



Date: November 11, 2025

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 Conference Call Transcript for Q2FY26

With reference to the captioned subject matter, please find attached herewith the earnings conference call transcript for Q2FY26 for your reference and records.

The said transcript of the earning conference 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

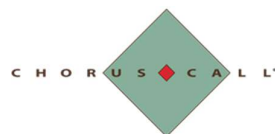
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**“Yasho Industries Limited
Q2 FY '26 Earnings Conference Call”
November 7, 2025**



**MANAGEMENT: MR. PARAG JHAVERI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – YASHO INDUSTRIES
LIMITED
MR. CHIRAG SHAH – CHIEF FINANCIAL OFFICER –
YASHO INDUSTRIES LIMITED**

MODERATOR: MR. NIKUNJ SETH – MUFG



Moderator:

Ladies and gentlemen, good day, and welcome to the Q2 FY '26 Earnings Conference Call for Yasho Industries Limited hosted by MUFG. As a reminder, all participants' 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 this 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 Nikunj Seth. Thank you, and over to you, sir.

Nikunj Seth:

Thank you, Heena. Welcome to Yasho Industries Q2 FY '26 Earnings Conference Call. From the management today, we have Mr. Parag Jhaveri, Managing Director and CEO; and Mr. Chirag Shah, CFO.

Before we proceed with the call, I would like to give a small disclaimer that the call may contain certain forward-looking statements, which are based on the business opinions and expectations of the company as on today. A detailed disclaimer has been given in the company's investor presentation, which was uploaded on the stock exchange.

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

Parag Jhaveri:

Thank you, Nikunj. Good afternoon, and thank you, everyone, for joining us for Yasho Industries results conference call for the quarter and half year ended 30th September 2025. We sincerely appreciate your continued support and interest in the company's performance.

As we review our financial and operational performance for the quarter, I would like to emphasize our unwavering commitment to maximizing value for all our stakeholders. Today's call is also joined by our Chief Financial Officer, Mr. Chirag Shah. I hope all of you had an opportunity to go through the financial results and investor presentation for Q2 FY '26, which are available on the stock exchange and our company's website.

Q2 and H1 FY '26 were defined by complex external environment, including tariff pressures and the slow demand across several key markets, due to the tariff. Despite these challenges, we demonstrated operational excellence by safeguarding profitability and progressing on our strategic growth road map.

Revenue for half year stood at INR 382.6 crores, a 11.8% year-on-year growth, supported by strong 30% volume growth. Sequentially, revenue were marginally lower due to pricing pressure and deferred export orders linked to tariff on certain items. Importantly, profitability improved subsequently, reflecting operating discipline, improved mix and cost efficiency.

Our Pakhajan facility operated below optimal utilization level during the quarter due to trade restrictions in key export market. However, through cost control and operational discipline, we were able to protect our margins. With improving demand conditions, stable input availability and renewed customer inquiries, we expect utilization level to steadily improve over the coming quarters.

We also recorded two important strategic milestones during the quarter:

1. Signing of 15-year long-term supply agreement with the global MNC for lubricant derivatives, which is expected to contribute approximately INR150 crores in annual revenue from FY '27 end with plant becoming operational by Q4 FY '27.

2. Successfully commissioning our new R&D laboratory on 29th October 2025 with an investment of INR23 crores, positioning us to drive innovation-led growth and strengthen our industrial segment through development of higher value-added products and process efficiency, supporting our long-term goal of value creation through operational excellence.

Also, I would like to give you insight on an ongoing capex where we are expanding capacity. We expect to start part of the production by Jan or February '26. In summary, despite external turbulence, our strategic focus, operational agility and discipline have helped us deliver a stable performance.

With diversification initiative, long-term partnership and innovation capabilities now firmly in place, we are entering the next phase of growth with greater confidence. We remain committed to creating consistent value for all stakeholders.

Now I hand over the call to Mr. Chirag Shah for sharing the financial performance. Chirag bhai

Chirag Shah:

Good afternoon, everyone. From the financial standpoint, Q2 reflects resilience and prudence. Revenue for Q2 stood at INR183.6 crores, showing a 9.6% year-on-year growth. EBITDA margin stood at 18.2% and PAT margins were 2.65%. Working capital and gross debt levels saw a temporary increase due to inventory buildup triggered by tariff-related export delays.

