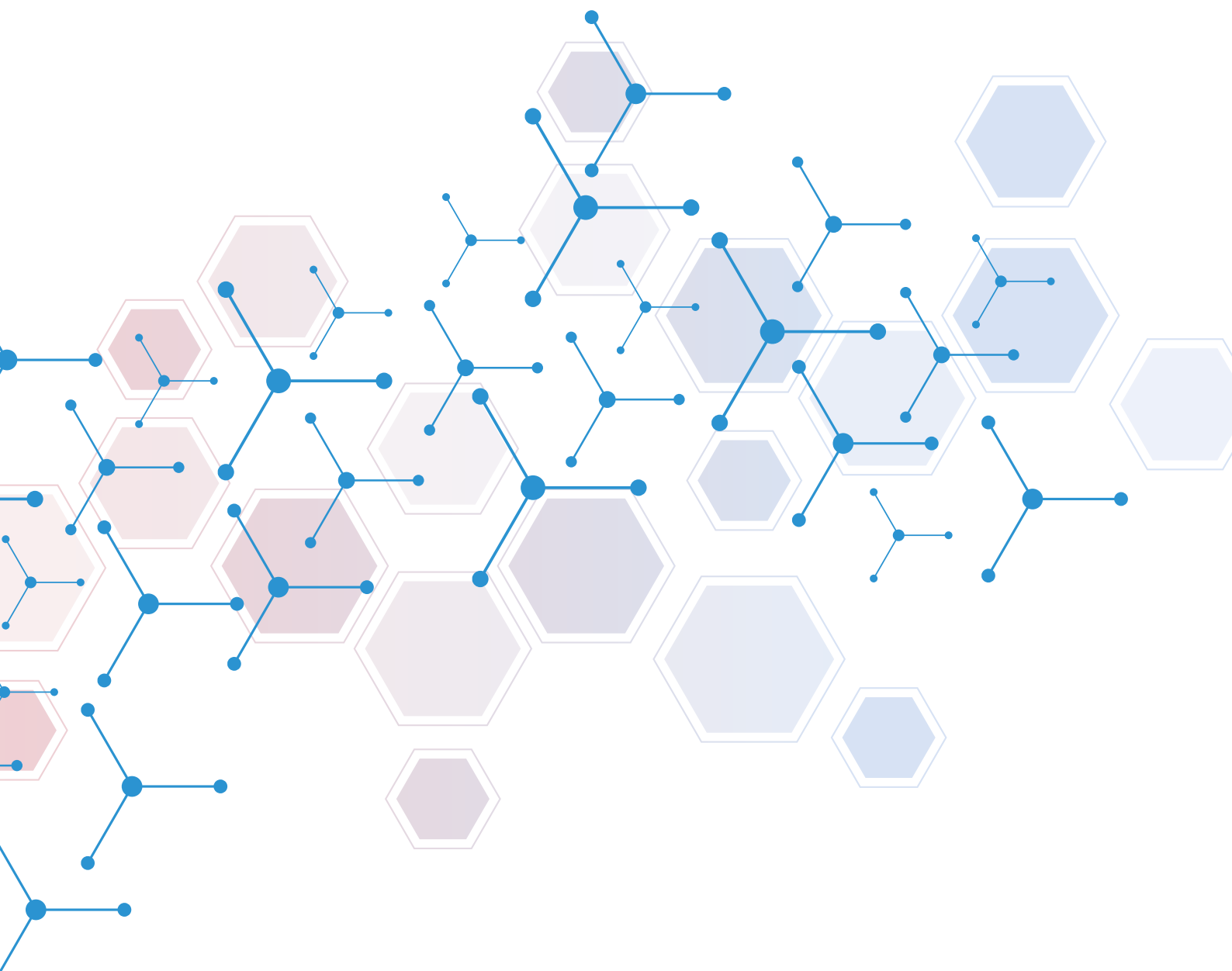


Annual Report
2018-19



INNOVATE. INVENT. IMPROVE.

YASHO INDUSTRIES LIMITED

Contents



01-17

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INNOVATE. INVENT. IMPROVE.

A virtuous cycle of growth

At Yasho Industries, these are not three dots in a straight line, but consecutive arcs of a circle. We begin our process with innovation at our R&D centre, wherein we relook at existing chemistries to discover ways to achieve more efficiency, potency or other desirable qualities. After the process of innovation, we take the route that works best and refine it until we have invented a new process or product. Then, once we have ramped up production to the required scale, we continue to work so as to improve it further with more innovation.

This is a virtuous cyclical process that we have been following since our inception, nearly three decades ago. It has transformed us into a globally accepted source of high-quality chemicals, food antioxidants, rubber chemicals and more.





