that we have improved our margins.

So will the realization what we have achieved in Q4 will that be similar to the similar in next year or that new Pakhajan plant that in which we have already told about 20% or over 20% margins we are expecting so margin will shift towards a bit of more upper side? Yes, thank you.

Parag Jhaveri: Our cost of the fund is between 8.75% average cost for the borrowing. Second question of your revenue versus the volume growth. The last year, there was a challenging time. All the role model prices are down. So despite having a higher turnover this the selling price is both under pressure, so the revenue growth has declined you have seen that we have grown on an early basis by 13% volume but still we have the degrowth of 11% in the top line so that clearly shows that the selling prices are under pressure and so does the raw material prices. And we expect that to continue at least for next six months we don't see a dramatic upward in the raw material prices. So does the finish goods prices unless there is the disturbance once again.

Arman: Okay. So margins will be overall what will be the guidance for the FY25 because our new plant has also been commenced to production. So what will be the overall guidance for the margin for FY25?

Parag Jhaveri: We have said always that the Pakhajan will add up some additional top line margins improvement and we expect that in FY25 the margins should improve to anything between 19% to 20% which from right now is about 17.8% should improve us to 19% to 20% depend in that range.

Moderator: Thank you. We have our next question from the line of Rahul Jain a shareholder. please go ahead.

Rahul Jain: Can you give the contribution in the industrial side of the three categories basically rubber, lubricants, and specialties? What is the revenue contribution of these individual categories?

Parag Jhaveri: We don't have such. We don't provide that individual breakup. We can only give you the breakup of our industrial and consumer. Some category we don't have, and we don't intend to give that information. I'm sorry.

Rahul Jain: Okay. So can you give a brief overview of the kind of product that will be produced from the new capacity? Are they completely new products or is it something that we already are into? The products which we have already.

Parag Jhaveri: We already have almost 75% of the product which is going to be produced from Pakhajan. Our old product which we are producing in Vapi. We moved to the Pakhajan purely because we need a higher volume. While there are one or two products which are new which we have started at Pakhajan.



- Moderator:** Thank you. We have our next participant from the line of Anupam Agarwal from Lucky Investments. Please go ahead.
- Anupam Agarwal:** Thank you for the opportunity. Good afternoon. Sir, my first question is on the answer that you just gave to the previous participant. Since we are moving towards 75%-80% of our products which are already involved in a new plant, why is it that the realisation and average selling price per kg is far lesser in the Pakhajan unit compared to the Vapi unit? I'm seeing to have some disconnect there, so maybe it's in the Pakhajan.
- Parag Jhaveri:** Anupam, I'm sorry, I can't hear you anything. There are a lot of disturbance coming from your side.
- Anupam Agarwal:** Just a moment, sir. Give me a second. Hello, am I audible now?
- Parag Jhaveri:** Yes.
- Anupam Agarwal:** Yes, so my question is, since we are moving 75% of the products from Vapi to Pakhajan, at Vapi we do about...
- Parag Jhaveri:** I never said 75%. I said the Pakhajan of that 75% is the existing Vapi product. I didn't say Vapi is 75% going to Pakhajan. So let me rephrase it whatever we are making in Pakhajan of that 75% is the existing product of Vapi. Vapi is not moving to Pakhajan.
- Anupam Agarwal:** Yes so 75% of the products are existing products where we make a INR500 per kg realization and once we move to Pakhajan why is there a disconnect in the average selling price from INR500 to INR350 is what we mentioned in the presentation. I mean what is the disconnect there?
- Parag Jhaveri:** No, still you are not getting here. We have moved only the few products which are already priced at the same price which is going to sell from the Pakhajan at the same price. So the products which have been moved to Pakhajan are kind of a high-volume average price. They are not a high-priced product of Vapi.
- Anupam Agarwal:** Okay and they are all industrial lube and additive?
- Parag Jhaveri:** Yes, lube and rubber and specialty.
- Anupam Agarwal:** So you are saying that the products that we are existing products that will go to Pakhajan are at a higher realisation compared to Vapi or similar to Vapi at INR500?
- Parag Jhaveri:** Again, you are put to INR500. I don't know from where INR500 has come. We are just repeating our average selling price realization from Pakhajan will be in the range of INR350 plus minus somewhere in that range. Products are also produced in Vapi at the same price, but Vapi it was produced in a very small quantity compared to Pakhajan. So only the changes will come in a volume.



