"Yasho Industries Limited
Q4 FY2022 Earnings Conference Call"

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MANAGEMENT: **MR. PARAG JHAVERI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - YASHO INDUSTRIES LIMITED**
MR. YAYESH JHAVERI - WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER - YASHO INDUSTRIES LIMITED
MR. MITESH CHHEDA — ACCOUNT MANAGER - YASHO INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Yasho Industries Limited Q4 FY2022 Earnings Conference Call. We have with us in the call Mr. Parag Jhaveri - M.D. and CEO; and Mr. Yayesh Jhaveri – Whole Time Director & CFO. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Parag Jhaveri from Yasho Industries Limited. Thank you and over to you, Sir!

Parag Jhaveri: Good afternoon everybody. On behalf of Yasho Industries Limited, I extend a warm welcome to everyone for joining us on our call today. On this call, we are joined by Mr. Yayesh Jhaveri – Whole Time Director and CFO; Mr. Mitesh Chedda - Account Manager; and our SGA Investor Relations Advisor. I hope everyone had an opportunity to go through the financial results and investor presentation, which has been uploaded on stock exchange and on our company website.

Since some of you may be hearing us for the first time today let me give you a quick snapshot of our company where Mr. Yayesh will walk you through the financial performance.

Yasho Industries is a Mumbai-based specialty chemical manufacturer which was incorporated in 1985. We manufacture speciality chemicals in five business verticals i.e, Food Antioxidants, Aroma Chemicals, Rubber accelerators, Lubricant Additives and Specialty Chemicals. We have around 148 products across these five business verticals.

We are well qualified with respect to certification, experience, technical, expertise and capabilities. We have emerged as a long-term subsidiary partner for many MNCs across 50 countries primarily into US, Europe, South America, Asia and Australia. Of our total revenue export revenue contributes around 64% whereas the balance is from the domestic market.

In terms of operational performance, we are pleased to report our highest ever quarterly and yearly performance with revenue of Rs.186 Crores and Rs.624 Crores respectively. This strong performance was primarily backed by a better product mix, better realization and capacity expansion after debottlenecking.

Demand for all major chemicals has seen robust growth in FY2022 as compared to FY2021, despite all ongoing challenges in the country and the global market. This year we continue to gain in value added chemicals, specifically rubber chemicals, lubricant additives and specialty chemicals, which have contributed meaningfully to our profitability. Specific to this quarter, we have witnessed unprecedented pressure on the margins due to volatile pricing of raw materials, increasing energy and freight cost. Although the demand for these chemicals increasing on a global scale and we anticipate that certain segment will perform well and drive future growth and profitability.

In terms of manufacturing capacities, we have consistently invested in manufacturing facility over the last few years. We continue to invest in expanding capacities and accelerating the production of such a chemical to meet rising demand. At present we have a three multipurpose manufacturing unit in Vapi, Gujarat with a combined capacity of 11000 metric ton per annum.

We are operating our Vapi Facilities at optimum levels and have some limitations to serve incremental demand. Therefore to meet growing demand we have acquired a 42 acre land at Pakhajan village at Dahej in Gujarat for a Greenfield expansion. We will expand the production capacity in phases at this location. We propose to add around 15,500 MTPA in phase one which will use around 50% to 55% of the land, we will manufacture lubricant additives and rubber chemicals in phase one. Forecasted revenue from phase one will be around Rs.500 Crores to Rs.550 Crores in and normal circumstances and expected to commercialize in 24 months after receiving all necessary approvals.

Overall capex for phase one expansion will be approximately Rs.350 Crores which include land and other necessary investment which are required to setup in the Greenfield project. This capital expenditure will be funded through a combination of Rs.240 Crores from bank loan and around Rs.110 Crores via internal accruals and equity which was already raised.

The Indian specialty chemical companies are poised to grow significantly in mid to long-term as global manufacturers are looking for an alternate and sustainable supplier. This has led to a sustainable demand for specialty chemicals which we manufacture. This year we have opened an office in Netherlands to increase our presence in the European market.

We believe there is a huge opportunity to penetrate and grow in that market, post expansion we will be in a strong position to capitalize on incremental growth as an established global player. The Board of Director has recommended the dividend of Rs.50 per share of face value of Rs.10 each for FY2022.