Innovating & Inventing to Improve Our Numbers

Revenue from operations

(₹ In Lakhs)

| | |
|------------|-----------|
| FY 2014-15 | 16,899.80 |
| FY 2015-16 | 17,962.52 |
| FY 2016-17 | 19,527.87 |
| FY 2017-18 | 24,980.44 |
| FY 2018-19 | 34,005.85 |

EBIDTA

(₹ In Lakhs)

| | |
|------------|----------|
| FY 2014-15 | 1,776.55 |
| FY 2015-16 | 2,033.29 |
| FY 2016-17 | 2,470.14 |
| FY 2017-18 | 3,159.53 |
| FY 2018-19 | 4,005.75 |

PAT

(₹ In Lakhs)

| | |
|------------|----------|
| FY 2014-15 | 6.17 |
| FY 2015-16 | 152.85 |
| FY 2016-17 | 367.31 |
| FY 2017-18 | 797.13 |
| FY 2018-19 | 1,189.04 |

Earnings per share

(₹)

| | |
|------------|-------|
| FY 2014-15 | 0.09 |
| FY 2015-16 | 1.53 |
| FY 2016-17 | 3.67 |
| FY 2017-18 | 7.96 |
| FY 2018-19 | 10.91 |

Net worth

(₹ In Lakhs)

| | |
|------------|----------|
| FY 2014-15 | 909.77 |
| FY 2015-16 | 1,362.62 |
| FY 2016-17 | 1,729.94 |
| FY 2017-18 | 3,378.17 |
| FY 2018-19 | 4,571.44 |

Net fixed assets

(₹ In Lakhs)

| | |
|------------|----------|
| FY 2014-15 | 5,675.12 |
| FY 2015-16 | 5,453.42 |
| FY 2016-17 | 5,827.70 |
| FY 2017-18 | 6,933.87 |
| FY 2018-19 | 9,596.16 |

About Yasho Industries

At Yasho Industries, we actively analyse the global industrial trends and work on innovations, inventions and improvements that will enable us to sustain our relevance and growth impetus in the future.

Yasho Industries is one of India's leading manufacturers and suppliers of Specialty chemicals, Food antioxidants, Aroma chemicals, Rubber accelerators and Lubricant additives. The Company was founded in the year 1985 by Mr. Vinod Jhaveri in Mumbai. The Company commenced production of specialty chemicals in 1993.

Today, it is led by Mr. Parag Jhaveri who is our Chairman and Managing Director. The Company is listed on the BSE & NSE in the category of an SME. The Company is a world leader in the segment of Food antioxidants and Aroma chemicals, and an emerging player in Rubber and Specialty chemicals. Through continuing R&D efforts

and supported by an expansion in production capacity, the Company has successfully made progress in the lubricant additives market and achieved significance in the marketplace.

We are a customer-focussed producer with the ability to deliver as per specifications desired by our buyers. In each of the sectors that we serve, we manufacture high quality, globally benchmarked and accepted products. We have grown our business by serving the domestic and global markets and as of now 59% of our total revenues come from our widespread international operations across 42 different countries.

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Number of employees

6,450 MT

Manufacturing capacity

₹ 13,122.64 Lakhs

Market Capitalisation

42

Presence in countries worldwide

₹ 4,571.44 Lakhs

Net worth

Manufacturing capacities

The Company has two manufacturing units strategically located within 200 Kms from JNPT Port, at GIDC, Vapi, Gujarat to enable easy access for import of raw materials and exports of finished goods. Unit-I has a capacity of 3,450 MTPA (metric tonnes per annum) and is spread over an area of 6,957 sq. mts. and Unit-II has a capacity of 3,000 MPTA and spread across an area of 5,000 sq. mts.

| Capacity | (MTPA) | Capacity utilisation |
|----------|--------|----------------------|
| Unit I | 3,450 | 93% |
| Unit II | 3,000 | 100% |