However, corrective measures are already initiated to normalize cash flows, optimize inventory cycles and strengthen collections. Our balance sheet remains fundamentally strong. We remain focused on reducing leveraging and aim to bring down our debt-to-EBITDA multiple in a phased manner, subject to market conditions, visibility of demand and execution on ongoing projects.

Looking ahead, our financial priorities are enhancing operating cash flows, maintaining a tight working capital discipline and gradual reduction in leverage. Going forward, our focus remains on financial discipline, efficient capital deployment and strengthening liquidity.

With improved demand visibility, long-term contracts and sustained margin focus, we believe we are well equipped to deliver profitable and sustainable growth. Over to you, Parag bhai.

Parag Jhaveri:

Thank you. We are now happy to take any questions.

Moderator:

Thank you. The first question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah:

Starting with the recent order which we have received for INR1,500 crores via global MNC. So just wanted to understand the further aspects. So, is the funding will be done by the global MNC? If yes, what is their primary incentive to do this type of capex with us? If you can elaborate broadly on that part?



Parag Jhaveri: Yes. For that project, the capex will be funded by the company, that is by that MNC customer. Why they want to do it, I don't have answer on their behalf that they only can answer why they want to fund us and to have this.

Pujan Shah: Okay, sir. I just wanted to understand what is our current utilization for our pre products like ZBEC and ZDDP?

Parag Jhaveri: Sorry?

Pujan Shah: So what is our current utilization for our products like ZBEC and ZDDP?

Parag Jhaveri: Both are different product. So ZDDPs are running something about more than an optimal level, while ZBEC is running at an optimal level.

Pujan Shah: So sir what is our base case to understand the optimal level? Is it 40%, 50% or beyond that?

Parag Jhaveri: Beyond that. Anything beyond 50% is better than optimal. 50% is optimal.

Pujan Shah: Okay. And to understand this global MNC which is planning to fund us. So just wanted to understand, is it already established product which we have done in R&D and altogether or it is extremely a new product which will be introduced by us once we ramp up the capacity, meaning we do the trial run?

Parag Jhaveri: Well this is our existing product with some tweak in chemistry and in the process.

Pujan Shah: Okay. Got it.

Parag Jhaveri: Thank you.

Pujan Shah: My third question would be as we have seen that we have grown 10% Y-o-Y and volume growth was 26%. So is it a good way to understand that we have witnessed a 15% price erosion on Y-o-Y basis? If yes, which segment has been severely impacted? Is it due to Chinese competition? I just wanted to understand the competition intensity right now in the position of our -- under the current environment?

Parag Jhaveri: Okay. When you're looking at the growth of Y-o-Y 11% in the revenue and the growth of 30% in the volume. There is a little disconnect here, mainly because we have a degrowth in a consumer, which has a high selling price, while the industrial segment, which is growing rapidly, which product comes from Pakhajan more has a low price per tonnage, which is growing.

So the revenue is dropping, but the numbers are growing purely because of this mismatch as our focus is more for industrial, which is a low-price realization product and high price realization products are consumer, which is not focus point to grow. So when you see that dip in top line, but in reality, the growth is happening in the company, and we always measure our growth with the volume we sell rather than the top line what we achieve.

Second question of your competition, yes, there is an intense competition coming out from China. And nobody can say that we are not affected. We are affected, and that do put a pressure on a certain chemistry.

Pujan Shah: So, sir Q3 still our guidance of achieving a 70% utilization in Pakhajan plant and doing a top line of INR950 crores to INR1,000 crores still remain achievable do you think considering the recent impact of the dumping and assuming the industry challenges remain the same?

Parag Jhaveri: No. I think our guidance between INR900 crores to INR1,000 crores, which is looking to be a difficult target looking at the current situation of tariff. So we should be happy if we achieve INR800 crores to INR850 crores of revenue in current scenario.

Moderator: Thank you. The next question comes from the line of Yash Naik from KamayaKya Wealth Management Private Limited. Please go ahead.

Yash Naik: So sir, could you quantify the utilization at Pakhajan. So if I'm not wrong, previously you mentioned we are at around 50%. So are we still at around that level or there is some improvement?

Parag Jhaveri: No. In quarter 2, the utilization has a little bit dipped below 50%. So we have mentioned that it is done at a little oversight. Also in our presentation, we have said that it is below the optimal condition.

