



LAXMI ORGANIC INDUSTRIES LTD



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Investor Presentation – 10th August, 2021



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Agenda

01 Company overview

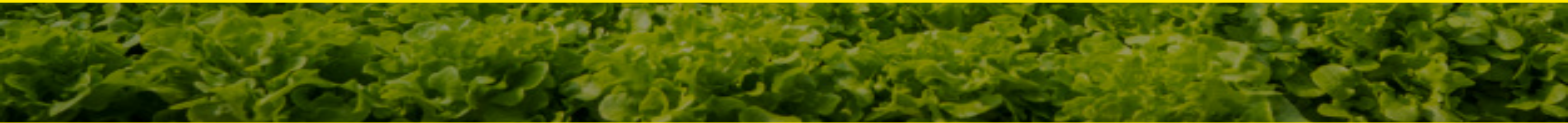
02 Business

03 Strategy

04 Financials



Company overview



LAXMI ORGANIC INDUSTRIES LTD



Large scale organic chemical manufacturing for **more than three decades**



Combined with YCPL the Company will become the **largest manufacturer of Ethyl Acetate (ETAC)** in India and among the top 7 in the world



Only manufacturer of Diketene derivatives in India with ~55% market share



Forayed into **high margin specialty fluorochemicals** by acquisition of Miteni, Italy



Diversified portfolio of **more than 50 products** catering to pharma, agro, paints & coatings, printing & packaging, dyes & pigments industry segments



Global footprint with offices in Europe, China, Middle-East with stock points in Europe



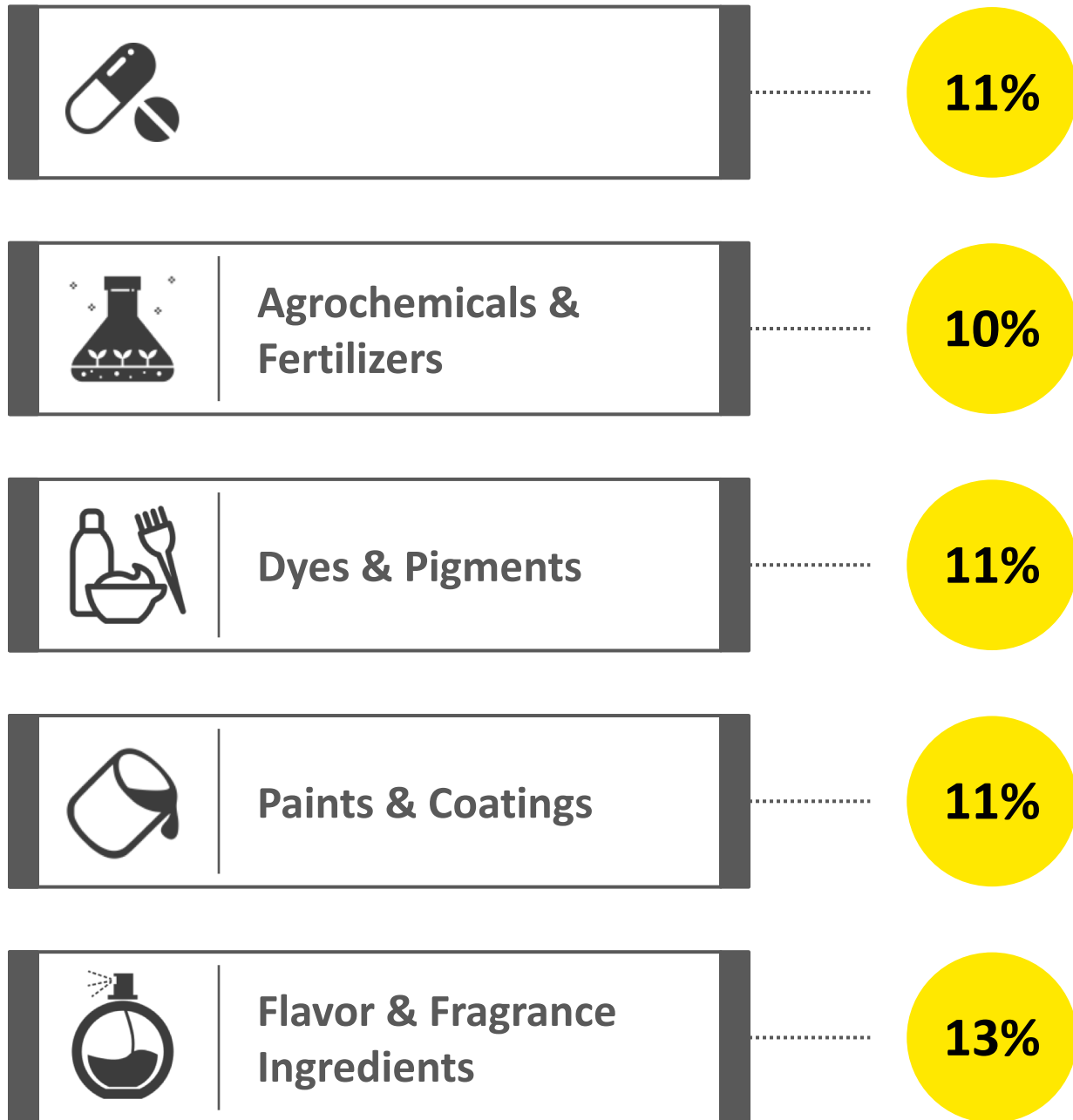
Marque customers in high growth applications in **30+ countries**