- Anupam Agarwal:** Understood. Sir, in your opening remarks you mentioned something about implementing dynamic pricing strategy. Can you elaborate a little more whether it is pricing attractively to get more market share from the customers?
- Parag Jhaveri:** Absolutely. This is a time where we need to onboard many customers which are waiting for us to start the plant. We need to be a little aggressive. Right now there is a lot of competition coming out from an overseas market. The couple of countries from Asia are selling or dumping products at a very low price. We need to be a little aggressive on that side to ensure that the plant starts operating at least a reasonable capacity. So the plant gets used to it.
- Anupam Agarwal:** Is that the reason sir we are guiding at INR300, INR350?
- Parag Jhaveri:** No.
- Anupam Agarwal:** Because of the strategy that we are looking at.
- Parag Jhaveri:** No.
- Anupam Agarwal:** Secondly, sir, my question on the debt again. What is going to be the debt repayment plan going forward we are at a INR550 crores debt. How much whether there is working capital included of the new plant in this first of all is the question and going forward what will be the peak debt in FY25?
- Parag Jhaveri:** I think this is a peak debt in FY25. We don't intend to borrow any further money. Our repayment is only starting from April 25 only not before that and we intend to bring down this EBITDA to debt ratio of 5.2 today to below 3 somewhere in that range in FY25.
- Anupam Agarwal:** Thirdly, sir you've time and again said that in the first year of operation you will do about 50% of utilization of the new plant and broadly 20%, 22% of EBITDA. If I just hypothetically put a math there and post interest and depreciation Sir, we will be just breaking even at 9,000 tons 10,000 tons of volumes. Is that a fair assumption?
- Parag Jhaveri:** Yes, roughly yes that's true.
- Anupam Agarwal:** So the full benefit of the plant is only going to yield in FY26.
- Parag Jhaveri:** Yes, that's correct.
- Anupam Agarwal:** And what is the drawing board plan for the second phase of the expansion I mean, have you thought about it?
- Parag Jhaveri:** We will discuss that in January 25.
- Anupam Agarwal:** January 25 understood. Okay sir I mean that's it for myself. I'll get back in the queue if I have any. Thank you.
- Moderator:** Thank you, sir. We have our next question from the line of Radha from B&K Securities. Please go ahead.



Radha: Hi, sir. Thank you for the opportunity and congratulations on commissioning of the new plant. So I wanted to ask that as on date what are the total number of SKUs that we have in rubber chemicals and the lubricants?

Parag Jhaveri: Sorry, can you come again?

Radha: What is the total number of SKUs that we offer in rubber chemicals as well as lubricants separately?

Parag Jhaveri: Number of products you are asking me. I think we are in the range of over 100 products into the rubber and lubricant segment 100 product.

Radha: 100 total. How much is between if you divide it between rubber and...

Parag Jhaveri: Yes 90 to 100 products in the rubber and lubricant active products.

Radha: Sorry sir?

Parag Jhaveri: Active products are between 90 to 100 products in rubber and lubricant.

Radha: And, sir, actually I wanted to ask how much in rubber and how much in lubricants?

Parag Jhaveri: I don't know right now off the hand, but it should be in the range of about 60-40. 60 in rubber, 40 in lubricant.

Radha: All right, sir. Sir, out of these products how much would you consider as a commodity and how much as a specialty product because in previous concall you have mentioned that we are more into specialty. So, just wanted to understand what is considered as...

Parag Jhaveri: Out of these 90 to 100 products about 25% to 30% is a specialty, rest are commodities.