Now I hand over the call to Mr. Yayesh Jhaveri for giving you a glimpse of financial performance. Yayesh!

Yayesh Jhaveri: Thank you Mr. Parag. Good afternoon everyone. Q4 FY2022 has been a strong quarter for us and as all of our key products witnessed robust demand. Now let me just run to you through the quarterly performances. The total revenue for Q4 FY2022 stood at Rs.186 Crores a growth of 69% on Q-o-Q basis.

Total sales volume for Q4FY22 stood at 3,002 metric tons a growth of 29% on Q-o-Q basis. This was primarily high due to strong demand for value-added products and higher capacity compared to last year. EBITDA for the company stood at Rs.28 Crores in Q4 FY2022 with a margin of 15%. Net profit for the quarter stood at around Rs.13.5 Crores a growth of 48% on a Q-o-Q basis.

Now let me go through the yearly performance. Total revenue for FY2022 stood at Rs.624 Crores a growth of 69% on year-on-year basis. Total sales volume for the FY2022 stood at 11,054 metric tons as compared to 7,712 metric tons of FY2021. Export market contributed around 64% whereas domestic market contributed the remaining 36%.

On FY2022 revenue contributions from respective business verticals are as follows: Aroma Chemicals contributed around Rs.83 Crores representing 14% of total revenue. While Food Antioxidants contributed around Rs.79 Crores representing 13% of total revenue. Rubber Chemicals contributed Rs.211 Crores representing 35% of total revenue. Lubricants, Additives contributed Rs.84 Crores representing 14% of total revenue, and Specialty Chemicals contributed around Rs.152 Crores representing 25% of total revenue. EBITDA for the company stood at around Rs.104 Crores for FY2022 a growth of 76% on year-on-year basis. EBITDA margin for FY2022 grew by 100 BPS at 16.6% as compared to 15.6% margin of Fy2021. Profit after tax stood at Rs.53 Crores for FY2022 a growth of 145% on year-on-year basis.

With this I conclude the presentation and open the floor for further discussion. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Good afternoon Sir. My first question is, if you can talk about what was the volumes we did in rubber chemicals and in lubricants as well as what was the growth in volumes for FY2022?

Parag Jhaveri: See I am not in position to give you the volume split of each segment, but we had a volume growth of 7700 metric tons from there to 11000 metric tons in a current year. So there is a growth of about 40% volume growth in a FY2022.

Aman Vij: If you can talk about what is happening in the industry why is the rubber chemical industry and lubricant additives industry growing so strongly as well as if any big players have moved out of the industry that is helping the industry?

Parag Jhaveri: Well number one the growth has come due to our strong customer base in India and globally which we have developed in the last four, five years. In last four years we have done a capex which has allowed us to produce more and in terms to get more quantity and number three we have a consistent quality and the servicing to the customer. So the customer with whom we are working before four years maybe say they were buying only a few percentage of their total demand and started buying from a reasonable quantity and going forward we are hoping that they can buy more from us once we have our new facility comes in. So the relationship which has built overtime is helping us to grow, number one for last years we have invested heavily into the reach registration which is also helping us to grow the market in Europe and also outside Europe because the people who re-export their finished product to the Europe they need to use a reach registered product and that is also helping us to grow the market outside Europe with the help of reach-registration. So these are the factors which are helping us and no doubt the growth in North America particularly into the US market is happening due to the anti-dumping duty what they have on a Chinese product vis-à-vis India product so that is also helping us to grow the market.

Aman Vij: If you can talk about what is this difference now between India and Chinese import in USA?

Parag Jhaveri: I think there is a 25% anti-dumping duty on a Chinese product.

Aman Vij: On India it is zero or there is more.

Parag Jhaveri: On India it is 6.5% is very common, plus 25% additional duty.

Aman Vij: If you can talk about the market, who is the big players? What is our market share as of now and what we are aiming to become after the expansion.