DSIR approved 2 R&D facilities with state-of-the-art infrastructure



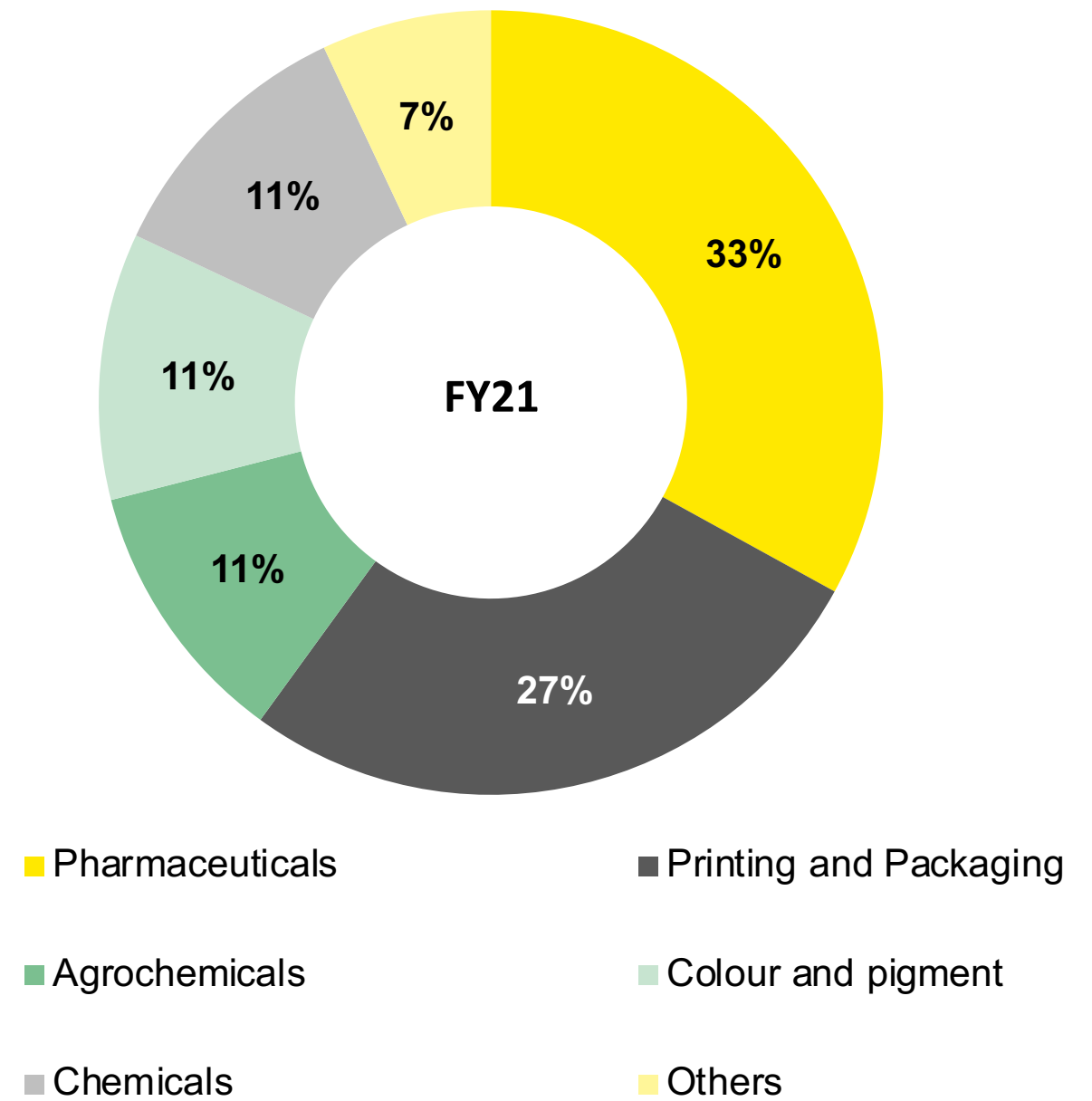
India market - Growth (2019-24 CAGR)