Radha: All right Sir secondly in previous call you have mentioned that Indian tyre companies are our key customers. So, also like currently you mentioned that 20%, 25% is in specialty. So, I wanted to understand with respect to rubber chemicals that we must be supplying to these tyre companies. So where does tyre, companies use commodities as compared to specialty rubber chemicals as in what is the value addition of a specialty rubber chemical as compared to a commodity for a tyre company?

Parag Jhaveri: Well, tyre companies use very little specialty products. They use more for commodities. While non-tyre industry which is a profile industry, industrial belting and other automobile products, rubber products are used as specialty more and less of the commodities.

Radha: Thirdly, I was going through your previous concall wherein it was mentioned that 50% of the rubber chemical revenue is from export. So, export demand as you highlighted in the opening remarks also that has remained subdued for the past few quarters.

So, can you please highlight any demand recovery being witnessed in the export and if not then by when and what will be the drivers for the demand recovery in the export market for us?



Parag Jhaveri: I just got a statement that global demand is showing a sign of stability and bit of recovery. So, we have seen the lows and now we think that the demand or the restocking and everything is over. People started buying the product.

We see that could be one of the reasons why we saw the big jump in volume growth in the previous quarter.

Radha: So, any regions you would like to specify which are the regions where we are seeing the demand coming in whereas some regions where it is relatively low?

Parag Jhaveri: I think that we are seeing a recurring demand from across the segment wherever we are present. So, I won't say the particular. We haven't seen anybody going in slow now. People who have not bought product they started buying the product. So, I can make a general statement that the demand has recovered overall for us as long as Yasho's products are concerned.

Radha: So, the growth that we are mentioning that is coming from the export market as well. You mentioned actually sorry for the confusion that there is stability in the export demand versus you also mentioned that there is growth that we are seeing in the exports. So, is it correct to understand that there is already growth that we are seeing in the exports market, or we are yet to see in a quarter or two?

Parag Jhaveri: No, we have already seen the growth in the export market in the last quarter. And we are seeing that in this quarter also that looks to be continuing looking at the present order.

Radha: We are expanding capacities primarily on rubber and lubricants. So, I was given to understand that this is a quite mature market. And given that we have expanded our capacity significantly and we also have Phase 2 coming in. So, what gives us confidence for reaching this 50% utilization levels in the first year itself and then go on for further capacity expansion, given that this is a market where there are already matured players. So, do we have any order book or any kind of specific customer requirements that we are filling in? Or how should we look at it?

Parag Jhaveri: Well, for a new project, we already have some sharp commitments from many of our customers. It's a question of new location. Even though you are supplying from one plant, when you go to another plant, they need to revalidate their order. So, that work has to continue now. We already started the work. And then there are some customers who don't look at it, but they only look at the product and how it is specific.

And when it's approved, then it starts working. So, we have two categories of customers who have a long-run process of an approval. And while some customers, which is a shorter time, which is between one to two months. So, right now our primary focus is to focus on one to two months and start holding the product out. And then waiting for a long-term, larger customers who could stand with us for a long time.

Radha: In terms of these products, are we seeing the dumping in India continue? Or is there any kind of lower dumping or any such scenario in these products?