Parag Jhaveri: If you talk about the rubber and lube the market is a huge and we are in a fraction of that. So there is an ample of opportunity for Yasho to grow in this segment. Our immediate big competitors in European world are producing couple of thousand metric tons and we are in a few hundred metric tons. So the gap is quite big and wide between us and them, also the market is growing rapidly in this segment because of the change in the standards implemented within Europe, within USA, also in India we are talking about Bharat VI for the lubricant. So those are the factors that are helping us to grow, those are the reasons why the consumers use a more speciality product in their finished goods to meet the standard which is helping and we are expecting to have a similar run for a next couple of years on this segment.

Aman Vij: So what is our market share among the Indian companies? Are we among the top three players or top five players ?

Parag Jhaveri: I would not like to get into the India players because if you look at the rubber chemicals our nearest and the closest competitors is NOCIL out of our about 50 odd product with NOCIL we compete with the five or six products. So how can we compare and the NOCIL produce about 70,000 metric ton plus or while Yasho do not even produce a 5,000 metric ton for our chemicals. So there is no comparison between two. We cannot mess that the market share because we are more into the niche specialty segment into the rubber chemical. We are not into the commodity segment; we do not produce those chemicals which are used in a bulk and produce in a bulk not only in India but globally.

Aman Vij: Sir Apcotex Industry is also our competitor?

Parag Jhaveri: No, they are making a polymer, we are not in the polymer, for our certain products they are our customer.

Aman Vij: So main competitor is NOCIL and you are saying they do lot of commodity also while we focus mostly on specialty part?

Parag Jhaveri: Yes.

Aman Vij: My next question is if you can talk about the top five products contribution to our sales in lubricant and rubber chemicals is there a concentration?

Parag Jhaveri: We would not like to name my products, which are for obvious reasons. I am sure we will appreciate that, but yes our major contribution is nowadays coming from a couple of products from rubber, couple of products from lubricant, and definitely some specialty bench chemical from these three segments, the major products are coming which is contributing to the topline and also to the bottomline.

Aman Vij: I am not asking for names I am saying so we do 22 products in rubber chemicals which you have mentioned so without name how much does top five contribute?

Parag Jhaveri: Maybe about 10%.

Aman Vij: Only 10% then.

Parag Jhaveri: 10% of the product will contribute the major growth but those are in allied product to fill the basket.

Aman Vij: So 10% of the products contribute to majority of our growth, this is what you are saying?

Parag Jhaveri: Indian rubber chemical, I am talking about a specific about Indian rubber chemical about 10% of the product can give us the revenue.

Aman Vij: Same is for lubricant chemicals also.

Parag Jhaveri: Yes, lubricant same specialty almost all product gives the growth.

Aman Vij: Any reason this industry is growing lubricant industry because globally industry is not growing that much while our business is doing quite well. So what is happening?

Parag Jhaveri: I did say that there is a change in norms like Bharat VI has kicked in for lubricant industry there is a Euro 6 so there is a certain norms have been set up by the Government of India also by the European body and globally the norms are changing for your emission and to reduce emission one need to use the more specialty chemicals and that is the change in norms you do not see the growth in the overall industry per se but their consumption patterns are changing internally which we do not see that from an outsiders.

Aman Vij: So new products will have more chemicals something of that sort which is helping us?

Parag Jhaveri: Yes, lot of our additives are used into this kind of a new regulatory requirement which is also helping us to grow the market also the lot of new additives which we are getting approvals every now and then are also produced by one or two people globally so they are always looking for an alternate source of supply.

Aman Vij: Final question from my side, if you can talk about without any names of the products how many of our products contribute say 25 Crores plus to or to understand can these products become much bigger or will we need to keep adding more products?

Parag Jhaveri: I think we have enough scope to grow our existing product sales what we are putting up a new capacity is only for scaling up the capacity. So we are not looking at any particular but the rubber and lubricant segment we are adding capacity and there is no new product planned all existing product only we are increasing the capacity. So we think that we strongly believe that our existing product has got an ample opportunity to grow.

Aman Vij: Have you done that calculation like 10 products contribute 25 Crores per product something like that?

Parag Jhaveri: See that our capacity is more for fungible and that is what one of the key advantages of Yasho that we have done it in over the year we have moved away very smartly we could produce a high value, high margin product month-on-month, quarter-on-quarter so the product mix is helping us and going forward also we will do this kind of mix which will help us to grow further even with the same capacity.

Aman Vij: Sure Sir thank you for answering the questions.