Source: Frost & Sullivan Report

Diversified customer base

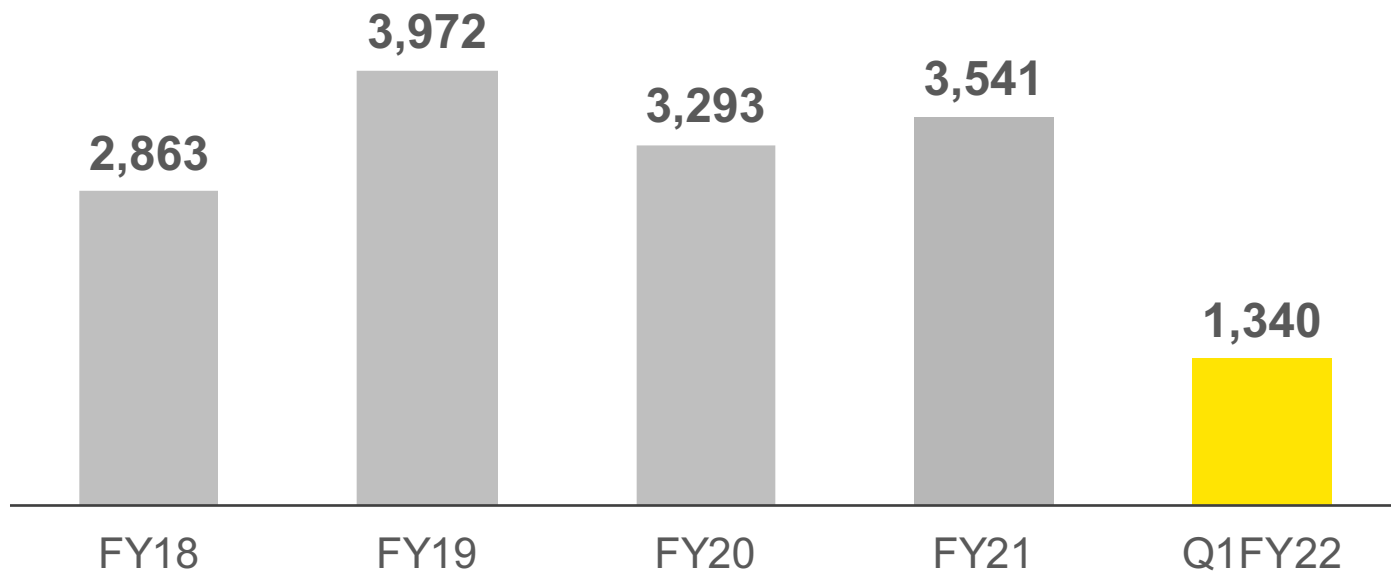
% of revenue from sale of manufactured products & services