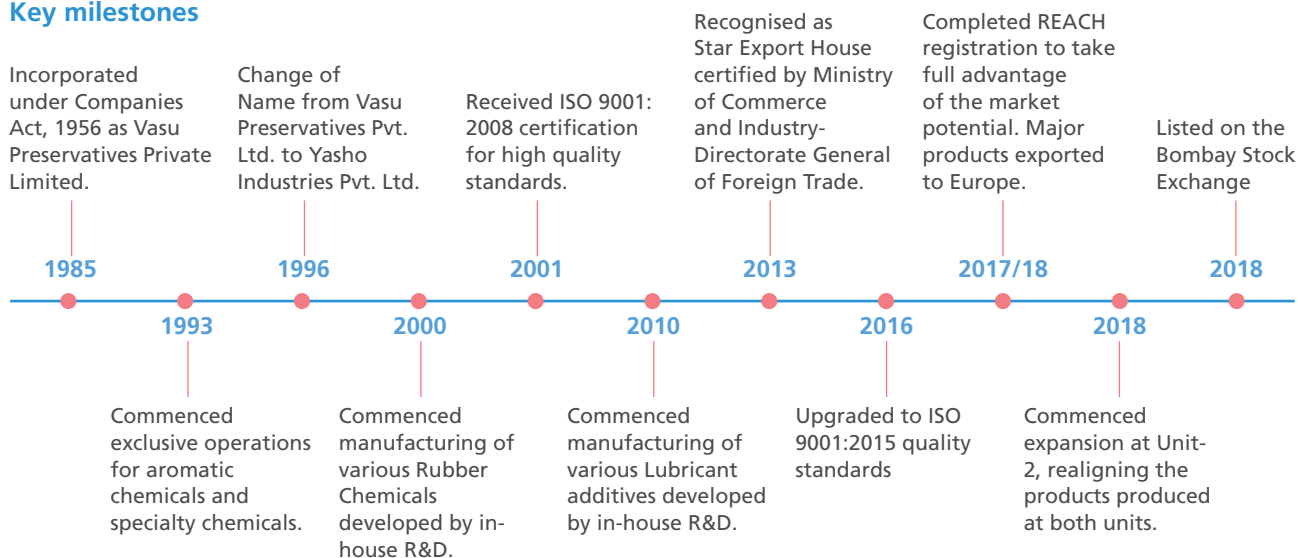
During the year, the Unit-I had undergone a systematic process of de-bottlenecking and this has enhanced its production capacity by 850 MT.

Our products

Yasho Industries Limited manufactures a varied range of chemicals that serve five industry categories: Rubber Accelerators, Aroma Chemicals, Food Antioxidants, Lubricant Additives and Specialty Chemicals.

| Product Categories | Key industries/Consumer segments | | | |
|----------------------------|---|---|---|---|
| Food Antioxidants | Edible oils, confectioneries, animal feed, vitamin premix and nutraceuticals |  |  |  |
| Rubber Accelerators | Tyres, conveyor belts, automobile profile, surgical gloves, condoms, balloons and latex gloves |  |  |  |
| Lubricant Additives | Grease, hydraulic/turbine/engine/gear oils, metal working fluids and coolants |  |  |  |
| Aroma Chemicals | As an intermediate in pharmaceuticals, flavours and fragrance, agro chemicals as pheromones and industrial applications |  |  |  |
| Specialty Chemicals | Printing inks/coating, unsaturated polyester resin and thermoplastic polyurethane |  |  |  |

Key milestones



Awards and accolades

**Excellent Supplier Award by
Kemin Industries (Zuhai) for
supply performance in
FY 2016-17**

**Certificate of Appreciation
by Indian Oil for
participation in Servo
Vendor Meet**

**Certification of Participation
and involvement in
Environment Drive 2017**

Expanding global presence

Over the years, Yasho Industries has expanded its markets globally. Today, we serve 42 international markets including:

USA | Germany | France | Belgium | Spain | Italy | Brazil | Malaysia | Iran | South Korea | Indonesia |
China | Japan | Taiwan | Pakistan | Netherlands | Argentina | Mexico | United Arab Emirates |
Turkey | Egypt | United Kingdom | Kenya | South Africa | Georgia | Sri Lanka | Iraq | North Korea |
Bolivia | Saudi Arabia | Sudan | Thailand | Russia | Djibouti | Australia | Bangladesh | Nepal | Vietnam |
Lebanon | Guatemala | Singapore | Morocco



Map not to scale. For illustrative purposes only.

Letter from the Chairman and MD



We are continually involved in a virtuous cycle of Innovation, Invention & Improvements to dramatically better our future outcomes in a sustainable manner.

Dear Shareholders,

It is with great pleasure that I once again report our varied activities during the year that work along the lines of innovation, inventions and improvement. These three dots are successive arcs of our virtuous cycle of growth. Our practice of this tenet has enabled us to become a publicly-listed company on the BSE under the SME category. We are manufacturers of high-quality Antioxidants, Rubber accelerators, Lubricant additives and Aroma chemicals. We operate in the domains of Specialty and Fine chemicals. We have scaled our production, product range and the markets that we serve by continually improving our quality as per global benchmarks.

Performance review for the year

Your Company has delivered good performance in the last financial year. Our revenues have grown by 36.13% to ₹ 34,005.85 lakhs and EBITDA grew 26.78% to ₹ 4,005.75 lakhs.