- Parag Jhaveri:** Dumping is happening everywhere. So, I cannot make a judgment about that. What will happen, what will not happen. Okay. But the dumping is everywhere currently. From manufacturers from Asia, particularly. And unless and until there is a mass improvement in that part of the world, we expect that to remain there. And that's the reason, though, raw material prices are also at the bottom side.
- Radha:** Sir, in terms of this new plant, what is our target domestic versus export mix, vis-a-vis the current 64% exports that we have?
- Parag Jhaveri:** Well, we hope to be maintaining the same ratio. But we might have a little more demand in the local market, surely, because of the Make in India concept. That might help us to win over a lot of local users who are importing our goods. But otherwise, the ratio should be in the same range between 60: 40 ratios.
- Radha:** Sir, lastly, in terms of China Plus One. So, in some of the previous discourse, we had mentioned that other than USA, there is, or I would present it as other than USA, because they have 25% anti-dumping duty on the Chinese. Is there any other location where you are witnessing the China Plus One team play out?
- Parag Jhaveri:** Well, now that everybody is aware about the supply chain risk. So, people are looking at alternative geographical sourcing, provided you match the price. So, yes, they want a non-Chinese product, but at the Chinese price. So, that's the challenge. That's what I made a comment. But there is a severe pressure on the price.
- Radha:** Sir, lastly, so you mentioned that the current capacity for the Vapi plant, there is 25% to 30% specialty and rest is commodity. So, in line or continue the question of the previous participant where, the INR3,350 per kg is expected to be the realization. So, will the new plant have more of commodity versus specialty or is it the same mix that is going to continue? And a bit more clarity on the realizations of the new products, or I would say the products from this plant versus the Vapi plant?
- Parag Jhaveri:** Okay, your question is that how the realization looks like at the new plant. New plant is, as I earlier said, that the Vapi will produce more niche product, low-volume product. When you go to the high-volume product, they are kind of commodity within the specialty segment. So, we are getting to that phase. There could be a little specialty somewhere else, but if you go to the main market, it's kind of commodity and the volume is there.
- So, when you move to the high-volume, we are not expecting and also the pricing of the product in the range of 300, 350 range. So, that is going to be a trend. As of now, at new plant, we don't know what is going to plant after two years. So, I cannot comment about the future, but the current status is that currently the product which has moved to Pakhajan is all into the commodity nature. And all specialty products are still going to be produced in Vapi.
- Radha:** Then, sir, if Vapi will have more of specialty and Pakhajan will have more of commodity, and then we are also guiding that margins will be higher from this plant. So, I am unable to connect the dots. Is there anything I am missing?



Parag Jhaveri: I think we can talk this on some other time. But margins, currently we are happy to maintain the margins in this difficult situation. I am saying that. Margin can improve tomorrow if there is something else happening in the market. I cannot comment what is going to happen tomorrow, today, here. So, I don't have the clear clarity about the future, how the prices are going to move forward.

What we are just saying that the product which has moved to Pakhajan has a better EBITDA margin compared that is mainly due to the sheer capacity, volume and then automation what we have deployed. So, that is going to reduce a lot of our cost there.

Radha: Just one last question, if I may.

Parag Jhaveri: Yes.

Radha: Yes, sir. Despite challenging environment, you had mentioned that we have witnessed growth in our exports volume this quarter. So, could you give me just the exports part, how much growth we have witnessed in terms of volume on a Q-o-Q basis?

Parag Jhaveri: Well, we have not met for how much, but the export has increased almost. See, last quarter we grew almost by 35%. Now that 35% growth, I will say more than 20% has come from an export and 15% must be from domestic side.

Radha: Sir, this is in terms of volume.

Parag Jhaveri: Yes, I am talking volume. I don't talk about the pricing. Because always I like to measure myself in quantity because price can change tomorrow, whole dynamic can change. If this price would be in 2020, the top line could be different level.

Radha: Okay, sir. Thanks and all the best.

Moderator: Thank you. We have our next question from the line of Pranav from Singular Capital. Please go ahead.

Pranav: Hi, sir. Thank you for the opportunity. My first question was on the capex at the Pakhajan plant. In the deck, you had mentioned that the capex cost has increased by INR70 crores due to automation implementation that we have done. I just want to understand if there is any operating benefit that we gain out of it or if there is any upside to the EBITDA margin we have guided to?

Parag Jhaveri: Well, not only the upside. The original capacity was 17 kT, which has improvised to 20 kT, which is the automation. So, automation will definitely help us. Number two, the kind of chemicals we are going to utilize at Pakhajan are more toxic, inflammable. So, we need to have some more safety features. And looking at certain conditions, we have decided that let's go for full automation rather than partial automation. So, the INR70 crores has also transferred to the 2,500-ton additional capacity. It's not only the automation cost.

Pranav: Understood. My next question was on the utilization for the Vapi plant. Could you help me with what the current utilization level for Q4 would it be?