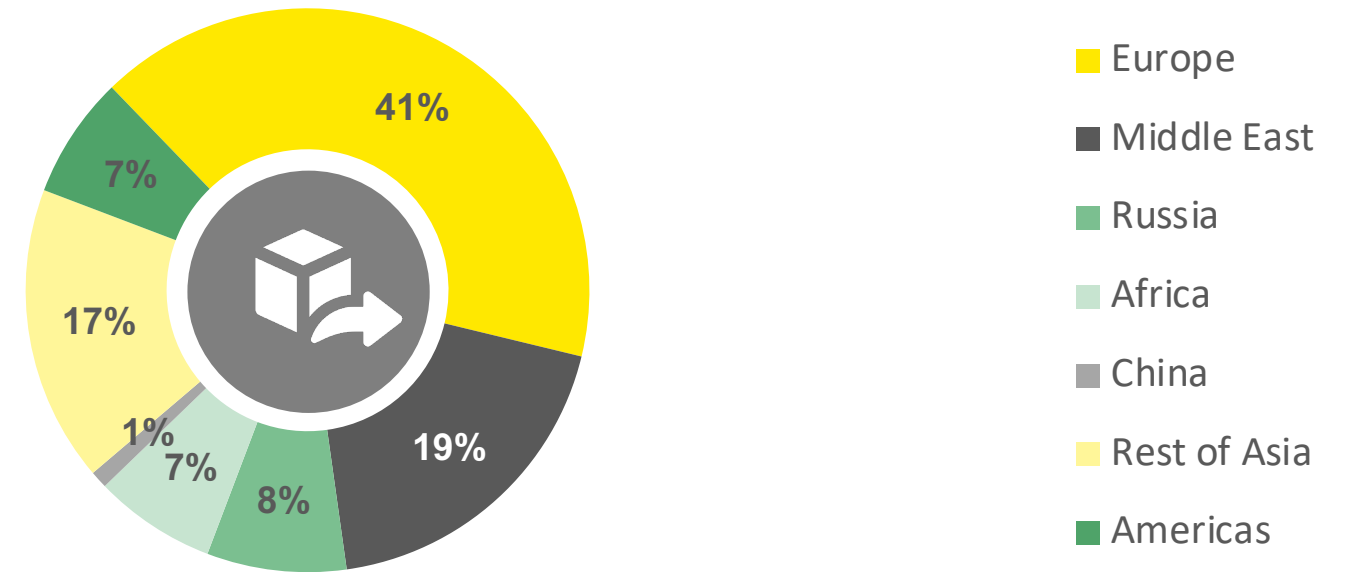
Robust export earnings

(INR Mn)



Low dependence on a single export market

FY21 sale break-up



Customers in 30+ countries, including UK, USA and UAE among others



Local presence & International offices facilitate in sales & market insights



Arrangements for storage of finished products in key markets ensures delivery on short notice



Consistent technology absorption to develop new potential marketable products

- Developed five different chemistry platforms on commercial scale
- Addition of 34 New Products to the SI Platform in the last 8 years
- 2 of the new piloted molecules in SI ready for commercialization

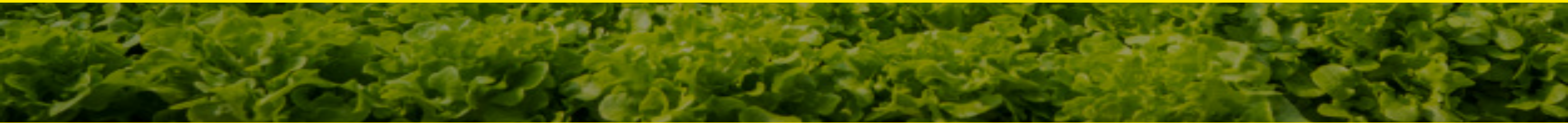


R&D – Key growth driver of business

- Two DSIR recognised R&D facilities working on ketene, diketene & other complex chemistries
- Dedicated team of 49 employees – focused on innovations in chemistry & engineering
- Unlocked value in various complex chemistries, resulting in higher margins & revenues
- Patent in European countries and USA



