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August 13, 2021

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 543277

National Stock Exchange Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051
Trading Symbol: LXCHEM

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we wish to inform you that the Company participated in the investor conference as given below:

Date and time	Type of Meeting / Event	Location
August 10, 2021 at 5.00 pm onwards	Investor & Analyst Meet to discuss performance for the quarter ended June 30, 2021 hosted by Christensen Advisory	Conference Call through dial-in

No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.

Further, please see enclosed the transcript of the Investor Presentation for Q1 FY22.

We request you to take the above on record.

Thanking you,

For **Laxmi Organic Industries Limited**

Aniket Bavchand Hirpara

Digitally signed by Aniket Bavchand Hirpara
Date: 2021.08.13 14:36:59 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

LAXMI ORGANIC INDUSTRIES LTD

"Laxmi Organic Industries Limited Q1 FY-22 Earnings Conference Call"

August 10, 2021

Organised by:

CHRISTENSEN ADVISORY

MANAGEMENT:	**MR. RAVI GOENKA – CHAIRMAN AND MANAGING DIRECTOR, LAXMI ORGANIC INDUSTRIES LIMITED** **MR. SATEJ NABAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED** **MR. HARSHVARDHAN GOENKA – EXECUTIVE DIRECTOR, BUSINESS DEVELOPMENT STRATEGY, LAXMI ORGANIC INDUSTRIES LIMITED** **MR. PARTHA ROY CHOWDHURY – CHIEF FINANCIAL OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY22 earnings conference call of Laxmi Organic Industries Limited. 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 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. Diwakar Pingle from Christensen Advisory. Thank you and over to you sir.

Diwakar Pingle: Thank you, Margaret. Welcome all the investors, good evening, good morning to whichever geography you are from. Welcome to the Q1 FY22 Earnings Call of Laxmi Organic Industries Limited.

Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance, or achievements to differ significantly from what is expressed or implied by such forward looking statements.

To take you through the results and to answer your questions, we have the top management of Laxmi represented by Mr. Ravi Goenka – Chairman and Managing Director; Mr. Satej Nabar – Executive Director and Chief Executive Officer; Mr. Harshvardhan Goenka – Executive Director, Business Development Strategy; and Mr. Partha Roy Chowdhury – Chief Financial Officer.

We will start the call with prepared remarks by Mr. Ravi Goenka, after which we will go on to the Q&A. Over to you Mr. Goenka.

Ravi Goenka: Thank you Mr. Pingle, appreciate. A very good evening everybody and welcome to our Q1 FY22 earnings call. I am delighted to be speaking to you and to present a commentary on this quarter's performance and give you an update on the events of the subsequent period.

At the outset, I must say that the second wave of COVID impacted the supply chain and the general operations, especially on manpower availability. Still our employees' dedication and commitment helped us surmount the challenges and we could turn in a strong performance this quarter. I thank my team and all Laxmi-ites for their efforts.

Some of the highlights of our financial performance:

Our operating revenues were at 690 crores versus 467 crores in the last financial quarter, Quarter 4 of last year, registering a 48% quarter-on-quarter growth. Our EBITDA was 137 crores versus 56 crores of the last quarter, a growth of 146% Q-o-Q. Our EBITDA margin stood at 19.82% against 11.88% and this is an expansion by almost 800 bps for this quarter-on-quarter. Our profit after tax on a standalone basis is 99 crores as compared to 31 crores in the last quarter, which is a growth of 216%. Our EPS was 3.74 compared to 1.34 in the last quarter.

It would be interesting to point out that the EBITDA and PAT for this quarter are at 67% and 80% of the last fiscal respectively. So indeed, we have a stellar financial performance this quarter.

While a lot of the investors might have a good understanding of our business, there could be many and some who are first-time attendees. For them, allow me to speak very briefly about our businesses. As you may know, we are primarily a B2B business currently operating in two verticals, the AI business, which is acetyl intermediates and the SI vertical, which is the Speciality intermediates. Our upcoming FI or the fluorochemical vertical is under implementation. At Laxmi, we cater to a large variety of end consumers, specifically in the pharma, agro, flexible packaging, colors, pigments, inks, paints, and coatings and across these sectors, the domestic demand has been growing at double digit rates over the last five years and expected to maintain trajectory over the next five as well, while the global demand is growing at a rate of 4% to 6% CAGR. We play a significant role in the acetyl intermediate business in India. Our company, along with its sister concern Yellowstone Chemicals Private Limited is one of the largest producers of the ethyl acetate.

Our company has over 33% of the share of the domestic market, and we are the largest exporter of the product to more than 25 countries. We are a consistent supplier to Europe over the last several years where we have a direct presence. We are also one of the largest suppliers of fuel grade ethanol to the oil marketing companies under the oil blending program of the government of India. Our specialty intermediates journey began with the acquisition of the diketene business of Clariant in 2010. Since then, we have increased our revenue more than five times, added 20 new products through our own in-house R&D and expanded the volume capacity by more than three times. Presently, we remain the only player of this platform in India as we speak and with a significant share of the domestic market.

In this vertical, in addition to the sectors mentioned above, we also cater to the needs of flavors and fragrances and the polyester industry. Our latest initiative is in the fluorospecialty space. We acquired the assets technology and other paperwork of Miteni SpA of Italy and currently we are in the process of relocating this plant at our new Greenfield site at Lote Parshuram in Maharashtra. This will introduce us to the world of organo fluorine compounds and electrochemical fluorination. This initiative will bring in a library of new high margin niche products, and at the same time de-risk ourselves by reducing dependency on a few volatile raw materials and a single location operation. This is an R&D intensive initiative, and our plan is to have an additional R&D center in Italy and this we shall soon achieve in the next six months to nine months. This will be our touch point with the European innovator companies in pharma, agro, and other segments.

With this background, let me now elaborate on some of the key drivers of the growth for this quarter. Our acetyl intermediates business showed a smart uptick attributable to better realizations and we capitalized on the market opportunity. This once again reinforced our confidence that we can achieve not only a cost pass through, but even a much higher margin, even in the face of a severe escalation in input costs while maintaining a high level of operational excellence. In the specialty intermediates, the growth can be attributed to both volumes and product optimization. Our SI business accorded the highest ever volumes this quarter and was helped by improved pricing levels as well. We have registered significant exports of the specialty intermediates which we shall continue to consolidate.

A bit of a setback and as you may have learnt, there were unprecedented flooding in the entire Raigad Ratnagiri Districts of Maharashtra in the last week of July. We were not spared. Nature's fury devastated our Speciality intermediate site and the entire MIDC of Mahad and all the factories had to be shut down, the power lines were disconnected, and the entire area was submerged in water of different levels. We at our factory had water levels of more than 14 to 16 feet. While our acetyl operations were marginally disrupted, operations at our specialty intermediate unit have been severely impacted. The unit had to undertake a safe shutdown due to the ingress of high levels of water, the disruption of power and a general flooding in the area. While there was no impact on human life and environment, damages brought about by the flood are quite extensive. Therefore, the specialty intermediate unit is currently under shutdown while the acetyl's unit is functioning at nearly full capacity. We are assessing the damages and the insurance survey is underway. The restoration work will start as soon as we have a stable power situation. While we are insured adequately including loss of profit, we expect that the performance of the specialty business will be impaired for part of this quarter. We expect some delays in the implementation of the ongoing CAPEXs is at our specialty intermediate site. However, the fluorochemical site has been unaffected and the ongoing CAPEX plans that Lote Parshuram remain on track. Despite an extremely challenging quarter two for the specialty business, we expect to achieve our fiscal 2022 business plans leveraging a robust performance of Quarter 1.

In conclusion, I assure you that as a team we are strong and resilient, and we shall emerge stronger from this challenge as well. I am confident of the long-term strategy and growth aspirations that we are pursuing and with your support I am sure we shall be able to scale greater heights in the times to come. I take this opportunity to once again thank all our employees, customers, and other business partners, and you, the investors for your support.

I will now pass on the mic to Mr. Pingle to throw open the floor for questions and answers. Thank you.

Diwakar Pingle: Margaret if you could go ahead, please, we could open up the lines.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amar Maurya from AlfAccurate Advisors.

Amar Maurya: Couple of questions from my side. Number one is, as you indicated that the specialty chemical plant in Mahad got impacted because of the flooding. How many weeks of the production got impacted because of this? And when do we expect that the plant will be running smoothly, that is number one. And then I have a few follow-ups.

Partha Roy Chowdhury: The floods happened between the 22nd and 23rd and the level of water was very-very high, powers were disrupted in the entire area including domestic power. And even today the power is not stable. So, the movements of the people inside to do the restoration work, the maintenance work, etc., is at a very slow pace. Insurance surveyors are there. So, we have already lost about 20 days of operations and currently we don't have an assessment in terms of when we can restart the plant at full capacity. However, given the configuration of our plants, it is going to start in a modular manner. We need to test the electricals; we are very heavy on electricals and instrumentation. We will have to take care of all the safety measures which is paramount for us and then we will restart. I think we are not really able to tell you right now what could be a possible date. Even the loss assessment is not yet complete.

Amar Maurya: Basically, when you say that already 20 days of production is lost, so are we having an adequate inventory, so that we can at least supply to our customers? And given the Q1 run rate, what I am trying to understand is that what kind of sentiment are you seeing at the customer level, because you are the only supplier for this particular product and largely then it is import.