Moderator: Thank you. The next question is from the line of Anupam A from Lucky Investment. Please go ahead.

Anupam A: Sir good afternoon and congratulations on great set of numbers. My first question is in addition to the first participant. Just trying to understand in the lube and rubber chemical if there is any global capacity addition by large players let us say that might put pressure on our average realization or margin or might cause some sort of bottleneck for us to expand our volumes there?

Parag Jhaveri: We have not seen any our global players are putting up an additional capacity on the segment particularly to the lubricant side.

Anupam A: Secondly what I understand was from a price inflation, we are able to pass on the raw materials price inflation within the same quarter there is not much delay in passing on the price difference. what has led to this contraction in gross margin, if you can throw some light there?

Parag Jhaveri: See Anupam, we can pass on our rising cost after the end of the quarter but something happened during the quarter we cannot pass it on. So that is affecting us, wherever we have quarterly pricing. Secondly the fixed pricing wherever we have we cannot do much there because when one has to honour those contracts and there are lot of ups and downs came during the quarter which is not possible to pass on because when we get an export order generally the lead times are 60 days once you receive and confirm the order you cannot change the prices irrespective of what happens at your end. So, yes, we do pass on the prices but to a certain limit not beyond that like today for reference China pricing for certain commodity products we have seen the prices are dropping which is not reality but they are dumping the product and to remain in the market you have to hold on to the price, you cannot increase the price.

Anupam A: So typically our price contracts are reviewed every three months.

Parag Jhaveri: Yes, three months some of them are, so very few are six months, but majority of them are three months, quarterly pricing.

Anupam A: A question on your other expense line item we have seen a sharp jump from Rs.17 Crores lastly year to Rs.33 Crores this quarter. I know energy and freight is part of it any other expense line item that you can highlight which is hurting this margin there?

Parag Jhaveri: I think it was mainly a raw material side which is one and second one was the fuel cost which has increased sharply over last quarter, very rapidly the fuel prices increase that is the gas what we consume for our heating purpose at the plant that was a major cost besides the logistics.

Anupam A: Lastly from my end, if you can give us a strategic view on, I understand we have certain products registered under reach certification what is our strategy going forward this year down the line with respect to new capex that come downstream how many products are we intending to register under reach-certifications.

Parag Jhaveri: Well this is difficult to answer but as the demand grew in that part of the world we will definitely have to respond but at least in a year we like to add two to three new products for the market and we might need to invest additional money for the registration not only that if sometime we have to increase the tonnage and like that. If you are aware about reach certification it is linked with the tonnage bandso how much you sell in that part of the world if your sales increases you need to increase that tonnage band with that.

Anupam A: Lastly, any intimation from the authorities with respect to environmental clearance?

Parag Jhaveri: No we are not got any initmation from them and we are eagerly awaiting.

Anupam A: Okay, Sir. I will get back in the queue and thank you and all the best.

Moderator: Thank you. The next question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.

Yogansh Jeswani: Thanks for the opportunity, Sir. Most of the questions have been answered just two more questions from my end. In terms of customer concentration can you throw some more light on as if how much would our top 5 or top 10 customers will be contributing?

Parag Jhaveri: I think we do not have any customer which is holding more than 5% of your total sales.

Yogansh Jeswani: And this is across your own divisions?

Parag Jhaveri: Also we have an active customer base globally about 400 customers and in India we have more than 2000 active customers and so in the roughly 2500 to 3000 customers nobody is contributing more than 5% of revenue.

Yogansh Jeswani: If we have to go by that then in terms of your quantity that you are selling 11000 tons as to 400 or 2000 kind of customers so then the average quantity that we are shipping to clients is also very, very small so is it safe to assume that the contribution of these products in their end product is very small?

Parag Jhaveri: One thing they are still testing us, ramping up supply from our side slowly. Secondly we are not able to fulfill their needs because of the lack of capacity. So a lot of new customers which has come on the board we are not able to fulfill their needs. We do not have enough capacity here. So what we are doing is currently that over the old ones with whom we have relationship over the years we are holding their hands tightly and the new guys we are telling that okay this is only what we can supply and once we will be ready with the additional capacity we will be able to supply more quantity.