Yash Naik: And sir my second question is regarding the US contribution in this quarter. And if you could comment on the demand scenario over there and the tariff situation and how the customers are currently having -- you worked with them. So what are the expectation going ahead?

Parag Jhaveri: Well, USA sales has took a hit, particularly that part of the world in Q2. We are mitigating some steps. We are talking with the customers. And I think we are able to realize some part of the business beginning of this last month and also this month, we see some flow of order coming back to us. We cannot elaborate what we did here, but we are able to start getting back the business.

Yash Naik: So revenue would be around 25%, if I'm not wrong, in the last quarter. So it would be the same in the similar quarter or there is some changes?

Parag Jhaveri: Well, in the last quarter, it was lower than the 25% from USA. But we hope that we will be able to regain that same in this quarter and also the next quarter.

Moderator: Thank you. The next question comes from the line of Dhvaneet Savla from Savla Family Office. Please go ahead.

Dhvaneet Savla: Firstly, I had a question with regards to the optimum capacity. So, I had -- I was wondering what could be our top line when both of our units are working at the optimum capacity, right? What is the...

Parag Jhaveri: Optimal, it should be in the range of about INR1,200 crores.

- Dhvaneet Savla:** Okay. That's it. And secondly, on the US, currently, how much percentage of our business is actually facing genuine tariff issues? And is there any other part of the world where we are trying to mitigate the same risk by?
- Parag Jhaveri:** Absolutely. As we have informed in the past also that almost 25% of our business come from USA. And of that 25%, at least 40% has been affected due to the tariff. And we are working with a different region to grow more.
- And even in the last month or in this quarter, we have seen the growth in the volume. So we are confident that we'll be able to mitigate the shortfall. And that's why we are still giving a guidance of a growth here.
- Dhvaneet Savla:** But this even affects our working capital cycle, right? So is this because of this that we were going to face a longer working capital cycle?
- Parag Jhaveri:** No. We had certain business committed to us in end of Q1, early Q2. And because of that, we have built up some inventory. Suddenly, due to the tariff, the business has got affected. For the finished goods, so inventory has gone up and the incoming raw material, which has kept on coming in, that has increased the stock level. So in this quarter, we have done a reduction in the purchase. So we hope that we'll be able to bring down our inventory.
- Moderator:** Thank you. The next question comes from the line of Yamank from Findoc. Please go ahead.
- Yamank:** In the last con call, you have given guidance of 40% growth, which comes somewhere around to INR900-odd crores. So given our quarter result for Q2, are we still following the growth trajectory?
- Parag Jhaveri:** I did say that before -- a few minutes before that, yes, we have given a con call of INR900 crores, but at that time, this tariff issue was not there. Now the tariff issue has impacted, and we expect to have a growth of between INR800 crores to INR850 crores revenue for full year.
- Yamank:** Okay. Okay. Also, sir, like I just wanted to know that you also gave a guideline -- guidance for the asset turnover ratio to be reaching somewhere around 3%. So despite this lower utilization in Pakhajan facility and the tariffs coming into picture the volume has decreased somewhere around. So are we still calling the asset turnover to be 3% in the coming year for FY '25?
- Parag Jhaveri:** Well it will happen down the line 3 to 4 years for asset turnover of 3x. Currently, with the Pakhajan not running at the peak level, it will be difficult. We need to invest much more into the Pakhajan to achieve that asset turnover of 3x or more.
- Yamank:** Okay. Got it, sir. Sir, one more -- last question. So I wanted to know that are we just like -- is it possible to reduce our margins somehow and we can improve -- increase our volume?
- Parag Jhaveri:** That is not the step we are willing to take because once you drop the pricing, difficult to regain. So we want to maintain our margins and to work rather than getting the -- end of the day, the results should be same. So why to drop the price. We don't find the necessity.
- Yamank:** Okay. So we will be maintaining the margin of 17% to 19%?



Parag Jhaveri: Yes, we want to very much adhere to the margin bracket of 17% to 19% bracket.

Moderator: Thank you. The next question comes from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.

Swaraj Mehta: My first question was the impact of tariffs. And at what tariff range do we continue to stay competitive?

Parag Jhaveri: Well, that I can't say. But the impact of tariff is already we are feeling it. That's why our -- what we are expecting a growth has not come in Q2, okay. And that was a significant loss of business we had in Q2. And -- but we are trying to mitigate that by different ways, talking with the customers and make them understand this is a temporary phenomenon and how we both can compromise somewhere.

