

June 26, 2024

## Visit Update

### Key Financials - Standalone

Y/e Mar	2021	2022	2023	2024
Sales (Rs. m)	3,594	6,138	6,670	5,957
EBITDA (Rs. m)	490	934	1,107	991
Margin (%)	13.6	15.2	16.6	16.6
PAT (Rs. m)	215	527	643	571
EPS (Rs.)	19.8	47.7	56.4	50.1
Gr. (%)	79.7	141.0	18.4	-11.2
DPS (Rs.)	0.5	0.5	0.5	0.5
Yield (%)	0.0	0.0	0.0	0.0
RoE (%)	31.4	41.8	31.3	21.5
RoCE (%)	28.8	37.1	26.2	13.2
EV/Sales (x)	7.6	4.4	4.1	4.6
EV/EBITDA (x)	55.7	29.2	24.7	27.5
PE (x)	97.3	40.4	34.1	38.4
P/BV (x)	26.6	12.6	9.3	7.5

### Key Data

### YASO.BO | YASHO IN

52-W High / Low	Rs. 2,427 / Rs. 1,515
Sensex / Nifty	77,341 / 23,538
Market Cap	Rs. 21.9bn / \$ 262.4m
Shares Outstanding	11.4m
3M Avg. Daily Value	Rs. 43.4m

### Shareholding Pattern (%)

Promoter's	71.92
Foreign	1.95
Domestic Institution	-
Public & Others	27.03
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	3.1	19.6	11.6
Relative	0.8	9.5	(14.3)

**Swarnendu Bhushan**

swarnendubhushan@plindia.com | 91-22-66322260

**Saurabh Ahire**

saurabhahire@plindia.com |

## Pakhajan project to drive the next leg of growth

### Quick Pointers:

- Soft commitment for sales received for 20,000mtpa capacity at Pakhajan
- Expect utilization of the new plant to be 70 -80% in FY25

**We recently visited the new greenfield plant of Yasho Industries (YASHO IN) at Pakhajan and had an opportunity to interact with management to better understand the products, business operations and capex. The plant commenced commercial operations on April 9, 2024. The company manufactures specialty and fine chemicals across two business verticals: industrial and consumer chemicals. Industrial chemicals, accounting for 84% of revenue, caters to tires, automobile components, conveyor belts, latex gloves, industrial lubricants and greases, stabilizers and intermediates for API and bulk drugs, and agrochemicals. Consumer segment, accounting for 16% of revenue caters to flavors and fragrances, dentifrices & oral care preparations, edible oils and nutraceuticals. The new plant is expected to fuel the next leg of growth for the company. In FY24, EPS stood at Rs50.3. The stock trades at 38x FY24 EPS.**