Yogansh Jeswani: Like we have touched 11000 tons of production this year so we are almost at 100% utilization and now with this Greenfield which is again two years down the line so is there any scope to debottleneck and grow our volume in these two years at our other unit thee the three units that we have or we are matched out on all these?

Parag Jhaveri: I do not think we have any room there let me be cautious rather than giving you any hope, but with the product mix, with the better R&D we are hopeful to achieve the better revenue for 2023.

Yogansh Jeswani: Again if I have to ask you more specifically so then for in coming two years what kind of growth are we thinking to have in our business through these product mix changes because I think a lot of your capacity is fungible so any number that you would like to share with us.

Parag Jhaveri: Actually I can say that we should grow at between 10% and 15% for 2023.

Yogansh Jeswani: That is helpful. I will get back in queue. Thanks.

Moderator: Thank you. The next question is from the line of Nikhil from Perpetual Investment Advisors. Please go ahead.

Nikhil: Good afternoon. All my questions have been answered. I just have one general question is what happens to lubricant chemicals with increasing adoption of EV?

ParagJhaveri: Good one. When you talk about the lubricant, automobile that is an engine oil which is a major component almost about 60% but 40% come from the non-automotive segment that is what we call as an industrial oil that is going strong. Number two in an engine side also we have to split this into the commercial vehicles, in personal vehicle like four-wheelers what we drive and I do not know how much you people know now but what will be the global demand in next 10 years for the EV, 10% of the total sales, 15%? So still then we have strong demand for a lubricant for an engine side. There will be a growth happening into the non-automotive segment also. When you talk about the EV only you need to omit the two oils that is an engine oil, and gear oil, rest of the oils like break oil, you need a suspension oil or the greases everything going to remain intact there. You are not going away from that. So we do not see that EV is going to have a major impact on the consumption of the lubricants per se.

Nikhil: Got it. So currently can we assume majority, I mean, what is the mix within lubricant chemicals for us in terms of auto versus non-auto?

ParagJhaveri: I think we are more almost above 80% into non-auto and 20% only into the auto segment.

Nikhil: So we are fairly insulated in any which ways the acceleration for EV adoption increases significantly?

ParagJhaveri: Yes and not only that for you to understand that 60% also consumer got that aviation fuel and aviation lubricant. So aviation is not going to change.

Nikhil: Yes, no problem. Thank you.

Moderator: Thank you. The next question is from the line of Amit Shah from Ace Securities. Please go ahead.

Amit Shah: Sir, I wanted to understand has the current Russia, Ukraine war affected the overall supply chain and increase in raw material cost and are we able to pass on this increase in cost to clients?

Parag Jhaveri: Number first question yes Russia, Ukraine war has impacted the cost of the raw material volatility and that has kicked in mainly the fuel cost has dramatically increased because of that segment. You know that the Ukraine is the biggest producer of the fertilizers and ammonia which has also increased the cost. So the ammonia cost has increased in India and that impacted all the other amines which is used for the rubber chemical. Second question of passing the cost, no, we could not pass the cost which has kicked in, in-between the quarter, we could not pass on that the cost to the customer. That can only happen at the end of the quarter or the next contract when you are getting into it. So that was the reason why we took a hit on our Q4 numbers, also many times the COVID situation in China and the part of the world are causing a logistic delay for that we need to stock or overstock the material or buy the product sometime at the high price. A couple of reasons are having a factoring on our profitability, and we are trying to work to that overcome that in the current quarter and coming quarters.

Amit Shah: On working capital cycles what are the measures that we have taken to reduce it and can you highlight three aspects data is Debtor, creditor & inventory cycle for us?

Parag Jhaveri: I think inventory we are not able to do much because as you know that we consume almost about 70%, 75% of raw materials imported, 70% materials are imported. We are holding two months inventory there. Our debtors are about 60 days on average probably because the customers we have a variety of customers buying on DP at sight DA60 and DA60 gives by DA90 by the time 90 days but still we could bring down that our total working cycle from about 125 days plus to the below 100 days. So I think my team has done a remarkable job there and showing that the collection comes on time. Despite having all the problems in logistics from an overseas customers, I do not have anything more on that.

Amit Shah: Thank you Sir, that was helpful, and lastly can you throw some light at the new capacity expansion at Gujarat, I mean, which are the top three, four products which we are planning and what would be the opportunity for us in the global market?