So that's the way we're trying to mitigate the current situation. And always the tariff on the lower side is helpful for the growth of business. So let's see. Yes. Next question.

Swaraj Mehta: What tariff rates do we continue to stay competitive within?

Parag Jhaveri: We had a 6.5% tariff in past. We hope for that. We don't know where we'll end up.

Swaraj Mehta: Okay. And what are we doing to diversify from the US for the lubricant additives to enjoy higher capacity utilization? And is the plant fungible for other items?

Parag Jhaveri: No. Pakhajan is not fungible. Pakhajan is a dedicated plant, but we do have a different market open up in a different geography, and we see the results coming in. And we hope that we'll be able to utilize the plant on a better run rate. Yes.

Swaraj Mehta: Okay. And sorry...

Parag Jhaveri: No, no, go ahead. You still have question?

Swaraj Mehta: The inventory -- what was the inventory buildup for? So is there -- is it for a particular client or just to keep the plant running? And do we see that coming back to a normalized level?

Parag Jhaveri: Well, we do expect the inventory to come down significantly in the coming quarters by March, and we have an aim to bring between 160 to 175 days inventory, which is right now at 210. So we do have plan to do that.

Swaraj Mehta: By when you said it will come down, by March?

Parag Jhaveri: By March.

Swaraj Mehta: Okay. How much is the finished goods and how much is the raw materials?

Parag Jhaveri: I don't have exact number of finished but if you want, we can send you that information. I don't have that -- the value of the stocks. I have number of days.



- Swaraj Mehta:** And lubricants, we set up one large plant, and it's been live since the year, but the ramp-up isn't like it should have been like because the main market is the US. So, what are we doing to ensure the plant is ramped up?
- Parag Jhaveri:** I said that we are looking for an alternate geography to expand our sales there.
- Moderator:** Thank you. The next question comes from the line of Aman Thadani from Solidarity Investment Managers. Please go ahead.
- Aman Thadani:** Parag bhai, I have three questions. The first is, when I look at your recent performance, that is like sales is up 10%, but the volumes are up 26% in a tough environment and the gross margins are healthy at 42%.
- So my question is that given the sales can fluctuate maybe due to product mix or realizations, sir, what would you consider as the most relevant metric to track Yasho's progress and the rationale behind it?
- Parag Jhaveri:** Okay. As you said -- pointed out correctly, we measure our growth in terms of volume and number two, the quantum of EBITDA growth in the company. On that basis, one can track the company in a much better way rather than a top line.
- Top line, we don't generally look at the top line, but we want to maintain a healthy EBITDA margin. And we will -- and the growth in EBITDA margin and the growth in the quantum of volume, what we sell will measure the progress of the company.
- Aman Thadani:** Got it, sir. And sir, my second question is the 15-year long-term contract, sir. We have not seen many instances where a customer would fund the vendor capex. So just wanted to understand what is the strategic importance that Yasho will play as a supplier to this vendor longer term?
- Parag Jhaveri:** Well, number one, our capability on a technical side, that has given a confidence to our customer that we can deliver the product what they are looking at, which is very complex and critical for their application.
- And because of that, I think they must have decided to give a funding also because funding is not a small funding INR2 crores- INR5 crores, which we can do. But here, we need commitment. So we requested for fund. So they have committed here to recover the cost, their cost.
- Aman Thadani:** Got it. And sir, my third question is since you are putting a lot of effort on R&D, like the new setup that has come on stream, the team size has increased. Maybe can you talk a bit more about the new talent that you have hired and the efforts that the company is making for new product development?
- Parag Jhaveri:** Yes. We have increased our strength in R&D. We have a lot of senior scientists who has come on board in the last 6 months' time. And things have finally come live before last -- before 15 days.
- We are looking not only into the existing our line -- application line, but we are also looking for diversified portfolio more into the specialty or performance chemistry where we feel that there

is still scope for the Indian manufacturers to come up where they are not a single Indian manufacturer. And we are looking for those chemistries. And we are confident that we'll be able to develop that with our track record of past.

Aman Thadani:

And sir, can you just broadly explain maybe the basic criteria that you would look at to maybe double down on a new chemistry in terms of maybe margins you're targeting on the industry structure or the size of the product, just broadly, sir?