Partha Roy Chowdhury: So, the business has two compartments. One is the acetyl. Our acetyl's business, which is around 60%, as you may see in the investor presentation also, is unaffected. It is working at near full capacity. So, that revenue stream is going on. As far as the Speciality unit is concerned, that is what is impacted. Even the stocks are impacted. It was under a lot of water. We have already started dispatching good materials to our customers. We are rationing them. We are in constant dialogue with our customers. We are aware of their predicament as well. So, my personal assessment is it should take another 7 to 10 days time for us to give any indication of when the supplies are going to resume, etc. Of course, we shall supply material out of stock, whatever is good material available, and we will reprocess whatever is recoverable.

Amar Maurya: And let's say, if there is any shortfall, so to maintain the customer relationship, will you be importing the raw material and sourcing it to the customer?

Partha Roy Chowdhury: Not as of now. That is not what our current thinking is. We will see how to deal with this situation in consultation with the customers.

Amar Maurya: But at least you would be having three months of inventory for the specialty?

Partha Roy Chowdhury: No, we don't have three months of inventory, number one. And we are not really looking at a stoppage of three months.

Amar Maurya: Correct. I am just trying to understand that. Thanks a lot.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Just wanted to understand if we set aside this Mahad flood situation, so on a normalized kind of a situation, how sustainable is the current performance in terms of margins or the other revenue?

Partha Roy Chowdhury: See, I cannot give you any numbers, Deepak, number one. But one of the ways of assessing this could be to, you have one quarter, you also have trailing quarters, which are in the public domain. So, if you take the trailing quarters and make some adjustments for the current realities, you should be able to arrive at a number which could be quite close. This is a methodology by which you can actually get an answer to this question. Current run rate is of course very high.

Moderator: The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: Just continuing with Mahad, given the significant impact on the SI front and our revenue contracts with the customers, how do you see the business overall shaping up? So let's say presuming, as you rightly mentioned, maybe it will take a couple of days or maybe a couple of weeks to start the facility on a modular fashion, but let's say, if I take a hit of the entire month on a worst case scenario, starting next month onwards will there be a loss of revenue for this one month or we should be able to recoup in terms of the volume uptake in the coming months once things stabilize and we start our operations?

Partha Roy Chowdhury: One line answer would be, Ankur, will be able to recoup. Now, are we going to recoup full 100% or are we going to do 80% or we are going to do 120%, is a matter which will probably emerge at a slightly later date. In the contractual supply also, we run with certain head rooms for certain exigencies, but not this kind of exigencies, of course. So, on an annualized basis we are not seeing too much of volumetric loss, Ankur.

Ankur Periwal: Sure, that will be helpful. Secondly, from this quarterly performance perspective, now obviously, a very strong performance there, just trying to see what part of the business slipped significantly here, was it largely led by the spread there? And as we heard earlier in the call and the management commented that higher volumes as well as pricing also benefited here. So, will it be possible to give some qualitative analysis there?

Partha Roy Chowdhury: Both, Ankur. So let me address SI first. In the SI we had really strong volumes in the quarter which has gone by. We produced at very high rates. We could fulfill all the customer demands which were at a higher level. We had new contracted products with new contracted customers which we started catering to. And for the first time we had 20% of our SI sales coming out from exports. So therefore, this is on the SI side. We also had price advantages because the acetic acid price was on an upswing. So, these two events helped us in the SI. In the AI, I think we have very successfully managed the escalation in the raw material costs, and we have been able to have a pass through not only of the cost, but there were higher margins which were available. So, these two are the primary reason. In acetyl we didn't have much volume advantage.

Ankur Periwal: So, the volume advantage was largely led by SI.

Partha Roy Chowdhury: Yes.

Ankur Periwal: Lastly, your sense on the acetyl space, the spreads overall globally and your thoughts in terms of incremental supply coming in, sustainability of margins there?

Partha Roy Chowdhury: I think I will give you a negative assurance. I am not seeing the margins crashing down, Ankur. We are already about 40 days into the current quarter. So, the margins will hold up at reasonable levels. Of course, they are not going to hold up at the levels of the last quarter, but they will hold up at reasonable levels. That's my personal sense. It's not a guidance. This information is available in public domain.

Moderator: The next question from the line of Shanti Patel from Shanti Patel Investment Advisors.

Shanti Patel: I joined a little late, so I don't know whether my question will be repetitive type or not. Now, what is our market share in respect of various verticals in which we are in India?

Partha Roy Chowdhury: See, our overall export in the current quarter is of the order of about 19% to 20%. So, 80% of sales is in the domestic market in this quarter. This could vary between 80% to say 70% depending on the relative margin profiles, etc. You may also take into consideration that we have certain amount of traded sales. What I am talking about is sales out of manufacturing. Approximately 10% to 12% of our top line is through trading. So, you need to make an adjustment for that.

Shanti Patel: My question was what is our market share in respect of the products in…

Partha Roy Chowdhury: Market share, I am sorry. So, the market share in the specialty intermediate space is between 50% and 60%. And in the acetyl space, it is between 30% to 35%.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers Ltd.

Bharat Shah: One question, one of the ponderable has been that despite, Laxmi Organic's strength in the two areas that it operates in, and with very strong customer relationship and a fair degree of domination, margins and the profitability have not reflected that. And therefore, return on capital employed also has not fully mirrored the strength of the business and the strength of the chemistry and the customer relationships. First quarter, that has gone by has given the first time a kind of glimpse as to potentially what it exists for Laxmi. How much of what has happened, a structural and on a long-term basis that will remain and may probably further improve, if we get onto the journey with scaling, etc.? Some of it may be for the time being, for the quarter gone by, due to favorable circumstances, so that may or may not remain, but structural part how much has been and how much more can it kind of improve over a period of time so that all that also eventually reflects into superior capital efficiency.

Partha Roy Chowdhury: So, Bharat bhai, there are 2-3 parts to this question. One is, when you look at the capital employed of Laxmi today, actually a lot of capital is deployed in the new initiatives and the CAPEX's which are going on. That's point number one. In terms of structural shift and where we see certain permanencies in terms of revenues and margins, etc., is the volume growth of our current specialty business. These volumes have grown based on customer demands, customer contracts and these are assured groups. As far as the acetyl's business is concerned, my sense is that there is a growing demand because of the demand polarizing out of the consuming industries, which is pharma, agro, packaging, paints, coatings, etc. As a result, there is a demand side growth which is getting converted into margin expansions. And if I plot these numbers over a fairly long period of time, this becomes very clear. But the spike that is there because of the input costs going up and therefore the selling prices are going up and then they are correcting, this is something which is not sustainable over a long time. But to get an assurance or a clearer picture on that, I think we need to see at least over the next, say three months and see where eventually it settles.

Bharat Shah: Let me put that question in a little alternate fashion. Long-term improvement in the profitability of a business would depend upon the strength of the chemistry, the cutting-edge technology involved, of course, the demand and sectors which may favorably or unfavorably affect, scale, volume, and new processes that we may have evolved either whatever effort at the cost efficiency and all that. So, clearly the kind of margins that Laxmi Organic in the past had were not fully reflective of the strength of the business and the strength of the chemistry and the customer relationship. The margins in the first quarter does it give some level of glimpse of the kind of strengths and the advantages that Laxmi as a business has built over a period of time. My question is, leave out the short-term picture. I mean, in the short run what has happened is not all that critical. Customers, special demand factors, temporary pull of the prices or whatever, on a more longer term over a journey when we think about, given the character of the business, the kind of margins that Laxmi should enjoy, should be very higher than what it has been in the past. So that is my belief. So, I am trying to understand how much of that is there?

Harshvardhan Goenka: Sure Bharat Bhai. Partha, let me try and take a crack at this. Perfectly what you said is something we recognize as well. And the two businesses that we have today operate with different philosophies. The cost and supply chain efficiencies which talk about the large scale and volume primarily come from our AI business. And as you rightly mentioned, some quarters can better than other quarters. But what is more structural for the kind of base that we have established is going to be a largely in the SI and FI segments. So, we have made several initiatives over the last, I would say ,12 to 24 months, which is what is resulting in this kind of SI performance and increase in volumes, etc. More of this will happen as we are able to execute our CAPEXs which are already under way and similarly you would see it in the FI. And of course, you have the third element of product mix change which will also come about in the SI segment in the coming quarters. So, that's how we are looking at the business. We understand that the AI would continue to have a demand growth at India consumption sort of patterns, but the specialties and the FI would have a much more significant growth and that's what will take up our capital in terms of investments.

Bharat Shah: Harsh, that's very helpful. Just one last thing if you can help me with that. Basically, what I understand based on what you say that AI there may be relatively more the degree of variation in the margin in the near term, based on topicality of the situation which is fine. But SI and FI would be on a structurally more sustained more predictable stronger journey. And therefore, if we let us say leave out the current quarter superior margin and all of that, if we leave it out of the computation and recognition, if we later look at 2 and 3 and 4 years ahead, this is not going to be flash in pan kind of a performance on margins. It's something that should sustain and hopefully will get better in order to reflect the realistic superior return on capital employed.