Business



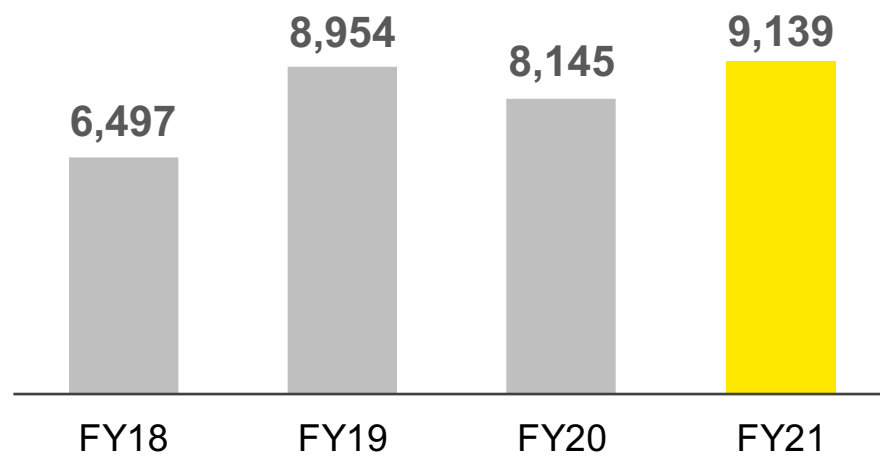
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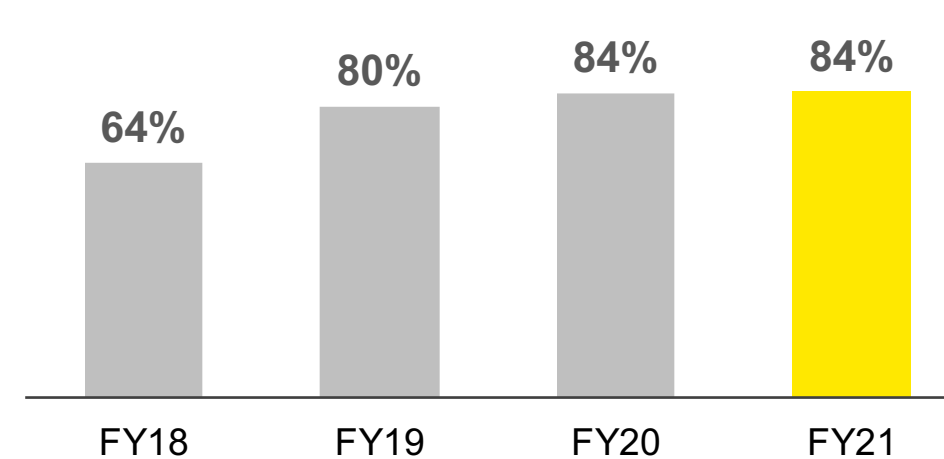
Comprising of ETAC, acetaldehyde, ethanol & other customised solvents

Revenue

(INR Mn)



... Growing capacity utilisation



Expanding manufacturing capabilities

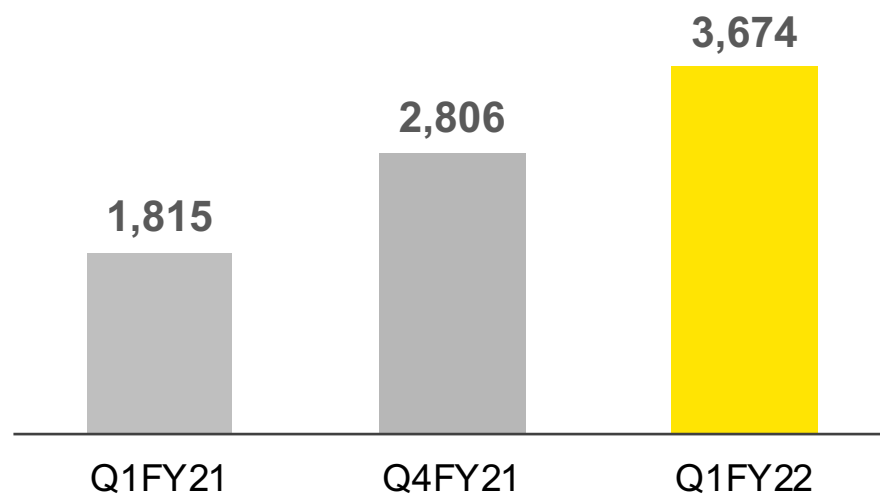
161,000 MTPA + Acquisition of YCPL



201,020 MTPA

Q1FY22 AI performance

(INR Mn)



Competitive edge

- Strong conversion efficiencies aid consistent contribution margin across business cycles
- Strategic location, backward integration, large storage capabilities help achieve economies of scale