ParagJhaveri: See right now we have a couple of products from rubber portfolio and lubricant portfolio, both the portfolio we are coming up there in that phase one , global demand is huge today. We are not able to capture that because our capacity is very small in any place what we have even from today's spreads of 1700 metric ton, so those products are only half of it we are increasing our capacity modest level; however, very close competitors globally has a capacity of 30,000 metric tons, 40,000 metric tons. So we are nowhere close to them we have an ample opportunity but we want to go step-by-step. We do not increase the capacity from say a 1000 metric ton to the 25000 in one go. Here again we are going for a fungible capacity, so in case we need to rework our product mix we can do it very well.

Amit Shah: Understood Sir, thank you.

Moderator: Thank you. The next question is from the line of Venkatesh an individual investor. Please go ahead.

Venkatesh: Mr. Jhaveri you mentioned that we can do 10% to 15% kind of topline growth in the current year. On a related note what is your outlook for EBITDA margins in the current year given the increased price of raw materials freight cost is it still possible to increase to maintain your EBITDA margins in the current year or there is a possibility of a contraction and on a related note, I think in one of your previous conference calls, you mentioned how in certain areas in Europe you are trying to directly sell to the customer and avoiding selling to the distributor. So which would actually be helpful in improving our margin is that thesis still intact or that thesis has changed even the confusion which is happening in Europe because of the war.

Parag Jhaveri: Let me answer the second question first. Our strategy to reach out to the valued user in Europe is very much on the table. We have set up a company and the commercial sales has already been there in last quarter that is somewhere in February 2022 and we are expecting to get into that segment based on that we have a good feedback from our probable customers that we are going to have a stock in Europe so absolutely there is no change in policy. Number two on the EBITDA honestly it is very difficult to predict that what is the EBITDA going to be at least one or two quarter or entire 2023 projections. We will do our best to maintain this EBITDA or to improvise from here little bit. We are putting the best of the efforts not to shrink any further for the slippage on an overall EBITDA.

Venkatesh: One last question from me. See, today you are at a situation where you are almost running at full capacity utilization and by selling more value-added products hopefully you will grow revenues in the current year, but now once again when I am looking at your capacity expansion you are talking about doing a phase one increase. So why not take a risk and actually go full hog and do plan out the phase one and phase two in one go. So that you once again do not hit a capacity constraint in say three years' time or three and a half years time why not take a environmental clearance for both your phase one and phase two in this 42 acres of land in one go. So that maybe one year, one and a half years down the line you could possibly go for that if you see the demand why not take the entire clearance in one go or is it because you want to keep it open what kind of chemicals you want to do in the phase two you are not sure at this point in time. So can some thought process about the expansion?

ParagJhaveri: Well, you know that the last 25 years the growth of company we traveled, we have done a capex about 125 Crores. Now we are taking a quantum leap of doing about 250 Crores. So it is a quantum jump for the company. The company needs to do cautiously rather than recklessly. If I plan this as an entire project of you can talk phase one, phase two, phase three, it is not a right advice by anyone because we are jumping from what we did in last 27, 28 years we are going to do it in next two years much more as long as capacity is considered. We want to be a little bit wiser. We do not want to be a highly more optimistic and rather than I want to become take a little bit of realistic view that in case some bump comes, uncertainty comes, we have been well protected, very well insulated and we are not being overleveraged here. So that is a thought process we have a product in mind we know the capacity we need to go tomorrow but that is said and done one cannot invest or go gung-ho in a big way.

Venkatesh: Thanks for those views and all the very best for the future.

Moderator: Thank you. We will move onto the next question that is from the line of Anubhav from MCA Research. Please go ahead.

Anubhav: Thanks for the opportunity. I have a couple of specific questions and in fact first clarification regarding the volume growth. You mentioned 40% volume growth is it specific to rubber chemicals right for the specialized chemicals?

ParagJhaveri: I did not say that, I said the overall growth of the company was 40% in volume growth.

Anubhav: For rubber chemicals could you mention the growth and what is the volume sold in last quarter?

Parag Jhaveri: I think I said that I am not willing to give the range wise mix of the volume that we do not want to disclose here I must be not able to give you that answer sorry for that.