Parag Jhaveri:

Well, for minimum -- for us to have any new product develop at minimum-to-minimum sales value, we look at INR50 crores to INR100 crores, then only we start getting into that chemistry and then we develop it. Otherwise, it doesn't make sense when you are talking about a multiple growth, 40%, 50% growth.

And you cannot come with the products life of about INR4 crores- INR5 crores a year revenue. So that was in the past, which we used to do. We had so much of product because of that reason. Today, we are looking for a revenue of anything between INR50 crores to INR100 crores minimum and EBITDA margin of 18% to 20% plus, which can generate for the company.

Moderator:

Thank you. The next question comes from the line of Vansh Saini, an Individual Investor. Please go ahead.

Vansh Saini:

I'm slightly new to the company, sir. I have seen in your presentation that you spend very much heavily towards R&D. So sir, going ahead, what is the R&D expense we plan to incur as relative to sales, if you can give a ballpark?

Parag Jhaveri:

Sorry, I didn't understand your question. If you come slowly.

Vansh Saini:

Yes sir. So going ahead, what is the R&D expense we plan to incur as related to sales?

Parag Jhaveri:

I won't able to give related to sales, but this year, our opex on R&D will be in the range of about INR5 crores, which was in the past about INR1 crores opex. And in FY 27 opex should be in the range of about INR8 crores to INR10 crores.

Vansh Saini:

'27 INR8 crores to INR10 crores.

Parag Jhaveri:

Yes.

Vansh Saini:

And sir, what is the products on which side we have the products on this R&D side, like, is it on the...?

Parag Jhaveri:

We cannot divulge you on what products are there, but we are looking for industrial applications, which is may be varied into the different applications across the industrial segment.

Vansh Saini:

Okay. And sir, second question is, what is the pricing environment you are seeing across the globe, especially Europe, if you can comment some on it.

Parag Jhaveri:

Europe is a key market. Still there are specialty chemistries are being used there extensively US, Europe and USA both. So it's a key market, and that is one of the reasons why we are investing

into the REACH registration, which is essential for -- to sell in European market. We have increased our number of products for REACH from more than 40 to almost 50 products today and are spending money on the REACH. So for us, Europe is also one of the key market for the growth.

- Vansh Saini:** And is the pricing environment subdued there or what...?
- Parag Jhaveri:** No, the pricing is quite good because of all this regulatory work, pricings are always reasonably good to recover the cost -- additional cost.
- Vansh Saini:** Okay. So the main pricing issue is mainly in the US segment which you are..?
- Parag Jhaveri:** Right now because of the tariff, the pricing issues are outside USA. When you go to the Africa, Asia or Middle East market, there the major pricing issue comes.
- Moderator:** Thank you. The next question comes from the line of Harshil Bhayani, an Investor. Please go ahead.
- Harshil Bhayani:** Yes. My question is, what is our average gross profit margin on domestic sales and international sales? And do we expect the same to continue in future?
- Parag Jhaveri:** For -- there is a slight 2% variation between domestic and international sales, I can say that because it varies from product to product. We do expect to -- we see that our exports are growing. Last quarter, export did not grow the way we anticipated purely because of the tariff issues. But by next 6 to 18 months, exports should be almost 70% of our total revenue. That's our expectation.
- Harshil Bhayani:** Okay. So suppose if our average gross profit margin is 42%. So you're saying domestic is 40%, export is 44%, 45%?
- Parag Jhaveri:** Yes, somewhere in that range. It depends on the product to product again. So the average value is between 40% to 42%. Currently, it's 42%, but average value is between 40% to 42%.
- Harshil Bhayani:** Okay. And so -- and the second question is, as you said, for the full year, we anticipate that the export sales would be around 70% of the total sales. Is that correct understanding?
- Parag Jhaveri:** I'd say within 6 to 18 months, that will be the rate which we'll achieve.
- Harshil Bhayani:** Okay. And can you give a estimate bifurcation of what that percentage would be between US, Europe, Middle East?
- Parag Jhaveri:** I don't have, honestly, at the moment, answer of that because of Europe -- US's percent has gone down, so Europe is much higher. And along with that, Asia and the Middle East also is growing and Asia, Middle East and Africa is growing.
- Harshil Bhayani:** Okay. And my last question is, in your investor presentation, you mentioned that this tariff would have an impact on profitability. So do we expect our gross profit margin for US to be same and the overall margin for the year between 18% to 20% EBITDA margin? Do we expect the same?