Harshvardhan Goenka: Exactly. Just to give you a number, in the last quarter we completed about Rs. 65 crores of CAPEX, which again all of that primarily in specialties / FI segments, which is what talks about moving into this direction.

Moderator: The next question is from the line of Dhruvam from HDFC Fund.

Dhruvam: Sir, just similar question from the earlier one but probably focusing one of the short-term things. The first question is on the AI business, if you can help us understand what's the market shape is just to better understand the business dynamics, what is driving such high margin, such high pricing that you are able to pass on the RM cost, is it extremely high demand. Is it some of the capacities are closed, is it inventory, is it probably the shipping cost which is probably benefiting or is it something else or combination of everything? If you can help us better understand the business dynamics?

Harshvardhan Goenka: Dhruvam, I will say in a simple line, I don't think it'll be fair to isolate it to any one factor. As mentioned previously, we've tried to build out this business in a very differentiated manner, which allows us to retain value, irrespective of raw material of finished goods prices. That's how we look at the business rather than try to play the market on either side.

Dhruvam: No, I was just trying to understand what are the dynamics that play in the industry which can drive it on the upside or the downside or on a steady state. So just trying to understand what played right now that the situation is such. Notwithstanding business on an independent basis but I will take a view, that's the only idea I was trying to understand.

Harshvardhan Goenka: Sure. I think its multiple factors Dhruv, in my opinion, it's got to do with, I would say largely supply chain efficiencies from RM to dispatching being regional customer. That's what enabled this to a large extent, plus our internal process and policies, which we adopt and live by, which sort of make this business consistently throw out cash, just the AI business. So, I think that's what defines it. Partha and Satej you want to add anything else.

Partha Roy Chowdhury: See, I mean, for me Harsh, the one sentence answer is one has to look at the industries that we are catering to. All these industries whether it is pharma, agro, packaging, printing, ink, whatever, all these industries have been growing at double digits rate over the last five years and they are going to grow at that rate. I think there has been a shift on the demand side mathematics, which is creating the pull for this, business. Ethyl Acetate is also replacing several, these Toluene, MIBK, etc., based solvents. So, there is a replacement which is happening. All this is eventually culminating into the demand side impact according to me, in addition to everything that you said.

Dhruvam: Secondly in the SI business you said that you have exported about 20% of sales this quarter. Earlier, if I recall correctly, you are largely a domestic player. Is it something new which if I understand correctly, is it something new which has come and these export volumes, can it grow significantly at some nature, some initial thoughts that you can speak on?

Harshvardhan Goenka: Sure. Even at the time of IPO, when we had gone about, we had specified this that one of the strategic new initiatives was to expand into certain new geographies. This has been coming, not coming, but work in progress over a fairly long period. Again, 18 to 24 months is when we started this activity long ago and to get qualifications product, the usual process to get win a customer trust is what started long back, which is what resulting in this. Of course, this will grow further. We do expect some of the new plants coming up to be primarily export driven as well, which will further add to this overall percentage.

Dhruvam: One last question, if I can squeeze in, is the ethanol business you spoke about, what is that share of the total business and I believe there's a new ethanol policy, do we benefit from the tailwind from that policy?

Partha Roy Chowdhury: Yes, we do. Currently the ethanol business share is very low in our business, but of course this policy is going to help us in a big way.

Moderator: The next question is from the line of Dhaval Shah from Girik Capital.

Dhaval Shah: A couple of questions. First one, if I heard it correctly, you mentioned the acetic prices were on the upside and that benefited us in the SI business. Did I understand it correctly? Is that the reason?

Partha Roy Chowdhury: Because acetic acid is a raw material for the SI business as well.

Dhaval Shah: So that’s a raw material and that’s why the finished prices were also higher.

Partha Roy Chowdhury: Yes. The escalation is in times, the escalation was not in percentage, so it has not gone up by 20%-30% it has gone up by 3.5x so it’s going to impact.

Dhaval Shah: That’s where we got the entire pass on and there was an expansion of margin on the SI business. The second question is as an FY21 we were around 84% utilized capacity in the AI business and now in the first quarter we see a lot of operating leverage also playing out. So, is it all a majorly coming? So, as you mentioned on the AI side, it was more of a pricing benefit, which we had and on the SI side it was a lot of mix of margin and operating leverage here?

Partha Roy Chowdhury: No, not margin and operating leverage. It is volume and operating leverage and pricing all three eventually culminated into the results which you have seen now.

Dhaval Shah: Would you share utilization levels of the SI business?

Partha Roy Chowdhury: Not really right now because we don't run that math’s to be very honest, because lot of it actually depends on the product-mix. We run that math’s once a year when we do the business plans, etcetera, but we don't really run it on a monthly or a quarterly basis. So, it's a function of product-mix as well.

Dhaval Shah: As the acetic acid prices from like Rs. 30 a Kg. went to around 90 in May which is what you're saying. If the prices go southward, then what is the impact?

Partha Roy Chowdhury: Then some of the prices correct. But the question is about the margin.

Dhaval Shah: Yes, the spread right?

Partha Roy Chowdhury: Yes.

Moderator: The next question from the line of Jignesh Kamani from GMO & Co.

Jignesh Kamani: On the SI business you're planning to say working on 2 or 3 new products so was there any revenue contribution from the new business meaningfully in the first quarter or mainly growth in the volume came from the export?

Harshvardhan Goenka: There were some new products which were in a very small way sold last year. They have picked up speed in this last quarter.

Jignesh Kamani: How is the volume in the domestic SI business or it was almost flat

Harshvardhan Goenka: So Jignesh, the domestic growth in terms of demand and volume is there even in Q1 and specifically to do with the SI. Of course, in AI the domestic growth we are seeing a lot more.

Moderator: The next question is from the line of Alisha Mahawla from Envision Capital.

Alisha Mahawla: I want an update on the FI business, is the new plant on track, are we expecting it in Q4 and any indication of how we expecting it to ramp up in year 1, 2, 3?

Harshvardhan Goenka: Alisha let me just simply put, we were lucky that the site at Lote was not that impacted by the floods and structural fabrication, etc., could continue at the site. We currently have more than 250 people odd working at the site in India and I think there are about 70 people odd in Italy which are busy dismantling the site over there. We expect that the containers are moving, have moved from the site itself of all the plant machinery etc. We are at still on track for a last quarter start. With respect to your second part of the question on the ramp up, we are targeting 70% of peak saying year one, though that might be a little aggressive. That's the internal target we are taking. We will see where we reach. We are already in touch with several customers that visited our sites, already visited our pilot plants to get the confidence that we have the tech, or we've absorbed the technology and ready to produce.

Alisha Mahawla: What is the total CAPEX doing? I know it was 100 million last year. How much we'll be looking to do this year to complete this one? What is the total CAPEX?

Harshvardhan Goenka: The FI business should take up about 270 to 280 crores in total.

Alisha Mahawla: And will you be comfortable sharing what is the expected asset turns in this?

Partha Roy Chowdhury: So, it should be 1.2 of that order, it will depend again on the product-mix and the asset turn will undergo change between year one of operation and year three of operations. If I may add two more sentences beyond what Harsh said, you see there was a time when the business plan was actually running behind the project implementation. Today the business plan visibility is far more, not far more is more than the project implementation visibility, because there has been a complete travel restriction and our teams have not been able to travel to Italy, which is actually coming in as a handicap for us just now. I think we need to keep this in mind.

Alisha Mahawla: My last question is on the CAPEX that we're looking to do in the SI business, you did mention that to understand there's a delay because of floods. What is the percentage capacity that we're looking to increase there and before floods when were we expecting them to come on stream?

Harshvardhan Goenka: Did you mean the SI business, Alisha?

Alisha Mahawla: Yes.

Harshvardhan Goenka: So, initially Alisha, we had planned for our plants the two major CAPEX is going on to be commissioned within this calendar year, in the latter half of this calendar year, but that might get further delayed, that damage assessment of all whatever had reached plant and was submerged in water is currently going on.

Alisha Mahawla: What was the capacity expansion we were looking for this business for SI?

Harshvardhan Goenka: We don't talk about volumes or product in this, but there were two specific plans for contractual requirements.

Moderator: The next question is from the line of Shanti Patel from Shanti Patel Investment Advisors.

Shanti Patel: My question is taking into consideration all the factors and the present prevailing situation, what will be the approximate turnover for the current year? That is 21-22. Will you be able to maintain the margin, which we were having in the past?

Partha Roy Chowdhury: To be very honest, you have seen the disconnect between the top-line, bottom-line in quarter one, right? It is a business which we operate, number one. On top of that, we have the floods, but as our chairman, Mr. Goenka had mentioned, we will still continue to drive our business plans, which we have finalized for ourselves in the beginning of the year. As I had responded to Ankur, we are not foreseeing any significant volumetric loss over the full year. I think this is the indication which we can give you.

Shanti Patel: No that is right. Quantitatively you say that it won't be less. I mean, just a rough idea that it won't be materially less as compared to the last year. Correct?

Partha Roy Chowdhury: No, I will not comment on this. I have a problem with this material world.

Shanti Patel: Fine. Secondly, the price of our product, I mean, as compared to last year what is the trend and what you can say about that?

Partha Roy Chowdhury: I think we'll need some time we'll have to see how the next two to three months span out. Then we'll probably have a sense of how the year is going to look like.