Anubhav: No issue Sir. Secondly if I got it right as far as NOCIL is concerned only five to seven products are common and this is out of the 87 products which we have in our bouquet here right?

Parag Jhaveri: Absolutely, yes, that is the difference, big difference between us.

Anubhav: Most of our rubber chemical sales are for domestic demand or we have some export composition also?

Parag Jhaveri: We have reasonable export sales.

Anubhav: Okay and how much should be that?

Parag Jhaveri: More than 50%.

Anubhav: In terms of end market demand if you could share your views of how is it auto versus non-auto for rubber chemicals.

Parag Jhaveri: I think we have about 50% to 55% goes to the auto and rest will be non-auto, currently I cannot give this answer because customer dont give you that breakup when they buy the product.

Anubhav: Yes, fair enough, I mean, an approximate number would be helpful understanding and within auto how would you divide between tyres versus the other parts of auto?

Parag Jhaveri: 50/50.

Anubhav: One last very specific question regarding lube chemicals which would be our major competitor per se and what would be our market share in this segment?

Parag Jhaveri: Our market share is less than 1%. Our immediate competitor will be BASF Germany, Lanxess Germany so those are the ones Vanderbilt in USA.

Anubhav: Any Indian competitor in this space?

Parag Jhaveri: Sunshield Chemicals.

Anubhav: That is very helpful. Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Anupam A from Lucky Investments. Please go ahead.

Anupam A: Thank you for the follow up. I just talking specifically for the quarter given our mix of rubber, lube and specialty chemical has improved to north of 75%, our realizations for the quarter on per kg basis has gone up with Rs.610 what we have done let us say in the past at around Rs.500, Rs.550 a kg is this primarily led by price increase of raw materials that has been passed on because and EBITDA per kg number has largely remain stable and secondly incrementally when we increase this mix of specialty chemical and rubber what will be our EBITDA per ton number if you can give some color there?

Parag Jhaveri: What I understood number one question you want to know that the revenue split between the rubber, specialty and lube, vis-à-vis the food and aroma right?

Anupam A: No Sir, I am just trying to understand the realization which has improved with Rs.600 a kg earlier we used to do around Rs.500 to Rs.550 a kg?

Parag Jhaveri: Two things, number one there is a price change you can see the higher relation mainly due to the change in the mix of the product that has increased and little bit definitely increased by the kind of inflation what we are seeing what have been the raw material price so that has been partially passed on which is also seen there.

Anupam A: Secondly on EBITDA per ton has largely remained stable at around Rs.84000 a metric ton any color there you would like to give us when volume growth comes if I taken in your capex?

Parag Jhaveri: See the problem happened here again that we could not increase the EBITDA purely because of the RM cost and the fuel cost which has increased substantially but that has impacted the margins so the EBITDA could not be improvised further.

Anupam A: So should you walk around with Rs.85000 and Rs.90000 number?

Parag Jhaveri: I will not like to give a full year guidance on that as a normal circumstances if it is a normal situation like 2020 then my guidance will be in the range of about 75000 metric tons to 80000 metric tons because this is not a right time to talk about this, this is a price band will continue if the things comes in a proper place, the war situations, improvise, sentiment improvise price will come down and so the selling price will come down it will go hand in hand our raw material finished price.

Anupam A: Lastly just a clarification 10% to 15% FY2023 growth is overall sales or just the volume growth?

Parag Jhaveri: No we are talking about overall sales not volume. Volume will be somewhere in the range of 11000 odd.

Anupam A: Okay got it. Thank you and wishing you all the best. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Parag Jhaveri for his closing comments.

Parag Jhaveri: Thank you friends who is joining. Due to wide range of end applications, niche specialized chemicals are gaining momentum. Our product mix is shifting primarily towards value added products in the segments like lubricant, rubber and specialty. We are anticipating a sustained demand for these chemicals in coming years and are investing in new infrastructure to capitalize on the opportunities that are emerging for a qualified player like us. With this I would like to conclude the call. Thank you once again for joining us on the call. If you have any further queries please contact SGA, our Investor Relationship Advisor. Thank you. Have a good day. Bye-Bye.

Moderator: Thank you. Ladies and gentlemen, on behalf of Yasho Industries Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines. Thank you.