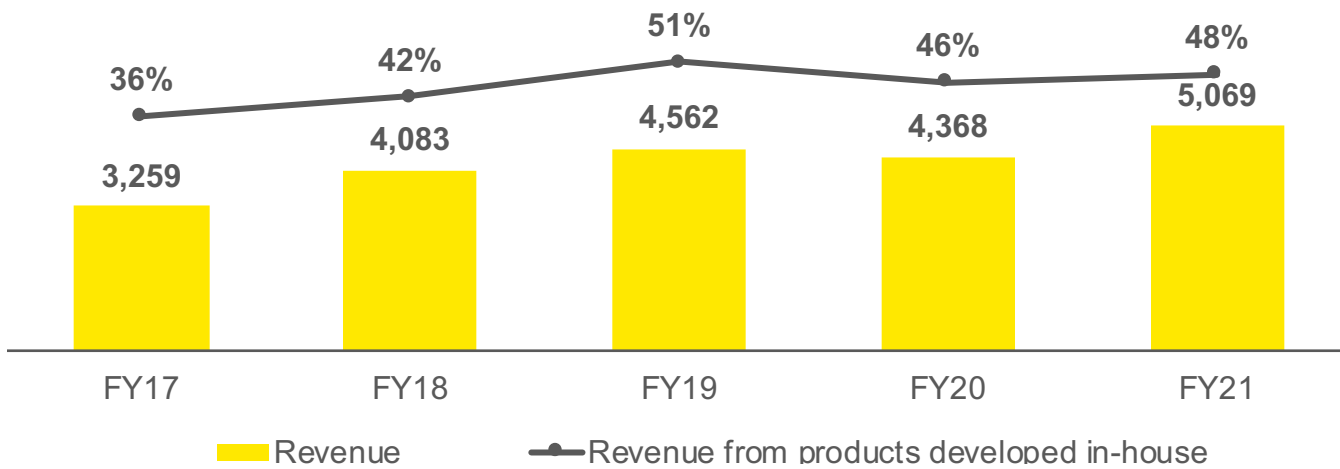
Overview of Specialty Intermediates (SI) business



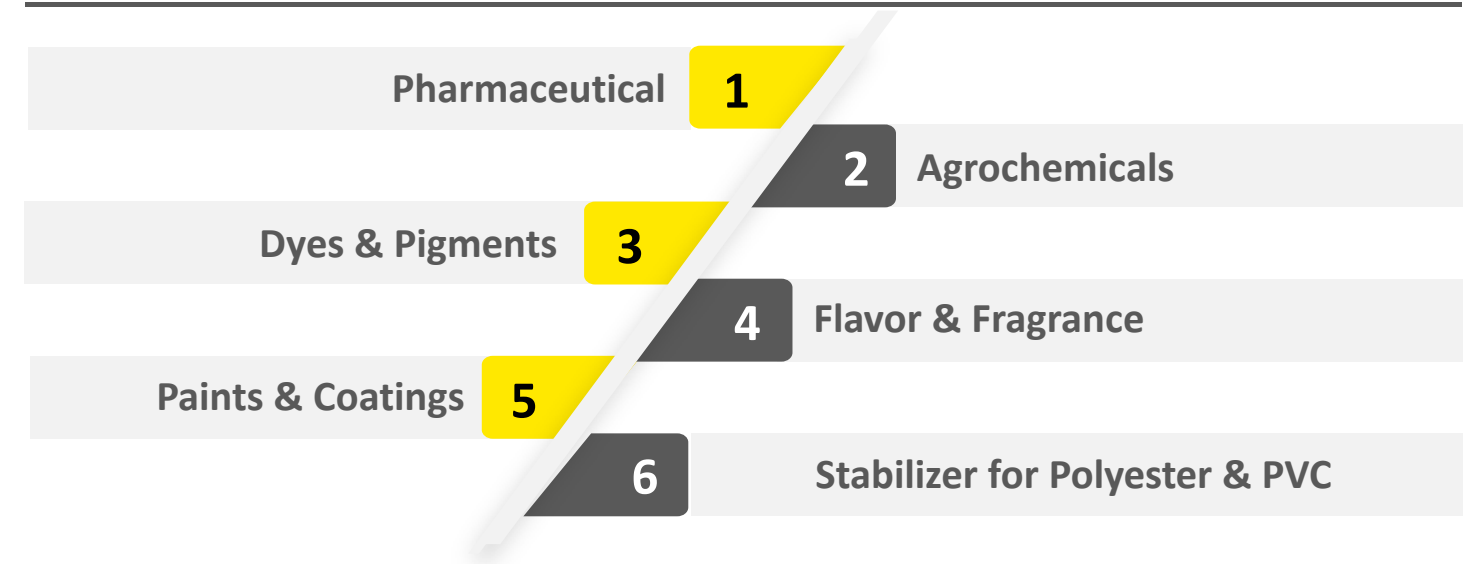
Basket of 34+ products – ketene, diketene derivatives (esters, acetic anhydride, amides, arylides & others)