Moderator: The next question is from the line of Nitin Agarwal from DAM Capital.

Nitin Agarwal: Harsh, on the SI business, very qualitative look at the business outlook for the next two to three years, I guess one change which we've seen happening in the business is exports as a proportion of the business are going up, right? I mean, qualitatively as a business, what other changes do you see happening in the profile of this business part in the volume gain when you look to the next 2-3 years?

Harshvardhan Goenka: Hi Nitin, two, three things that we've been planning which are fairly simple for our business, I think export markets for existing and new products was the first thing, which is now started to play out in the last quarter. The second thing would be the launch of a few new products, which is currently undergoing CAPEXs and the third is contractual business. As a whole, the percentage of our contractual business will go up making this business a lot more sticky.

Nitin Agarwal: On this last part, you mentioned the contractual business. These are what? That is typically the business that you're envisaging is business which is like a dedicated business or dedicated products that you do exclusively for some clients or what will be the nature of this business?

Harshvardhan Goenka: In the classic term of a contract, there is a commitment from the customer side, for the certain product, with a certain volume over a certain time. Those will usually be on a longer-term basis. We classified these, if anything, more than three years. We are looking to push this more and more to that mark. That's what will change the way the SI business outlook. We are trying to drive this rather let me put it that way.

Nitin Agarwal: Aspirationally, where would you see this proportion be for the business in three years?

Harshvardhan Goenka: I won't give that number out Nitin, for obvious reasons.

Moderator: The next question is from the line of Ashish Singh an individual investor.

Ashish Singh: Good evening, sir. First congratulate for excellent numbers. Most of my queries have been answered. Just one is left. I just wanted to understand what is the impact of that container shortages which is going on in our business?

Partha Roy Chowdhury: We do not actually export in containers. Most of our cargo are liquid cargo, so they go in ISO tanks, and we have also been facing these challenges, but we have been able to manage so far. Freight rate as you know have also shot through the roof, but then we are living with it. Like everybody else.

Ashish Singh: Just a continuation, are we able to pass that increased freight charges?

Harshvardhan Goenka: So Ashish, let me put it in two perspectives. I think on the running business side, yes, we're able to pass those on to our customers. However, on the CAPEX front, there would be some escalation shipping costs, which is moving our plant from Italy to India. That assessment is on, but this is how we view the container and the shipping issues globally.

Moderator: The next question is from the line if Bharat Shah from ASK Investment Managers Ltd.

Bharat Shah: Either Partha Saab or Harsh, if we take a look at our business say three to five years hence, what are some of the things which are not visible today or visible only partially, but over these timeframe can change in better, the character, the strength and the quality of our business, not just in terms of the growth rate, but also in terms of the character of the business, say over the next three to five years, it maybe only partially be realized or partially visible or not visible, but something that excites you in terms of changing the complexion of the business over time?

Harshvardhan Goenka: Yes, I can start first. So, Bharat Bhai there are two primary trends that excite us a lot. When we speak to customers, and they are eager for us to grow. These are typically all international based customers in various ways and not doing classically too, but really going up the innovation value chain, using Indian scientists, technologies, etc. that really excites us. We've seen that with specific technologies, which we've been able to create technologies that don't exist anywhere else in the world. And that's what excites me personally. The second part is, on the FI business, I think there are some parts of the FI business which have a very-very high end of technology, which has never been part of the Indian chemical space. Leveraging this into a completely new industry is where we are seeing. It will be a small part in the first year of our FI portfolio, but off shooting that and making that exponentially grows what excites me Bharat Bhai.

Partha Roy Chowdhury: Bharat Bhai I am very audacious in the sense that if you look at the Flourine industry, Navin Flourine came in 1967, everybody else came in 1990-1991. They have reached the point where they are today in 30 years and our starting block is far ahead of them Bharat Bhai. That's my personal sense. Whatever we have got from Miteni gives us a solid head start. If you ask me, I mean, if we don't really do a blunder, then we'll do really well Bharat Bhai. You look at the Acetyl business that we have, it is a solid business, is a world scale business. We are seven, eight put together in the world and then we have the SI business which is housed alongside that. So, I think we have a great combination, great combination. We need some time we are new kids on the block. We've just, we, getting into visibility. We use these sessions, these questions as our learning sessions, as feedback from people who are experts and entrenched in this space. And, Yes, that's what excites me Bharat Bhai.

Bharat Shah: Sure. I am just being greedy, but any comments from Ravi ji.

Ravi Goenka: Bharat Bhai, I think clearly, we are putting all our best and we all in the chemical sector are going to see an unbelievable, unprecedented CAPEX cycle. I feel that our company is going to play one good role in this CAPEX cycle and take advantage because of our own skillsets, our execution capabilities, and our networks into this industry.

Bharat Shah: Sure. Thank you so much. I presume, the transformation that we are talking about is not merely due to external opportunity changing, of course that is required, but internally also we are transforming ourselves in order to match up to that.

Ravi Goenka: Absolutely Bharat Bhai. Absolutely.

Partha Roy Chowdhury: We have taken 30,000 square feet of R&D space just a few months back during these times, our CAPEX outflows are going unabated. We are batting an eyelid to rethink. We are really moving at speed, and I think we'll do well Bharat Bhai, God willing.

Bharat Shah: Congratulations to entire team and to Laxmi Organics.

Ravi Goenka: Thank you Bharat Bhai.

Moderator: The next question is from the line of Tanuj Khiyani an Individual Investor.

Tanuj Khiyani: All my questions have been answered. Thank you so much.

Moderator: The next question is from the line of Amar Maurya from AlfAccurate Advisors.

Amar Maurya: This question is for Harsh. Harsh Sir, wanted to understand like all our plants are largely located into Mahad, so this is a kind of a location, single location risk. Going forward, any new CAPEX which we are planning, are we planning to diversify the location from Mahad to somewhere else?

Harshvardhan Goenka: Indeed. I think the first one isn’t fluoro site is not in Mahad strategically speaking, it's in Lote, different geography completely. And that was done with the strategic intent. I think the next round of CAPEXs etc. would also have a similar thought process.

Amar Maurya: But then, we will be largely doing all our new locations also in Maharashtra, I mean, any plan to move from this location to somewhere in Dahej or Gujarat something like that.

Harshvardhan Goenka: I wouldn't want to comment on that right now until something is concrete, maybe little early to say. If and when at the appropriate time comes, we will inform you.

Moderator: The next question is from the line of Rohan Gupta from Edelweiss.

Rohan Gupta: This is just further elimination what you just mentioned on Bharat Bhai's question. You mentioned that on fluorine-based chemistry definitely your company having started and have brought into this business from a different scale altogether, while there are leading players in that business from quite long time. Can you give little bit more on this, your input in terms of our capabilities, chemistries and our client connect when we are competing with these old players like may be Navin, SRF when we are dealing and competing with these kind of players, established players in the market and what edge we have that helps us in getting the business of the customer or it is just on the ample opportunity which you are just offering, if you can elaborate a little more on that?

Harshvardhan Goenka: The first thing, the intent of getting this is not to compete with any of the existing players in this market. I think what Partha was trying to refer to be the Speciality fluorine nature in general and how companies have come up. We've been lucky to jump a part of the learning curve, through our acquisition. The second, none of the products that we are going to be starting off with compete or have been produced in India before. There is adequate market in the fluorine space. We are looking and choosing several pieces of that, what was made by Miteni before and where we believe we have a competitive edge.

Rohan Gupta: So, you want to say that there is enough opportunity for everyone without getting into each other's space. And in the fluorine chemistry when the product basket which we had selected we are not going to compete with any of these existing players?

Partha Roy Chowdhury: By and large, yes.

Rohan Gupta: Little bit more if you can share on fluorine-based chemistry if you have industry related data that what kind of opportunity size and the product basket which we are getting into and the processes which we are getting into over next two to five years. What kind of size of those products those markets can give because you said that, right now, none of these players are doing those kinds of product baskets, I just wanted to understand that when we are entering into these opportunities what can be the size and scale of that, if you can give some thoughts on that?

Harshvardhan Goenka: I don't talk product-wise, but the market size is more than 4 billion in terms of just our addressable size.

Rohan Gupta: Sorry Sir I didn't get the number?

Harshvardhan Goenka: $4 billion.

Rohan Gupta: Can you repeat again? I am sorry. I am not getting that number.

Harshvardhan Goenka: It is 4 billion US dollars.

Rohan Gupta: So, $4 billion is the size of the product or the chemistries in which we are getting into and right now none of these products are manufacturing in India and mostly it is going to be the import replacement opportunity or maybe export opportunities for us?

Harshvardhan Goenka: Both.

Moderator: Let's take one last question which is from the line of Pallavi from The Consulting Point.

Pallavi: I just wanted to understand in terms of ethanol, what could be the CAPEX and what percentage of it is met in-house currently?

Partha Roy Chowdhury: We produce ethanol. Are you talking about the oil, the absolute ethanol?

Pallavi: No. You produce ethanol, you use it also, how much is it outsourced in terms of your requirement, do you meet 100% in-house or do you also buy it from outside?

Partha Roy Chowdhury: No, we do about 20% of our requirement in-house, 70% to 80% is still bought out.

Pallavi: Would you be taking that percentage up and what would be the CAPEX for ethanol?