- Parag Jhaveri:** We're working hard to achieve that. Harshil, I can assure that we are working very hard to assure that margins remain intact. But somewhere you need to eat something, okay? You cannot get everything.
- Moderator:** Thank you. The next question comes from the line of Manish Gupta from Solidarity. Please go ahead.
- Manish Gupta:** Chirag-bhai, any rough estimate of what our debt-to-EBITDA should be by, say, end of FY '27?
- Parag Jhaveri:** Well, FY '27, we are looking close to 3.5 or maybe lower than that, between 3 to 3.5 by FY '27.
- Manish Gupta:** And do you have any capex plans now for FY '27?
- Parag Jhaveri:** We do have, but we did not go -- we are not putting into it. Purely, we want to utilize for this, and we want to ensure that there's a lot of clarity on tariff and the future business. So before committing new additional capex, we want to be double sure that market is conducive and there is no further roadblock.
- Manish Gupta:** So this debt-to-EBITDA target that Chirag bhai gave, this is assuming no large capex in FY '27, only maintenance capex?
- Parag Jhaveri:** Yes.
- Moderator:** Thank you. The next question comes from the line of Hardik Gandhi from HPMG Shares and Securities. Please go ahead.
- Hardik Gandhi:** Yes. Sir, actually I just wanted to know that if the tariff were to go away tomorrow to a subsequently lower level, right, or you would be at par with your competitors, then what would be the incremental margin? Or would it be an increment in the top line?
- Parag Jhaveri:** I will not comment on the margins, my dear friend, but I'll definitely say that we will be -- we'll be close to INR900 crores if the tariff goes away tomorrow.
- Hardik Gandhi:** Understood. Okay. And going forward, I know you mentioned about the time lines of the capex. But on the specific capex, which is done for one of our clients, which is stacked to the 15 years, what kind of margin profile are we looking for given that they are also funding the capex for it. So they would -- we would not be commanding that high of margins given that they want to recover their cost also.
- Parag Jhaveri:** They have to recover the cost. So we have to give them -- we have to give them some price benefit. And honestly, I cannot disclose too much on it because it's a nondisclosure agreement with the customer. So I can't give a lot of insights with that customer what's happening.
- Hardik Gandhi:** No, I agree. But at least if a ballpark number on the margin front?
- Parag Jhaveri:** That's why I'm saying that we are giving you guidance of 17% to 19% EBITDA even for FY '27. So we are confident that we should be -- on a blended margin, we'll be able to maintain that, on a blended margin at the company level.

- Hardik Gandhi:** Understood, sir. Understood, sir. And I see -- and the last thing is that I'm seeing on our debt levels, we are quite high. And given that since the past 2 years, our debt levels have been eating away our bottom line. So are there any active measures or a time line you have internally to reduce the debt to a certain limit? Or do you want to maintain the debt levels as it is?
- Parag Jhaveri:** Honestly speaking, no. We have no intention, no plan to reduce the absolute debt. But debt-to-equity EBITDA margin will be improvised drastically in the next 2 years' time, which will be fall under the very comfort zone.
- Hardik Gandhi:** Sir, but what makes you confident about this improvement in the next 2 years? If you can help me with that?
- Parag Jhaveri:** Well, even this year, we have a growth of 30% in volume. And we are expecting to -- the way we had done some mitigation step and diversification in the multiple different markets, we should be able to generate a top line of at least INR800 crores that should give us a healthy cash flow.
- And going forward, this tariff is not going to remain for next 3 years, okay? So once tariff goes away, then the business become much more smoother in a part of the world, which is the major driver globally for a consumption point of view. So we don't see a challenge there.
- And that gives us confidence. Also the agreement what we entered into the customer, and we are talking with multiple other players to work on a similar line, similar in the long-term supply. So that gives us confidence.
- Moderator:** Thank you. The next question comes from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.
- Swaraj Mehta:** The long-term debt that we had taken for the plant, is there a moratorium period for the debt payments to start? Or has it already started?
- Parag Jhaveri:** It has already started, long-term debt what we had taken before 3 -- 2.5 years ago. Repayment started from this year. So it started from April '25.
- Swaraj Mehta:** Okay. And -- sorry, receivables have come down to 60%, which is, I think, 60%, which is our lowest ever. Is this sustainable? And where do we see it settling?
- Parag Jhaveri:** I think this is sustainable receivable what we are looking at it. It will remain between 60 to 70 days, maximum 70 lower side, 60. We don't see a further improvement in that. But we are happy. We are able to maintain this on a constant basis.
- Swaraj Mehta:** Okay. And the capex for the MNC, what was the capex amount you said?
- Parag Jhaveri:** It should be somewhere -- see, we don't yet finalized, but it should be in the range of about INR50 crores to INR75 crores.
- Swaraj Mehta:** Okay. And what are the reasons for the supply for this particular product?