Healthy revenue contribution from new products

(INR Mn)

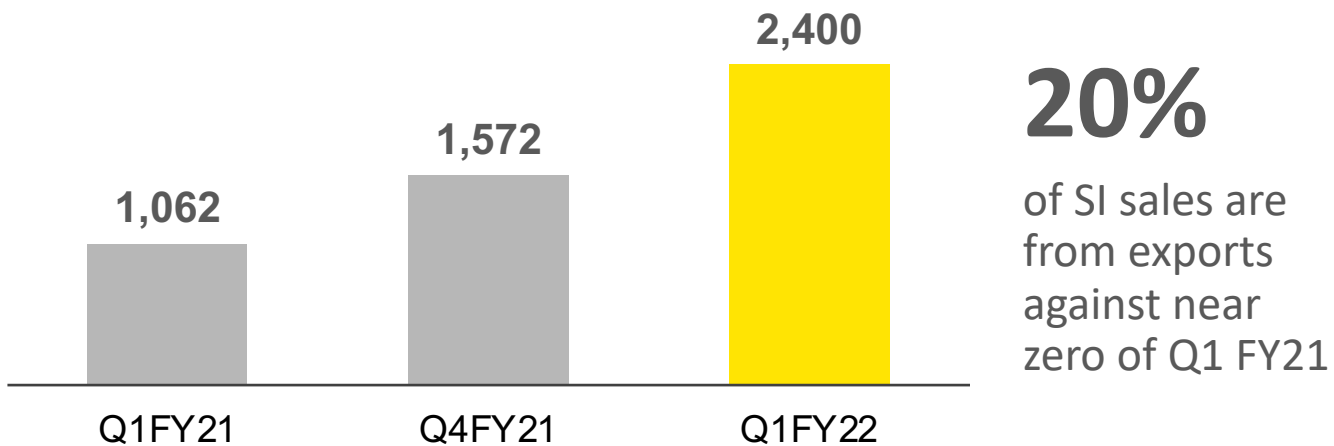


Highly versatile products



Q1FY22 - SI performance

(INR Mn)



Broad based growth

- Product mix optimization improving profitability
- Acquisition of significant international accounts



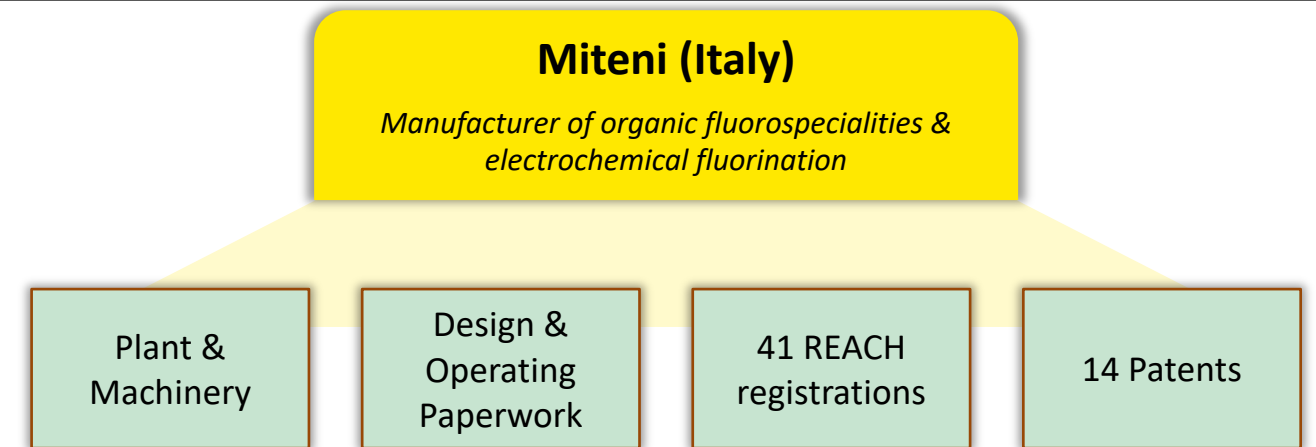
Growth drivers of fluorochemicals

- One in every 3 new APIs will be based on fluorine chemistry
- Upto 20% of pharma molecules contain Fluorine atom
- 50% of agrochemical molecules developed recently have fluorine



Laxmi well poised to leverage the opportunity with its experience in complex chemistries

Diversification into high margin fluorospeciality chemicals..