Partha Roy Chowdhury: We don't have a laid down thought on the table just now, Pallavi.

Moderator: As there are no further questions, I now hand the conference over to the management for closing comments.

Rajiv Goenka: Thank you very much Margaret and thank you everybody, the investors and just want to assure you that Laxmi is a transparent company, and we will share with you updates as we go along. We have aspirations to grow, to become one of the many respected global chemical specialty companies in the world. And it will take your good wishes and we look forward to live up to your expectations. Thank you.

Moderator: Thank you. On behalf of Laxmi Organic Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

LAXMI ORGANIC INDUSTRIES LTD

"Laxmi Organic Industries Limited Q1 FY-22 Earnings Conference Call"

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Organised by:

CHRISTENSEN ADVISORY

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MR. SATEJ NABAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED
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MR. PARTHA ROY CHOWDHURY – CHIEF FINANCIAL OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY22 earnings conference call of Laxmi Organic Industries Limited. 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 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. Diwakar Pingle from Christensen Advisory. Thank you and over to you sir.

Diwakar Pingle: Thank you, Margaret. Welcome all the investors, good evening, good morning to whichever geography you are from. Welcome to the Q1 FY22 Earnings Call of Laxmi Organic Industries Limited.

Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance, or achievements to differ significantly from what is expressed or implied by such forward looking statements.

To take you through the results and to answer your questions, we have the top management of Laxmi represented by Mr. Ravi Goenka – Chairman and Managing Director; Mr. Satej Nabar – Executive Director and Chief Executive Officer; Mr. Harshvardhan Goenka – Executive Director, Business Development Strategy; and Mr. Partha Roy Chowdhury – Chief Financial Officer.

We will start the call with prepared remarks by Mr. Ravi Goenka, after which we will go on to the Q&A. Over to you Mr. Goenka.

Ravi Goenka: Thank you Mr. Pingle, appreciate. A very good evening everybody and welcome to our Q1 FY22 earnings call. I am delighted to be speaking to you and to present a commentary on this quarter's performance and give you an update on the events of the subsequent period.

At the outset, I must say that the second wave of COVID impacted the supply chain and the general operations, especially on manpower availability. Still our employees' dedication and commitment helped us surmount the challenges and we could turn in a strong performance this quarter. I thank my team and all Laxmi-ites for their efforts.

Some of the highlights of our financial performance:

Our operating revenues were at 690 crores versus 467 crores in the last financial quarter, Quarter 4 of last year, registering a 48% quarter-on-quarter growth. Our EBITDA was 137 crores versus 56 crores of the last quarter, a growth of 146% Q-o-Q. Our EBITDA margin stood at 19.82% against 11.88% and this is an expansion by almost 800 bps for this quarter-on-quarter. Our profit after tax on a standalone basis is 99 crores as compared to 31 crores in the last quarter, which is a growth of 216%. Our EPS was 3.74 compared to 1.34 in the last quarter.

It would be interesting to point out that the EBITDA and PAT for this quarter are at 67% and 80% of the last fiscal respectively. So indeed, we have a stellar financial performance this quarter.

While a lot of the investors might have a good understanding of our business, there could be many and some who are first-time attendees. For them, allow me to speak very briefly about our businesses. As you may know, we are primarily a B2B business currently operating in two verticals, the AI business, which is acetyl intermediates and the SI vertical, which is the Speciality intermediates. Our upcoming FI or the fluorochemical vertical is under implementation. At Laxmi, we cater to a large variety of end consumers, specifically in the pharma, agro, flexible packaging, colors, pigments, inks, paints, and coatings and across these sectors, the domestic demand has been growing at double digit rates over the last five years and expected to maintain trajectory over the next five as well, while the global demand is growing at a rate of 4% to 6% CAGR. We play a significant role in the acetyl intermediate business in India. Our company, along with its sister concern Yellowstone Chemicals Private Limited is one of the largest producers of the ethyl acetate.

Our company has over 33% of the share of the domestic market, and we are the largest exporter of the product to more than 25 countries. We are a consistent supplier to Europe over the last several years where we have a direct presence. We are also one of the largest suppliers of fuel grade ethanol to the oil marketing companies under the oil blending program of the government of India. Our specialty intermediates journey began with the acquisition of the diketene business of Clariant in 2010. Since then, we have increased our revenue more than five times, added 20 new products through our own in-house R&D and expanded the volume capacity by more than three times. Presently, we remain the only player of this platform in India as we speak and with a significant share of the domestic market.

In this vertical, in addition to the sectors mentioned above, we also cater to the needs of flavors and fragrances and the polyester industry. Our latest initiative is in the fluorospecialty space. We acquired the assets technology and other paperwork of Miteni SpA of Italy and currently we are in the process of relocating this plant at our new Greenfield site at Lote Parshuram in Maharashtra. This will introduce us to the world of organo fluorine compounds and electrochemical fluorination. This initiative will bring in a library of new high margin niche products, and at the same time de-risk ourselves by reducing dependency on a few volatile raw materials and a single location operation. This is an R&D intensive initiative, and our plan is to have an additional R&D center in Italy and this we shall soon achieve in the next six months to nine months. This will be our touch point with the European innovator companies in pharma, agro, and other segments.

With this background, let me now elaborate on some of the key drivers of the growth for this quarter. Our acetyl intermediates business showed a smart uptick attributable to better realizations and we capitalized on the market opportunity. This once again reinforced our confidence that we can achieve not only a cost pass through, but even a much higher margin, even in the face of a severe escalation in input costs while maintaining a high level of operational excellence. In the specialty intermediates, the growth can be attributed to both volumes and product optimization. Our SI business accorded the highest ever volumes this quarter and was helped by improved pricing levels as well. We have registered significant exports of the specialty intermediates which we shall continue to consolidate.

A bit of a setback and as you may have learnt, there were unprecedented flooding in the entire Raigad Ratnagiri Districts of Maharashtra in the last week of July. We were not spared. Nature's fury devastated our Speciality intermediate site and the entire MIDC of Mahad and all the factories had to be shut down, the power lines were disconnected, and the entire area was submerged in water of different levels. We at our factory had water levels of more than 14 to 16 feet. While our acetyl operations were marginally disrupted, operations at our specialty intermediate unit have been severely impacted. The unit had to undertake a safe shutdown due to the ingress of high levels of water, the disruption of power and a general flooding in the area. While there was no impact on human life and environment, damages brought about by the flood are quite extensive. Therefore, the specialty intermediate unit is currently under shutdown while the acetyl’s unit is functioning at nearly full capacity. We are assessing the damages and the insurance survey is underway. The restoration work will start as soon as we have a stable power situation. While we are insured adequately including loss of profit, we expect that the performance of the specialty business will be impaired for part of this quarter. We expect some delays in the implementation of the ongoing CAPEXs is at our specialty intermediate site. However, the fluorochemical site has been unaffected and the ongoing CAPEX plans that Lote Parshuram remain on track. Despite an extremely challenging quarter two for the specialty business, we expect to achieve our fiscal 2022 business plans leveraging a robust performance of Quarter 1.

In conclusion, I assure you that as a team we are strong and resilient, and we shall emerge stronger from this challenge as well. I am confident of the long-term strategy and growth aspirations that we are pursuing and with your support I am sure we shall be able to scale greater heights in the times to come. I take this opportunity to once again thank all our employees, customers, and other business partners, and you, the investors for your support.

I will now pass on the mic to Mr. Pingle to throw open the floor for questions and answers. Thank you.

Diwakar Pingle: Margaret if you could go ahead, please, we could open up the lines.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amar Maurya from AlfAccurate Advisors.

Amar Maurya: Couple of questions from my side. Number one is, as you indicated that the specialty chemical plant in Mahad got impacted because of the flooding. How many weeks of the production got impacted because of this? And when do we expect that the plant will be running smoothly, that is number one. And then I have a few follow-ups.

Partha Roy Chowdhury: The floods happened between the 22nd and 23rd and the level of water was very-very high, powers were disrupted in the entire area including domestic power. And even today the power is not stable. So, the movements of the people inside to do the restoration work, the maintenance work, etc., is at a very slow pace. Insurance surveyors are there. So, we have already lost about 20 days of operations and currently we don't have an assessment in terms of when we can restart the plant at full capacity. However, given the configuration of our plants, it is going to start in a modular manner. We need to test the electricals; we are very heavy on electricals and instrumentation. We will have to take care of all the safety measures which is paramount for us and then we will restart. I think we are not really able to tell you right now what could be a possible date. Even the loss assessment is not yet complete.

Amar Maurya: Basically, when you say that already 20 days of production is lost, so are we having an adequate inventory, so that we can at least supply to our customers? And given the Q1 run rate, what I am trying to understand is that what kind of sentiment are you seeing at the customer level, because you are the only supplier for this particular product and largely then it is import.

Partha Roy Chowdhury: So, the business has two compartments. One is the acetyl. Our acetyl's business, which is around 60%, as you may see in the investor presentation also, is unaffected. It is working at near full capacity. So, that revenue stream is going on. As far as the Speciality unit is concerned, that is what is impacted. Even the stocks are impacted. It was under a lot of water. We have already started dispatching good materials to our customers. We are rationing them. We are in constant dialogue with our customers. We are aware of their predicament as well. So, my personal assessment is it should take another 7 to 10 days time for us to give any indication of when the supplies are going to resume, etc. Of course, we shall supply material out of stock, whatever is good material available, and we will reprocess whatever is recoverable.