- Parag Jhaveri:** Well, I don't know the reason why they want to give us the money. We should ask them my dear friend. So I don't want to get in the reason why they choose Yasho to decide to give the money.
- Moderator:** Thank you. The next question comes from the line of Pujan Shah from Molecule Ventures. Please go ahead.
- Pujan Shah:** So just wanted to understand on the lube entity space. So as we hold a strong position and considering the lube packaging players have been setting up the plants in India due to focus on domestic procurement. So to understand this extent of this policy, has this started benefiting to us or it is still in the nascent stage to contribute meaningfully on a top level?
- Parag Jhaveri:** I think this is beneficial to us very much because when they are setting up a plant in India, they need raw material and which we are there for that. And we expect to gain from them.
- Pujan Shah:** Right now on, reality just wanted to understand on the different side, do we have witnessed any benefit of this on our revenue or it will still take time to consider meaningfully?
- Parag Jhaveri:** Well, it's a slow process. But if you're asking today, it is giving us a lot of boost that we are there and we will be able to get the full business, but it takes its own time.
- Pujan Shah:** Could you please explain on the industry dynamics from the lube packaging players? Right now, we understand that the industry structure operates in oligopoly market. To establish really for a new player to get entry because why I'm coming with this question is because we have already -- this is already established player, right?
- This industry, how a new player can be entrant with already supply chain has already been set up with key players. So just wanted to understand if any new players want to come up, what are the key role they have to play other than the product quality just to get the entry with the lube packages players?
- Parag Jhaveri:** Well, number one, the lube packages are only produced by a few people. Everybody don't have that art or everybody don't have that -- those high approvals of OEM. So that's why it has been controlled by the very few companies globally.
- So to get into packages for the restricted it's a dream, but I don't think that can become reality in a shorter term. Yasho is not looking into any packaging business because all our customers are making package. So, Yasho has no intention to get -- as of today to get into the package mode.
- Pujan Shah:** Right, sir. But just wanted to understand if Yasho wants to supply to lube -- Yasho supplies to a lube additive package player. So I just wanted to understand the competition intensity, how a new player can come up and supply lube components to lube additive package players.
- So just wanted to understand what are the aspects they've been looking on because we have been established very well in terms of quality and in terms of product demarcation with the key players. So just wanted to understand if someone comes into the space, how they will be able to enter this lube packages?



- Parag Jhaveri:** Here my dear friend, the first and foremost, if you have a relationship, they can look at your product. And if they look at and if they see interest, it will take at least between 12 months to 36 months for an approval, for final approval to serious player. And that's the biggest hurdle. One should be able to sustain that having a plant ready.
- Pujan Shah:** Okay, sir. And last question, if we understand what is the percentage of revenue right now contributing from lube, lube adhesive and rubber?
- Parag Jhaveri:** I don't have that split. I have only the industrial segment split. That's about 84 -- 85%, 86% of revenue come from industrial segment.
- Moderator:** Thank you. The next question comes from the line of Harshil Bhayani, an Investor. Please go ahead.
- Harshil Bhayani:** Sir, my question is since we are developing new geographies and new customers, can you give a brief idea of how the approvals take place? And how -- what is the time line to get our products approved as the new customer?
- Parag Jhaveri:** Anything between 12 -- minimum, it could be 12 months with a big player or medium size player. When you are looking at a certain market, emerging market approvals are within 3 to 6 months because they are not going for an extensive study of their finished product. So those come a little faster, but their margins are also not great, a little bit lower margin than the -- when the people who are of a standard level give the margin.
- Harshil Bhayani:** Understood. And the second question is now since because of this tariff, we are going to new customers, suppose in a couple of months, the tariff goes down and this customer also get success. So it will be sticky in nature, right? So we'll have a double positive impact. Is that understanding correct?
- Parag Jhaveri:** Absolutely correct.
- Harshil Bhayani:** Understood. And the last question is for these new customers, are we giving any initial discounts or we are keeping our gross margin impact between 42% to 45%?
- Parag Jhaveri:** No. See, it all depends how customer based where, what is his knowledge and what are his comfort zone and what product we are starting with. It all goes with that. So the discount -- it's not there as a standard. But when you grow the business, one can demand a discount with the volume.
- Harshil Bhayani:** Okay. So overall, our gross margin would be in the range of 42%-45% only for the full year.
- Parag Jhaveri:** We are talking between 38% to 42%, my dear friend. Gross margin will remain between 38% to 42%. We will work towards 40% plus. That's our effort and strength to get that.
- Harshil Bhayani:** Okay. And in this INR800 crores to INR850 crores revenue, which we are projecting, how much would be from the new customers? Any idea you can give on that?
- Parag Jhaveri:** Maybe 10%- 15%.