- Parag Jhaveri:** Well, I won't say the Q4 must be full capacity. So, on an annual basis, it has crossed more than 90%, 90%-92%. See, the Q4, when you say the utilization, it is always what stock you are carrying forward. You know, you are not only what you produce, but also what you are carrying for stock. So, when you look at it, don't speak about what you produce, but also what you have in stock.
- Pranav:** Related to this, since we are moving a substantial number or rather volume of our products from Vapi to Pakhajan, what would the utilization post-commissioning of these products at Pakhajan, what would the utilization in the Vapi plant look like for the current year? I mean, I am not looking for specific numbers, but just general guidance.
- Parag Jhaveri:** We are expecting to keep this momentum on. That means we should be able to present more than 90% of the plant capacity.
- Pranav:** Okay, understood. And, sir, just last one clarification on the cost of funds that you had mentioned earlier. Could you just repeat that number?
- Parag Jhaveri:** I think cost of fund is between about 8.75%, average cost.
- Pranav:** Okay, sir. Thank you.
- Parag Jhaveri:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Naitik from WhiteOak Capital. Please go ahead.
- Naitik:** Thank you, sir, for this opportunity. So, two quick questions. One was on other expenses. So, our absolute amount of other expenses reduced from about INR103 crores in FY '23 to INR70 crores in FY '24. And even when we look at it as a percentage of revenue, historically, it used to trend somewhere around 16%, 17% of revenue. But this year, it's about 12%. So, has something structurally changed, or have we received any one-time benefit over the here?
- Parag Jhaveri:** No, I see the other expenses include about the freight cost. Freight cost has reduced compared to the previous year. FY '23 to FY '24, the freight cost has reduced drastically. Number two, there was a saving on cost of power and fuel, where we did some changes in our process. So, we saved some power, but also cost of the gas has come down in the last six months. So, that also helped us to reduce the cost. And at least for last, there was a less amount of repair and replacement.
- Naitik:** Okay. So, we expect this to sustain in future, or is it expected to rise back again?
- Parag Jhaveri:** As long as freight is there, freight cost is there, which I can control, but just repair and replacements are kept very much under control, which we are monitoring, and our team are taking care of that very well. Again, the power, we are very much confident that we will be able to keep in check the kind of measure we are putting in place. But for gas, I cannot say that.



We buy from the government, GSPC Right now, everything is downward, and we hope it remains that, but we can't promise that. Nobody can promise that.

Naitik: Right. Got it. And even in case of depreciation, it reduced from INR20 crores to INR15 crores this year, absolute amount, whereas our net block is broadly at the same level?

Parag Jhaveri: One second. Mr. Deepak will give you the original data.

Deepak Kaku: So, most of the assets, the old assets have been utilized, and that's the reason the depreciation has come down from INR20 crores to INR15-odd crores.

Naitik: Got it.

Deepak Kaku: Yes.

Naitik: Got it. Okay. And lastly, sir, if you can help with the volume growth in the industrial segment. Overall, we have got, but if you can help with the specific segmental volume growth?

Parag Jhaveri: In industrial segment, we have grown by -- you talk about last quarter, or you talk about the overall year, your point of view?

Naitik: Overall year.

Parag Jhaveri: Okay. That's an interesting number. We've grown in industrial, and we have de-growth in consumer.

Naitik: Sorry?

Parag Jhaveri: We have grown in industrial segment and there was a de-growth in the consumer side.

Naitik: Right. If you can call out the percentage growth in industrial.

Parag Jhaveri: That's about 17% to 18% growth.

Naitik: 17% to 18%. Okay. Thank you so much, sir, and all the best.

Moderator: Thank you. We have our next question from the line of Pradeep Rawat from Yogi Capital. Please go ahead.

Pradeep Rawat: Good afternoon, sir, and thank you for the opportunity. So, my first question is regarding what is our current addressable market and some significant competitors that you can highlight?

Parag Jhaveri: Well, current addressable market for a new product what we are manufacturing is in the range of about USD10 to USD12 billion. The rubber side, we are into about USD4, USD5 billion. The specialty is into the half a billion dollar. So, overall at the Yasho level, it should be in the range of USD18 to USD20 billion. Of that, Yasho is right now at about USD80 million. So, there is a vast gap between two of an addressable market and what we are doing today.