Amar Maurya: And let's say, if there is any shortfall, so to maintain the customer relationship, will you be importing the raw material and sourcing it to the customer?

Partha Roy Chowdhury: Not as of now. That is not what our current thinking is. We will see how to deal with this situation in consultation with the customers.

Amar Maurya: But at least you would be having three months of inventory for the specialty?

Partha Roy Chowdhury: No, we don't have three months of inventory, number one. And we are not really looking at a stoppage of three months.

Amar Maurya: Correct. I am just trying to understand that. Thanks a lot.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Just wanted to understand if we set aside this Mahad flood situation, so on a normalized kind of a situation, how sustainable is the current performance in terms of margins or the other revenue?

Partha Roy Chowdhury: See, I cannot give you any numbers, Deepak, number one. But one of the ways of assessing this could be to, you have one quarter, you also have trailing quarters, which are in the public domain. So, if you take the trailing quarters and make some adjustments for the current realities, you should be able to arrive at a number which could be quite close. This is a methodology by which you can actually get an answer to this question. Current run rate is of course very high.

Moderator: The next question is from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: Just continuing with Mahad, given the significant impact on the SI front and our revenue contracts with the customers, how do you see the business overall shaping up? So let's say presuming, as you rightly mentioned, maybe it will take a couple of days or maybe a couple of weeks to start the facility on a modular fashion, but let's say, if I take a hit of the entire month on a worst case scenario, starting next month onwards will there be a loss of revenue for this one month or we should be able to recoup in terms of the volume uptake in the coming months once things stabilize and we start our operations?

Partha Roy Chowdhury: One line answer would be, Ankur, will be able to recoup. Now, are we going to recoup full 100% or are we going to do 80% or we are going to do 120%, is a matter which will probably emerge at a slightly later date. In the contractual supply also, we run with certain head rooms for certain exigencies, but not this kind of exigencies, of course. So, on an annualized basis we are not seeing too much of volumetric loss, Ankur.

Ankur Periwal: Sure, that will be helpful. Secondly, from this quarterly performance perspective, now obviously, a very strong performance there, just trying to see what part of the business slipped significantly here, was it largely led by the spread there? And as we heard earlier in the call and the management commented that higher volumes as well as pricing also benefited here. So, will it be possible to give some qualitative analysis there?

Partha Roy Chowdhury: Both, Ankur. So let me address SI first. In the SI we had really strong volumes in the quarter which has gone by. We produced at very high rates. We could fulfill all the customer demands which were at a higher level. We had new contracted products with new contracted customers which we started catering to. And for the first time we had 20% of our SI sales coming out from exports. So therefore, this is on the SI side. We also had price advantages because the acetic acid price was on an upswing. So, these two events helped us in the SI. In the AI, I think we have very successfully managed the escalation in the raw material costs, and we have been able to have a pass through not only of the cost, but there were higher margins which were available. So, these two are the primary reason. In acetyl we didn't have much volume advantage.

Ankur Periwal: So, the volume advantage was largely led by SI.

Partha Roy Chowdhury: Yes.

Ankur Periwal: Lastly, your sense on the acetyl space, the spreads overall globally and your thoughts in terms of incremental supply coming in, sustainability of margins there?

Partha Roy Chowdhury: I think I will give you a negative assurance. I am not seeing the margins crashing down, Ankur. We are already about 40 days into the current quarter. So, the margins will hold up at reasonable levels. Of course, they are not going to hold up at the levels of the last quarter, but they will hold up at reasonable levels. That's my personal sense. It's not a guidance. This information is available in public domain.

Moderator: The next question from the line of Shanti Patel from Shanti Patel Investment Advisors.

Shanti Patel: I joined a little late, so I don't know whether my question will be repetitive type or not. Now, what is our market share in respect of various verticals in which we are in India?

Partha Roy Chowdhury: See, our overall export in the current quarter is of the order of about 19% to 20%. So, 80% of sales is in the domestic market in this quarter. This could vary between 80% to say 70% depending on the relative margin profiles, etc. You may also take into consideration that we have certain amount of traded sales. What I am talking about is sales out of manufacturing. Approximately 10% to 12% of our top line is through trading. So, you need to make an adjustment for that.

Shanti Patel: My question was what is our market share in respect of the products in…

Partha Roy Chowdhury: Market share, I am sorry. So, the market share in the specialty intermediate space is between 50% and 60%. And in the acetyl space, it is between 30% to 35%.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers Ltd.

Bharat Shah: One question, one of the ponderable has been that despite, Laxmi Organic's strength in the two areas that it operates in, and with very strong customer relationship and a fair degree of domination, margins and the profitability have not reflected that. And therefore, return on capital employed also has not fully mirrored the strength of the business and the strength of the chemistry and the customer relationships. First quarter, that has gone by has given the first time a kind of glimpse as to potentially what it exists for Laxmi. How much of what has happened, a structural and on a long-term basis that will remain and may probably further improve, if we get onto the journey with scaling, etc.? Some of it may be for the time being, for the quarter gone by, due to favorable circumstances, so that may or may not remain, but structural part how much has been and how much more can it kind of improve over a period of time so that all that also eventually reflects into superior capital efficiency.

Partha Roy Chowdhury: So, Bharat bhai, there are 2-3 parts to this question. One is, when you look at the capital employed of Laxmi today, actually a lot of capital is deployed in the new initiatives and the CAPEX's which are going on. That's point number one. In terms of structural shift and where we see certain permanencies in terms of revenues and margins, etc., is the volume growth of our current specialty business. These volumes have grown based on customer demands, customer contracts and these are assured groups. As far as the acetyl's business is concerned, my sense is that there is a growing demand because of the demand polarizing out of the consuming industries, which is pharma, agro, packaging, paints, coatings, etc. As a result, there is a demand side growth which is getting converted into margin expansions. And if I plot these numbers over a fairly long period of time, this becomes very clear. But the spike that is there because of the input costs going up and therefore the selling prices are going up and then they are correcting, this is something which is not sustainable over a long time. But to get an assurance or a clearer picture on that, I think we need to see at least over the next, say three months and see where eventually it settles.

Bharat Shah: Let me put that question in a little alternate fashion. Long-term improvement in the profitability of a business would depend upon the strength of the chemistry, the cutting-edge technology involved, of course, the demand and sectors which may favorably or unfavorably affect, scale, volume, and new processes that we may have evolved either whatever effort at the cost efficiency and all that. So, clearly the kind of margins that Laxmi Organic in the past had were not fully reflective of the strength of the business and the strength of the chemistry and the customer relationship. The margins in the first quarter does it give some level of glimpse of the kind of strengths and the advantages that Laxmi as a business has built over a period of time. My question is, leave out the short-term picture. I mean, in the short run what has happened is not all that critical. Customers, special demand factors, temporary pull of the prices or whatever, on a more longer term over a journey when we think about, given the character of the business, the kind of margins that Laxmi should enjoy, should be very higher than what it has been in the past. So that is my belief. So, I am trying to understand how much of that is there?

Harshvardhan Goenka: Sure Bharat Bhai. Partha, let me try and take a crack at this. Perfectly what you said is something we recognize as well. And the two businesses that we have today operate with different philosophies. The cost and supply chain efficiencies which talk about the large scale and volume primarily come from our AI business. And as you rightly mentioned, some quarters can better than other quarters. But what is more structural for the kind of base that we have established is going to be a largely in the SI and FI segments. So, we have made several initiatives over the last, I would say ,12 to 24 months, which is what is resulting in this kind of SI performance and increase in volumes, etc. More of this will happen as we are able to execute our CAPEXs which are already under way and similarly you would see it in the FI. And of course, you have the third element of product mix change which will also come about in the SI segment in the coming quarters. So, that's how we are looking at the business. We understand that the AI would continue to have a demand growth at India consumption sort of patterns, but the specialties and the FI would have a much more significant growth and that's what will take up our capital in terms of investments.

Bharat Shah: Harsh, that's very helpful. Just one last thing if you can help me with that. Basically, what I understand based on what you say that AI there may be relatively more the degree of variation in the margin in the near term, based on topicality of the situation which is fine. But SI and FI would be on a structurally more sustained more predictable stronger journey. And therefore, if we let us say leave out the current quarter superior margin and all of that, if we leave it out of the computation and recognition, if we later look at 2 and 3 and 4 years ahead, this is not going to be flash in pan kind of a performance on margins. It's something that should sustain and hopefully will get better in order to reflect the realistic superior return on capital employed.

Harshvardhan Goenka: Exactly. Just to give you a number, in the last quarter we completed about Rs. 65 crores of CAPEX, which again all of that primarily in specialties / FI segments, which is what talks about moving into this direction.

Moderator: The next question is from the line of Dhruvam from HDFC Fund.

Dhruvam: Sir, just similar question from the earlier one but probably focusing one of the short-term things. The first question is on the AI business, if you can help us understand what's the market shape is just to better understand the business dynamics, what is driving such high margin, such high pricing that you are able to pass on the RM cost, is it extremely high demand. Is it some of the capacities are closed, is it inventory, is it probably the shipping cost which is probably benefiting or is it something else or combination of everything? If you can help us better understand the business dynamics?