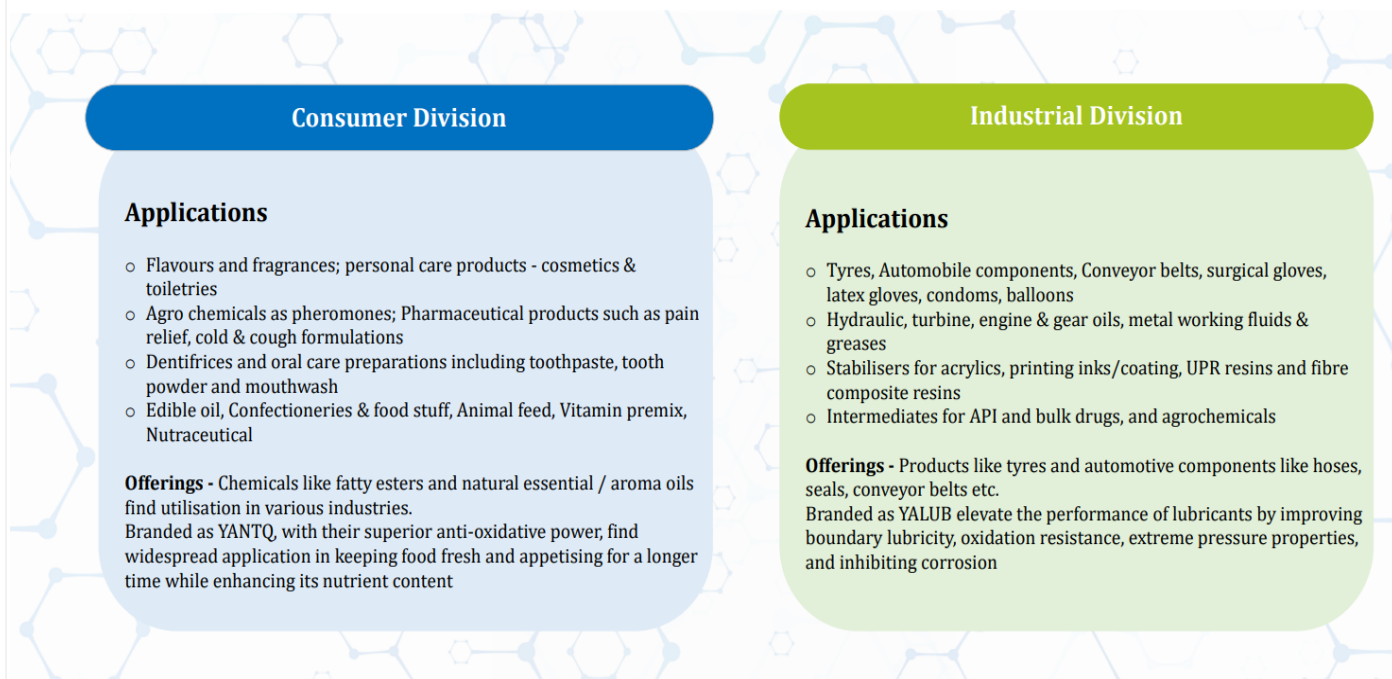
**Pakhajan plant to add Rs5.5bn to topline at its peak utilization:** The Pakhajan plant has a capacity of 20,000mtpa and is operating at a capacity utilization of 20%. The plant manufactures ~15 products, which include lubricants, rubber and specialty additives based on amines, sulfur and phosphorus chemistries. The company guides for 20% EBITDA, and 70-80% utilization by end-FY25 and 100% in FY26, and has already received soft commitment for sales from major customers for this plant. This plant is fully automated plant and requires only 150 employees (50% are admin staff) for the 20,000mtpa capacity, unlike the Vapi plant, which requires 600 workers for 12,500mtpa capacity.

**Pakhajan can accommodate further expansion:** Built over 42acres, the plant can be expanded further by 50%. There is sufficient space to add additional 5-6 units, which can be achieved at a lower capex as most of infrastructure requirements have already been taken care of (~Rs2.5bn spent on civil work of the total Rs4.7bn initial capex). The Vapi plant is a multipurpose plant manufacturing ~140 products, while the new plant has dedicated lines for all the products, focusing more on volumes.

**Debt peaked at Rs5.5bn:** The company has a EBITDA to debt ratio of around 5x and doesn't expect to add further debt to its balance sheet in the near term. It aims to fund further expansion through internal accruals. Debt repayment is likely to start only in Apr'25, but the management intends to bring down the EBITDA to debt ratio to 3x by the end of FY25.

## Exhibit 1: Product portfolio

### Diversified portfolio of over 142 products



Source: Company, PL

## Exhibit 2: Manufacturing capabilities

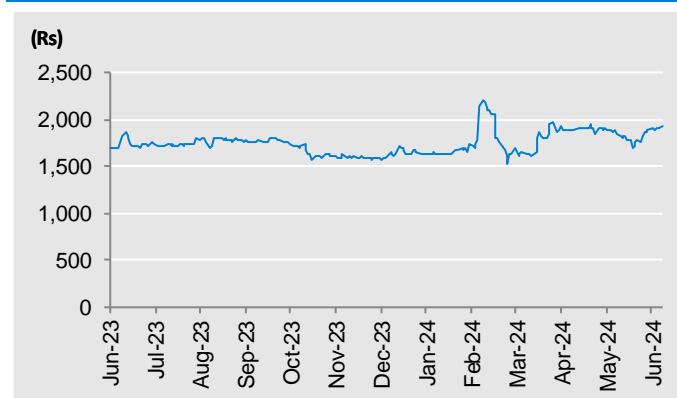
### Manufacturing Capabilities



Source: Company, PL

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
-----	------	--------	----------	-------------------

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	239	211
3	Bajaj Auto	Hold	9,984	9,632
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	2,268	2,464
10	Divgi Torqtransfer Systems	Accumulate	831	765
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	170	213
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	257
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	3,250	2,929
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

## PL's Recommendation Nomenclature (Absolute Performance)

Buy	: >15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

[www.plindia.com](http://www.plindia.com)