Pradeep Rawat: Yes, that's great. And my other question is about do you see any risk for our estimate of 90% utilization for FY '26 in the new capacity?

Parag Jhaveri: FY '25 or FY '26?

Pradeep Rawat: FY '26.

Parag Jhaveri: I don't see. As of now, the kind of commitment what we have, the kind of customers will come and are doing audit in the soft commitment what is coming forward. We don't see a challenge there.

Pradeep Rawat: Okay. And my other question is like what would be the top line guidance for the upcoming facility?

Parag Jhaveri: Well, what we are expecting in this FY '25 is about INR900 to INR950 crores revenue and in FY '26 in the range of about INR1250, INR1300 crores top line.

Pradeep Rawat: And regarding the new product pipeline that you have stated earlier that four products that you are developing, you said that its addressable market is around 5500. So, can you give me some light on it that how much opportunity that can we capture?

Parag Jhaveri: I think we can capture couple of opportunities what we have mapped from our customer. As a customer has shown interest, we should be there not too late but somewhere by end of this year because lot of companies are global companies. If they have RFQs, their RFQ will be coming in place somewhere in end of the year and we should start getting a business.

Trial supply started but the major RFQ only comes if we win the bid. So, that's why for this year we are only talking about 45% to 50% utilization. First two quarters we don't expect too much operation because we have to wait and watch for the final approach from our customers. And then the real business should kick in only by the somewhere in Q3. And that will start to present the plant with almost 60% to 70% from 20% to 25% in Q2. So, that kind of jump we are expecting and then the last quarter we should be there.

Pradeep Rawat: Okay. Great. My other question is regarding our margins. I can see over the year our operating margins have improved significantly. That's quite wonderful to see. Can we expect margin to grow further in coming year?

Parag Jhaveri: I think we should expect because we should at Pakhajan our expenses still should be under control. It's a mode of automation. Number two, our fuel is not gas but it's coal. Major fuel is coal there in Pakhajan. So, that should bring in lot of savings. Thirdly, we are also implementing kind of an alternate source of energy which once we install it, we will make announcement. So, that should also save lot of money for us.

So, there are lot of efforts we have been taking at new plant. That should bring down the cost. Other expenses like freight is beyond our control which is sometimes a significant cost for us. That we cannot control. Number of employees are much less in Pakhajan because of again it's



an automated plant. Less, no manual operations. So, yes. And that's the reason we have given guidance for the better EBITDA margin as a company level.

I am not giving you at a Pakhajan level because we are not going to give you that breakdown in the coming quarters. It will be a company level we are expecting. So, when I say company level, we are doing 20%. So, we are doing somewhere 22%. So, average will come to 20% say 19% to 20%.

Pradeep Rawat: Okay, understood. Thank you for that. And I have a last question for the client concentration. Can you give a number about the top, the revenue that we generate from our top five clients, top 10 clients like that?

Parag Jhaveri: Yes, that's interesting. Our top 10 clients will be in the range of about 30%, 35% of our revenue.

Pradeep Rawat: Okay. And last, yes, that's all. Thank you. That's all from my side. Thank you and all the best.

Moderator: Thank you. We have a next question from the line of Pratik Oza from Share India Securities. Please go ahead.

Pratik Oza: So, sir, I just wanted to get an idea as to since we have presence in 60 plus countries, so how is different geographical markets contribute to our revenue mix? And any particular geography where we are focusing or where we see higher growth potential? Just wanted to get an idea.

Parag Jhaveri: Well, lubricant and rubber both are placed across the globe. So, I won't say any particular geography. So, certain geography like matured market will take a while for an approval, as I said earlier, and which is not a matured market, but a growing market can get a little, reasonably faster approval process. So, but we are covering entire, wherever we can reach out, we try to go there. So, if you look at it, we are present today more than 50 countries globally exporting our product. And we intend to expand that.

Pratik Oza: Okay. Very nice. Thank you.