Harshvardhan Goenka: Dhruvam, I will say in a simple line, I don't think it'll be fair to isolate it to any one factor. As mentioned previously, we've tried to build out this business in a very differentiated manner, which allows us to retain value, irrespective of raw material of finished goods prices. That's how we look at the business rather than try to play the market on either side.

Dhruvam: No, I was just trying to understand what are the dynamics that play in the industry which can drive it on the upside or the downside or on a steady state. So just trying to understand what played right now that the situation is such. Notwithstanding business on an independent basis but I will take a view, that's the only idea I was trying to understand.

Harshvardhan Goenka: Sure. I think its multiple factors Dhruv, in my opinion, it's got to do with, I would say largely supply chain efficiencies from RM to dispatching being regional customer. That's what enabled this to a large extent, plus our internal process and policies, which we adopt and live by, which sort of make this business consistently throw out cash, just the AI business. So, I think that's what defines it. Partha and Satej you want to add anything else.

Partha Roy Chowdhury: See, I mean, for me Harsh, the one sentence answer is one has to look at the industries that we are catering to. All these industries whether it is pharma, agro, packaging, printing, ink, whatever, all these industries have been growing at double digits rate over the last five years and they are going to grow at that rate. I think there has been a shift on the demand side mathematics, which is creating the pull for this, business. Ethyl Acetate is also replacing several, these Toluene, MIBK, etc., based solvents. So, there is a replacement which is happening. All this is eventually culminating into the demand side impact according to me, in addition to everything that you said.

Dhruvam: Secondly in the SI business you said that you have exported about 20% of sales this quarter. Earlier, if I recall correctly, you are largely a domestic player. Is it something new which if I understand correctly, is it something new which has come and these export volumes, can it grow significantly at some nature, some initial thoughts that you can speak on?

Harshvardhan Goenka: Sure. Even at the time of IPO, when we had gone about, we had specified this that one of the strategic new initiatives was to expand into certain new geographies. This has been coming, not coming, but work in progress over a fairly long period. Again, 18 to 24 months is when we started this activity long ago and to get qualifications product, the usual process to get win a customer trust is what started long back, which is what resulting in this. Of course, this will grow further. We do expect some of the new plants coming up to be primarily export driven as well, which will further add to this overall percentage.

Dhruvam: One last question, if I can squeeze in, is the ethanol business you spoke about, what is that share of the total business and I believe there's a new ethanol policy, do we benefit from the tailwind from that policy?

Partha Roy Chowdhury: Yes, we do. Currently the ethanol business share is very low in our business, but of course this policy is going to help us in a big way.

Moderator: The next question is from the line of Dhaval Shah from Girik Capital.

Dhaval Shah: A couple of questions. First one, if I heard it correctly, you mentioned the acetic prices were on the upside and that benefited us in the SI business. Did I understand it correctly? Is that the reason?

Partha Roy Chowdhury: Because acetic acid is a raw material for the SI business as well.

Dhaval Shah: So that’s a raw material and that’s why the finished prices were also higher.

Partha Roy Chowdhury: Yes. The escalation is in times, the escalation was not in percentage, so it has not gone up by 20%-30% it has gone up by 3.5x so it’s going to impact.

Dhaval Shah: That’s where we got the entire pass on and there was an expansion of margin on the SI business. The second question is as an FY21 we were around 84% utilized capacity in the AI business and now in the first quarter we see a lot of operating leverage also playing out. So, is it all a majorly coming? So, as you mentioned on the AI side, it was more of a pricing benefit, which we had and on the SI side it was a lot of mix of margin and operating leverage here?

Partha Roy Chowdhury: No, not margin and operating leverage. It is volume and operating leverage and pricing all three eventually culminated into the results which you have seen now.

Dhaval Shah: Would you share utilization levels of the SI business?

Partha Roy Chowdhury: Not really right now because we don't run that math’s to be very honest, because lot of it actually depends on the product-mix. We run that math’s once a year when we do the business plans, etcetera, but we don't really run it on a monthly or a quarterly basis. So, it’s a function of product-mix as well.

Dhaval Shah: As the acetic acid prices from like Rs. 30 a Kg. went to around 90 in May which is what you're saying. If the prices go southward, then what is the impact?

Partha Roy Chowdhury: Then some of the prices correct. But the question is about the margin.

Dhaval Shah: Yes, the spread right?

Partha Roy Chowdhury: Yes.

Moderator: The next question from the line of Jignesh Kamani from GMO & Co.

Jignesh Kamani: On the SI business you’re planning to say working on 2 or 3 new products so was there any revenue contribution from the new business meaningfully in the first quarter or mainly growth in the volume came from the export?

Harshvardhan Goenka: There were some new products which were in a very small way sold last year. They have picked up speed in this last quarter.

Jignesh Kamani: How is the volume in the domestic SI business or it was almost flat

Harshvardhan Goenka: So Jignesh, the domestic growth in terms of demand and volume is there even in Q1 and specifically to do with the SI. Of course, in AI the domestic growth we are seeing a lot more.

Moderator: The next question is from the line of Alisha Mahawla from Envision Capital.

Alisha Mahawla: I want an update on the FI business, is the new plant on track, are we expecting it in Q4 and any indication of how we expecting it to ramp up in year 1, 2, 3?

Harshvardhan Goenka: Alisha let me just simply put, we were lucky that the site at Lote was not that impacted by the floods and structural fabrication, etc., could continue at the site. We currently have more than 250 people odd working at the site in India and I think there are about 70 people odd in Italy which are busy dismantling the site over there. We expect that the containers are moving, have moved from the site itself of all the plant machinery etc. We are at still on track for a last quarter start. With respect to your second part of the question on the ramp up, we are targeting 70% of peak saying year one, though that might be a little aggressive. That's the internal target we are taking. We will see where we reach. We are already in touch with several customers that visited our sites, already visited our pilot plants to get the confidence that we have the tech, or we've absorbed the technology and ready to produce.

Alisha Mahawla: What is the total CAPEX doing? I know it was 100 million last year. How much we'll be looking to do this year to complete this one? What is the total CAPEX?

Harshvardhan Goenka: The FI business should take up about 270 to 280 crores in total.

Alisha Mahawla: And will you be comfortable sharing what is the expected asset turns in this?

Partha Roy Chowdhury: So, it should be 1.2 of that order, it will depend again on the product-mix and the asset turn will undergo change between year one of operation and year three of operations. If I may add two more sentences beyond what Harsh said, you see there was a time when the business plan was actually running behind the project implementation. Today the business plan visibility is far more, not far more is more than the project implementation visibility, because there has been a complete travel restriction and our teams have not been able to travel to Italy, which is actually coming in as a handicap for us just now. I think we need to keep this in mind.

Alisha Mahawla: My last question is on the CAPEX that we're looking to do in the SI business, you did mention that to understand there's a delay because of floods. What is the percentage capacity that we're looking to increase there and before floods when were we expecting them to come on stream?

Harshvardhan Goenka: Did you mean the SI business, Alisha?

Alisha Mahawla: Yes.

Harshvardhan Goenka: So, initially Alisha, we had planned for our plants the two major CAPEX is going on to be commissioned within this calendar year, in the latter half of this calendar year, but that might get further delayed, that damage assessment of all whatever had reached plant and was submerged in water is currently going on.

Alisha Mahawla: What was the capacity expansion we were looking for this business for SI?

Harshvardhan Goenka: We don't talk about volumes or product in this, but there were two specific plans for contractual requirements.

Moderator: The next question is from the line of Shanti Patel from Shanti Patel Investment Advisors.

Shanti Patel: My question is taking into consideration all the factors and the present prevailing situation, what will be the approximate turnover for the current year? That is 21-22. Will you be able to maintain the margin, which we were having in the past?

Partha Roy Chowdhury: To be very honest, you have seen the disconnect between the top-line, bottom-line in quarter one, right? It is a business which we operate, number one. On top of that, we have the floods, but as our chairman, Mr. Goenka had mentioned, we will still continue to drive our business plans, which we have finalized for ourselves in the beginning of the year. As I had responded to Ankur, we are not foreseeing any significant volumetric loss over the full year. I think this is the indication which we can give you.

Shanti Patel: No that is right. Quantitatively you say that it won't be less. I mean, just a rough idea that it won't be materially less as compared to the last year. Correct?

Partha Roy Chowdhury: No, I will not comment on this. I have a problem with this material world.

Shanti Patel: Fine. Secondly, the price of our product, I mean, as compared to last year what is the trend and what you can say about that?

Partha Roy Chowdhury: I think we'll need some time we'll have to see how the next two to three months span out. Then we'll probably have a sense of how the year is going to look like.

Moderator: The next question is from the line of Nitin Agarwal from DAM Capital.

Nitin Agarwal: Harsh, on the SI business, very qualitative look at the business outlook for the next two to three years, I guess one change which we've seen happening in the business is exports as a proportion of the business are going up, right? I mean, qualitatively as a business, what other changes do you see happening in the profile of this business part in the volume gain when you look to the next 2-3 years?

