

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)

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# Yasho Industries (YASHO IN)

Rating: Not Rated | CMP: Rs1,916 | TP: NA

## Pakhajan project to drive the next leg of growth

### Quick Pointers:

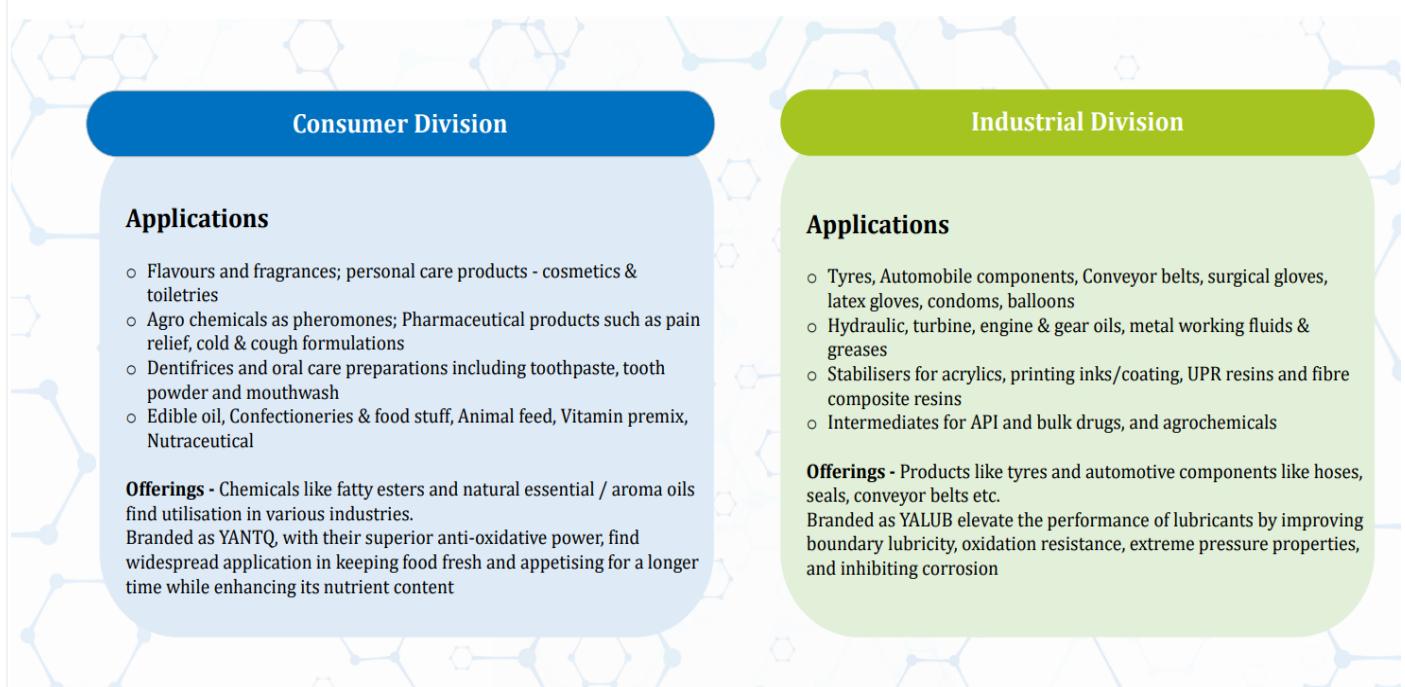
- Soft commitment for sales received for 20,000mtpa capacity at Pakhajan
- Expect utilization of the new plant to be 70 -80% in FY25

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**

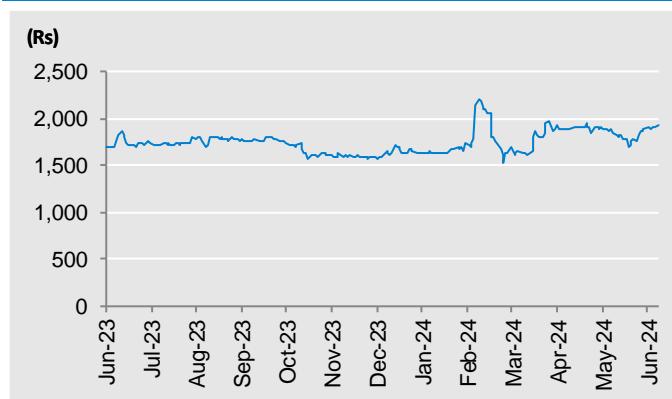
Source: Company, PL

**Exhibit 2: Manufacturing capabilities****Manufacturing Capabilities**

Source: Company, PL

## Price Chart

## Recommendation History



## Analyst Coverage Universe

Analyst Coverage Summary		Rating	TP (Rs)	Share Price (Rs)
Sr. No.	Company Name			
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)

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

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