Moderator: Thank you. We have our next question from the line of Anupam Agarwal from Lucky Investment Managers. Please go ahead.

Anupam Agarwal: Thank you for the follow up. So, my first question is in your earlier presentation, not last presentation, but last year, the capex cost used to be about INR350 crores and now which is INR470 crores. Is there, apart from the INR70 crores of automation and debottlenecking, anything else that I'm missing out that has led to cost overrun?

Parag Jhaveri: From 350 that, see, the original project was conceived at INR350 crores with a 15,000 capacity.

Anupam Agarwal: Yes.

Parag Jhaveri: And we did it, made it to those, revised it to 17,000. So, that's the cost estimation. And again, from 17,000 it is going to 20,000. So, from 350 to 470, INR120 crores. But from there, we added an additional capacity of 5,000 metric tons.



- Anupam Agarwal:** Understood. Secondly, sir, on the consumer business, you gave an insight that industrial segment has grown 17% to 18%. And that's 85% of business. So, roughly 15% of growth has come from there. So, industrial consumer segment has declined by about 5% to 6%. On the margin front, I wanted to ask you whether that in the previous con-call you mentioned that it is about 5% to 6% EBITDA business. Whether that has improved or is there a loss in the consumer business at the moment?
- Parag Jhaveri:** There is no loss, but the margins have not improved. So, that's the reason we are not focusing on that business more to grow. Because unless and until that happens in the market, there is no reason for us to aggressively pursue that part of the business.
- Anupam Agarwal:** Understood. Thirdly, sir, on the working capital, I have to commend you on that. Operating cash flows have been INR100 crores for the year compared to INR10 crores-INR12 crores that we did last year. Any changes in the payment terms, receivable terms that have happened in the last year which has led to this?
- Parag Jhaveri:** No. Our team is quite aggressive in collecting the money. We ensure that our customers pay on time. What we implemented is that if we don't get the payment, we don't supply. Next supply will stop to the customer. So, that's when the changing policies happen and that has resulted into the better cash flow. This is right. On a purchase side, our team could be able to manage a little longer credit line from a supplier and that is also helping us.
- Anupam Agarwal:** And how will this look like when the Pakhajan plant reaches scale? I mean, how is the working capital going to be in that plant?
- Parag Jhaveri:** I think similarly, we don't expect much to go off. Maybe right now we are running at an overall working capital number of days is about 95 to 98. Can we maximum stay to 105. Not beyond that. That's why we don't project any additional working capital requirement.
- Anupam Agarwal:** Understood. Fair enough. That's it from my side and thank you so much and wish you all the best.
- Parag Jhaveri:** Thank you.
- Moderator:** Thank you. We have a last question for today from the line of Arman from Blue Sky Capital. Please go ahead.
- Arman:** Yes, just a follow-up from me. Like for the finance cost thing, in the beginning of the year, we had a total borrowing of around INR316 crores. If I am correct, that's long-term plus short-term. But still, our finance cost was just around INR15 crores only. So, first to that, how is that?
- Because 8.75% is what we have told now. But in spite having INR315 crores of total borrowing, our finance cost was just INR15 crores for FY'24. In spite, we have increased around INR230 crores of borrowing. And secondly, my last question will be because of that previous participant told about you have asked that the top 10 clients have 40%-50% of revenues. So, just wanted to know, of these top 10 clients, how many of them have been with us for more than 3 years? Yes, thanks.



Parag Jhaveri: Number one, what you see, the jump in our debt, but the major debt jump because of the new project. And all the interest paid till the 9th of April has been capitalized. It has not been booked under the P&L. So, now you will see in this quarter that interest costs coming up rapidly. Number two of our major customers today, what we are having, all are more than 5 to 7 years in our relationship, except one who just came on board for last 2 years.

Arman: Okay. Thanks a lot. Thank you.

Parag Jhaveri: Thank you.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, I now hand the conference over to the management for closing comments.

Parag Jhaveri: Thank you very much everyone to be here. And I wish all the best to everyone. Thank you. Have a good day.

Moderator: Thank you. On behalf of Yasho Industries Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.