Harshvardhan Goenka: Hi Nitin, two, three things that we've been planning which are fairly simple for our business, I think export markets for existing and new products was the first thing, which is now started to play out in the last quarter. The second thing would be the launch of a few new products, which is currently undergoing CAPEXs and the third is contractual business. As a whole, the percentage of our contractual business will go up making this business a lot more sticky.

Nitin Agarwal: On this last part, you mentioned the contractual business. These are what? That is typically the business that you're envisaging is business which is like a dedicated business or dedicated products that you do exclusively for some clients or what will be the nature of this business?

Harshvardhan Goenka: In the classic term of a contract, there is a commitment from the customer side, for the certain product, with a certain volume over a certain time. Those will usually be on a longer-term basis. We classified these, if anything, more than three years. We are looking to push this more and more to that mark. That's what will change the way the SI business outlook. We are trying to drive this rather let me put it that way.

Nitin Agarwal: Aspirationally, where would you see this proportion be for the business in three years?

Harshvardhan Goenka: I won't give that number out Nitin, for obvious reasons.

Moderator: The next question is from the line of Ashish Singh an individual investor.

Ashish Singh: Good evening, sir. First congratulate for excellent numbers. Most of my queries have been answered. Just one is left. I just wanted to understand what is the impact of that container shortages which is going on in our business?

Partha Roy Chowdhury: We do not actually export in containers. Most of our cargo are liquid cargo, so they go in ISO tanks, and we have also been facing these challenges, but we have been able to manage so far. Freight rate as you know have also shot through the roof, but then we are living with it. Like everybody else.

Ashish Singh: Just a continuation, are we able to pass that increased freight charges?

Harshvardhan Goenka: So Ashish, let me put it in two perspectives. I think on the running business side, yes, we're able to pass those on to our customers. However, on the CAPEX front, there would be some escalation shipping costs, which is moving our plant from Italy to India. That assessment is on, but this is how we view the container and the shipping issues globally.

Moderator: The next question is from the line if Bharat Shah from ASK Investment Managers Ltd.

Bharat Shah: Either Partha Saab or Harsh, if we take a look at our business say three to five years hence, what are some of the things which are not visible today or visible only partially, but over these timeframe can change in better, the character, the strength and the quality of our business, not just in terms of the growth rate, but also in terms of the character of the business, say over the next three to five years, it maybe only partially be realized or partially visible or not visible, but something that excites you in terms of changing the complexion of the business over time?

Harshvardhan Goenka: Yes, I can start first. So, Bharat Bhai there are two primary trends that excite us a lot. When we speak to customers, and they are eager for us to grow. These are typically all international based customers in various ways and not doing classically too, but really going up the innovation value chain, using Indian scientists, technologies, etc. that really excites us. We've seen that with specific technologies, which we've been able to create technologies that don't exist anywhere else in the world. And that's what excites me personally. The second part is, on the FI business, I think there are some parts of the FI business which have a very-very high end of technology, which has never been part of the Indian chemical space. Leveraging this into a completely new industry is where we are seeing. It will be a small part in the first year of our FI portfolio, but off shooting that and making that exponentially grows what excites me Bharat Bhai.

Partha Roy Chowdhury: Bharat Bhai I am very audacious in the sense that if you look at the Flourine industry, Navin Flourine came in 1967, everybody else came in 1990-1991. They have reached the point where they are today in 30 years and our starting block is far ahead of them Bharat Bhai. That's my personal sense. Whatever we have got from Miteni gives us a solid head start. If you ask me, I mean, if we don't really do a blunder, then we'll do really well Bharat Bhai. You look at the Acetyl business that we have, it is a solid business, is a world scale business. We are seven, eight put together in the world and then we have the SI business which is housed alongside that. So, I think we have a great combination, great combination. We need some time we are new kids on the block. We've just, we, getting into visibility. We use these sessions, these questions as our learning sessions, as feedback from people who are experts and entrenched in this space. And, Yes, that's what excites me Bharat Bhai.

Bharat Shah: Sure. I am just being greedy, but any comments from Ravi ji.

Ravi Goenka: Bharat Bhai, I think clearly, we are putting all our best and we all in the chemical sector are going to see an unbelievable, unprecedented CAPEX cycle. I feel that our company is going to play one good role in this CAPEX cycle and take advantage because of our own skillsets, our execution capabilities, and our networks into this industry.

Bharat Shah: Sure. Thank you so much. I presume, the transformation that we are talking about is not merely due to external opportunity changing, of course that is required, but internally also we are transforming ourselves in order to match up to that.

Ravi Goenka: Absolutely Bharat Bhai. Absolutely.

Partha Roy Chowdhury: We have taken 30,000 square feet of R&D space just a few months back during these times, our CAPEX outflows are going unabated. We are batting an eyelid to rethink. We are really moving at speed, and I think we'll do well Bharat Bhai, God willing.

Bharat Shah: Congratulations to entire team and to Laxmi Organics.

Ravi Goenka: Thank you Bharat Bhai.

Moderator: The next question is from the line of Tanuj Khiyani an Individual Investor.

Tanuj Khiyani: All my questions have been answered. Thank you so much.

Moderator: The next question is from the line of Amar Maurya from AlfAccurate Advisors.

Amar Maurya: This question is for Harsh. Harsh Sir, wanted to understand like all our plants are largely located into Mahad, so this is a kind of a location, single location risk. Going forward, any new CAPEX which we are planning, are we planning to diversify the location from Mahad to somewhere else?

Harshvardhan Goenka: Indeed. I think the first one isn’t fluoro site is not in Mahad strategically speaking, it's in Lote, different geography completely. And that was done with the strategic intent. I think the next round of CAPEXs etc. would also have a similar thought process.

Amar Maurya: But then, we will be largely doing all our new locations also in Maharashtra, I mean, any plan to move from this location to somewhere in Dahej or Gujarat something like that.

Harshvardhan Goenka: I wouldn't want to comment on that right now until something is concrete, maybe little early to say. If and when at the appropriate time comes, we will inform you.

Moderator: The next question is from the line of Rohan Gupta from Edelweiss.

Rohan Gupta: This is just further elimination what you just mentioned on Bharat Bhai's question. You mentioned that on fluorine-based chemistry definitely your company having started and have brought into this business from a different scale altogether, while there are leading players in that business from quite long time. Can you give little bit more on this, your input in terms of our capabilities, chemistries and our client connect when we are competing with these old players like may be Navin, SRF when we are dealing and competing with these kind of players, established players in the market and what edge we have that helps us in getting the business of the customer or it is just on the ample opportunity which you are just offering, if you can elaborate a little more on that?

Harshvardhan Goenka: The first thing, the intent of getting this is not to compete with any of the existing players in this market. I think what Partha was trying to refer to be the Speciality fluorine nature in general and how companies have come up. We've been lucky to jump a part of the learning curve, through our acquisition. The second, none of the products that we are going to be starting off with compete or have been produced in India before. There is adequate market in the fluorine space. We are looking and choosing several pieces of that, what was made by Miteni before and where we believe we have a competitive edge.

Rohan Gupta: So, you want to say that there is enough opportunity for everyone without getting into each other's space. And in the fluorine chemistry when the product basket which we had selected we are not going to compete with any of these existing players?

Partha Roy Chowdhury: By and large, yes.

Rohan Gupta: Little bit more if you can share on fluorine-based chemistry if you have industry related data that what kind of opportunity size and the product basket which we are getting into and the processes which we are getting into over next two to five years. What kind of size of those products those markets can give because you said that, right now, none of these players are doing those kinds of product baskets, I just wanted to understand that when we are entering into these opportunities what can be the size and scale of that, if you can give some thoughts on that?

Harshvardhan Goenka: I don't talk product-wise, but the market size is more than 4 billion in terms of just our addressable size.

Rohan Gupta: Sorry Sir I didn't get the number?

Harshvardhan Goenka: $4 billion.

Rohan Gupta: Can you repeat again? I am sorry. I am not getting that number.

Harshvardhan Goenka: It is 4 billion US dollars.

Rohan Gupta: So, $4 billion is the size of the product or the chemistries in which we are getting into and right now none of these products are manufacturing in India and mostly it is going to be the import replacement opportunity or maybe export opportunities for us?

Harshvardhan Goenka: Both.

Moderator: Let's take one last question which is from the line of Pallavi from The Consulting Point.

Pallavi: I just wanted to understand in terms of ethanol, what could be the CAPEX and what percentage of it is met in-house currently?

Partha Roy Chowdhury: We produce ethanol. Are you talking about the oil, the absolute ethanol?

Pallavi: No. You produce ethanol, you use it also, how much is it outsourced in terms of your requirement, do you meet 100% in-house or do you also buy it from outside?

Partha Roy Chowdhury: No, we do about 20% of our requirement in-house, 70% to 80% is still bought out.

Pallavi: Would you be taking that percentage up and what would be the CAPEX for ethanol?

Partha Roy Chowdhury: We don't have a laid down thought on the table just now, Pallavi.

Moderator: As there are no further questions, I now hand the conference over to the management for closing comments.

Ravi Goenka: Thank you very much Margaret and thank you everybody, the investors and just want to assure you that Laxmi is a transparent company, and we will share with you updates as we go along. We have aspirations to grow, to become one of the many respected global chemical specialty companies in the world. And it will take your good wishes and we look forward to live up to your expectations. Thank you.

Moderator: Thank you. On behalf of Laxmi Organic Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.