This strong operating performance was driven by better capacity utilisation at our plants. We clocked 100% capacity utilisation at both our plants compared to 91% in FY 2017-18. This helped us to optimise our overheads and drive efficiency. Our net profit growth at 49.16% to ₹ 1,189.04 lakhs was much stronger. Going forward, we expect to sustain this growth impetus. Today, a full 59% of our revenues come from exports to 42 global markets.

Innovations that boosted our growth

Along with full capacity utilisation, during the year, we undertook de-bottlenecking operations at our Unit-I, and this enabled us to increase our production capacity by 850 MT annually. The expansion of Unit-II is completed, and we expect to launch commercial production by the 1st week of July. During the year, our R&D worked hard at innovating our processes to reduce waste, while continuing their efforts at new product development in the emerging fields of Electric Vehicles and Euro-VI fuels etc.

Inventions that open up new growth opportunities

During the year, our continued team efforts has enabled us to add some new, high value, low volume products in our Aroma range. The introduction of these products

has lifted both our top as well as our bottom line. The Company has also introduced some value-added products in the Lube and Specialty segment which should help us achieve better numbers in the coming year. Meanwhile, we continue to work closely with several MNC and corporate clients in India to cater to their next-generation needs by developing new chemistries in view of emerging customer demand.

Improvements that will sustain our growth

To expand our market further, we have begun exporting our lubricant additives and specialty chemicals to China, and we are also working on marketing tie-ups in Russia. Our plant engineers are working continuously to improve our production time cycles. The processes in our new plant which we expanded is based on semi-automatic batch processing, and we are continuing our efforts to introduce more automation with a view to achieve improved efficiency, consistent quality, and lower manpower requirement. We are also introducing environment friendly catalysts to reduce waste generation.

Industry outlook

There is a strong wave within the global chemical industry for new products and processes that are environment-friendly and lead to reduced waste. There are new technologies on the anvil like Electric vehicles and Euro-VI fuel standards, which will require new chemistries and products. This

growing trend promises sustained growth opportunities for the chemical industry. With experience, an empowered R&D team, infrastructure and several success stories behind us, we are poised to leverage this opportunity to the fullest.

Globally, the Specialty Chemicals market is expected to grow at a CAGR of 5.30% through to 2025 and reach a size of USD 589.80 billion. The chemical industry in India is highly diversified covering more than 70,000 commercial products. It is broadly classified as basic chemicals, specialty chemicals and agro chemicals. India's unique combination of talented, knowledgeable manpower and low-cost production makes it an ideal production hub for global markets. The specialty chemicals business in India is expected to grow steadily driven by increased adoption and increased usage in different products. In India, the specialty chemicals market is expected to double by 2025 with the industry clocking growth at CAGR of 10% annually,

Outlook

I am positive about sustaining our growth thanks to our distributed portfolio of products that cater to multiple industries. It insulates us as a company because any downturn in a specific industry can be compensated by growth in another. It also gives us many more avenues to market our innovative products and solutions. Further, our de-bottlenecking, expansion and automation will help us increase

our throughput, while maintaining our quality and consistency.

Another reason for our positivity is the fact that we are well recognised and globally accepted as a quality conscious producer of specialty chemicals. This is an edge that we expect to retain in the future.

On this optimistic note, I would like to thank all our shareholders for their continued trust and support. I specially express my thanks to our employees for their complete dedication and focus on growth, which has contributed so much to our success as a company. Lastly, I would like to mention that we will rededicate our efforts to innovate, invent and improve in a manner that will be rewarding for all stakeholders.

Warm regards,

Parag Jhaveri

Chairman & Managing Director

The Outcomes of Our Three “I” Formula

Our ability to innovate, invent and improve products has led to the development of a wide range of products grouped into five clusters with multiple applications. These include:

Aroma chemicals

At Yasho Industries Limited, we are the leading suppliers of essential oils in India. We are the market leaders for clove oil and its derivatives. Our products find applications primarily in the growing industries of Flavours & Fragrances. It also finds application in the Pharmaceutical industry, as a pain relief agent and also in cough and cold formulations. It is also utilised in dentifrices and oral care preparations including toothpaste, tooth powder and mouthwash. It is also used as an insect repellent.



Food antioxidants

Fatty oils and oil-based foods are prone to auto-oxidation that results in a rancid taste and unpleasant odour. Our antioxidants help inhibit the negative effects of oxidation. Our YANTQ brand of synthetic antioxidants have a superior antioxidative power and are designed to handle extreme temperatures. They help enhance the food nutrient content, keep it fresh and make it more appetising. They are also used in animal feed, vitamin pre-mixes and in nutraceuticals.