- Moderator:** Thank you. The next question comes from the line of Pujan Shah from Molecule Ventures. Please go ahead.
- Pujan Shah:** Just wanted to understand one aspect is when we have raised INR130 crores, so at that point of time, we were planning to spend on R&D, which is INR30 crores and that's when we were to plan for the capex. So right now, I want to understand on that specific -- that in Phase 1, what amount we have tried to -- we have spent, which will start contributing from Jan '26 as you have already told.
- And what is the remainder of the capex, which we will be planning to do? And understanding that part only, what are the asset turns which we expect once the capacity gets operational in coming years?
- Parag Jhaveri:** Well, we -- of total INR100 crores capex, what we are supposed to do this year, we have spent INR23 crores towards R&D. About INR20 crores, we have put into the assets additional to make a certain line which has achieved the threshold limit where we need to increase the capacity. So we hope those lines to come on stream somewhere in January, February.
- And the balance, about INR45 crores has not yet been started spending because we are waiting for a certain clarity in the business climate. Once those -- we have a lot of clarity then we can put the additional fund.
- Everything is ready, but we are just waiting for a clarity on the tariff and other things. So once that clarity comes in, we will commit additional fund because we know the market, we know the customers are ready, provided it's a competitive price. They cannot pay the 50% duty.
- So we are holding that. And if that comes up, we expect that to be operational in the next 6 months' time. So that capacity will be start running somewhere in June, July '26. And combined revenue from entire capex should be of INR75 crores capex should be in the range of about INR250 crores.
- Pujan Shah:** INR250 crores. And will this utilization will be happening in 1 year or it will take time like next suppose 2, 3 years to ultimately reach at 85%, 90%?
- Parag Jhaveri:** This should not take 3 years because some of the product, existing product, we are expanding capacity. So only the -- about INR50 crores, it might take instead of 12 months, could go up to 18 to 24 months.
- Moderator:** Thank you. The next question comes from the line of Yash from IndiaCo. Please go ahead.
- Yash:** Sir, I have a question that in which geography our major competitor companies are located?
- Parag Jhaveri:** That's an interesting question. They are located in North America, they are located in Europe and they are located in China. And there are some producers also in India, too.
- Yash:** Okay. So after the current tariff regime, which is updated, if it continues, then which part of the globe you think have an edge over us?



- Parag Jhaveri:** Difficult to answer this question, honestly. Difficult to answer because local players will have definitely edge, because they will be protected by the tariff.
- Moderator:** Thank you. The next question comes from the line of Yash Naik from KamayaKya Wealth Management Private Limited. Please go ahead.
- Yash Naik:** I just want a clarification regarding that you mentioned that new capex will be live in Jan, February '26. So is it regarding the debottlenecking of Phase 1 or it's some different from that?
- Parag Jhaveri:** No, it's not debottlenecking.
- Yash Naik:** Okay. And mentioned that you are assessing the tariff situation and then you are planning to do the -- so is it for the Phase 2 capex or what you are -- just tell?
- Parag Jhaveri:** No, it is again some of the existing product line we want to expand.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.
- Parag Jhaveri:** Thank you very much for your continued support and trust in Yasho Industries. Thank you. Have a good day. Bye-bye.
- Moderator:** On behalf of Yasho Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.