World-class technology, library of 100+ products in R&D and scale-up stages, multi-purpose facility

Progress

- Total spend till 31st March 21 – Rs. 1000 million
- R&D in India – Kilo Lab operations have started
- Dismantling activities have restarted and the initial container loads will start in June 21
- Civil and infrastructure work at Lote, India is more than 50% complete
- A team of more than 40 is working in India and Italy
- R&D in Italy – Plan to start by end of Q2 FY22



Strategy



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Increasing global footprint

- Creation of **subsidiary in USA** with an aim of having a **stock point in the US**
- Operationalise **Chinese subsidiary** and **have stock point in China** to support exports to China



Continuing focus on innovation

- Leverage know-how in complex chemistries to **add downstream & value-added products**
- New products in AI & SI segment to have **synergies in raw materials & processes with existing products**
- **Dedicated R&D unit for fluorospecialty** for long term growth opportunity
- **Acquired 30000 sq ft of R&D floor space** near Mumbai

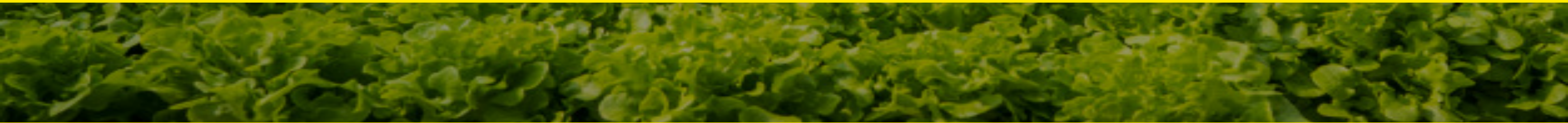


Establishing the fluorospecialty business

- **Capture market share of Miteni**, utilising existing chemistries & past customer base
- **Dismantle & relocate assets to India**, with marketing support in Europe
- **Leverage existing relationships** in pharma & agro sector to boost market entry



Financial performance



LAXMI ORGANIC INDUSTRIES LTD



Mr. Ravi Goenka

Chairman & Managing Director

“I am pleased to announce that Laxmi Organic Industries has delivered a robust financial performance in this quarter. The operating revenues came in at INR 6,897 Mn as against INR 3,537 Mn in Q1FY21 and INR 4,674 Mn in Q4FY21. The strong growth in revenues was fueled by 102% and 126% Y-o-Y growth in Acetyl Intermediates (AI) and Specialty Intermediates (SI), respectively. Similarly, the AI and SI grew by 31% and 53% respectively on Q-o-Q basis. The strong performance in AI business was attributable to higher realizations, whereas the SI business was driven by both volume and pricing. Our SI business recorded the highest volumes this quarter and delivered 20% export revenue. The demand from end-user industries also remained strong. This resulted in corresponding growth of 268% and 431% Y-o-Y basis in EBITDA and PAT, respectively. Similarly, the EBITDA and PAT grew by 146% and 216% respectively on Q-o-Q basis.”

He also added “The floods in Maharashtra in July impaired our operations in Mahad, and our SI unit has been severely impacted. The SI unit has suffered a complete shut down in operations with flooding, lack of electricity, and other structural damages brought about by the flood. We are insured adequately, including loss of profit. Currently we are in the midst of assessing our damages and the insurance survey is underway, suffice to say that this will have a significant impact on our performance for this quarter.

As a company, we are strong and resilient, and we have proved that time and again. So, we are certain that we will be able to emerge stronger from this challenge as well.”

Standalone Profit and Loss Statement



PARTICULARS (in INR Millions)	Q1 FY22	Q4 FY21	Q1 FY21	Q-o-Q	Y-o-Y
Revenue From Operations	6,897	4,674	3,537	48 %	95 %
Other Income	55	34	18	62 %	206 %
Total Income	6,952	4,708	3,555	48 %	96 %
Total Operating Expenses	5,530	4,119	3,166	34 %	75 %
EBITDA	1,367	556	371	146 %	268 %
EBITDA Margins	19.82 %	11.88 %	10.50 %	794 bps	932 bps
PBT	1,291	426	244	203 %	428 %
PAT	987	312	186	216 %	431 %
EPS	3.74	1.34	0.83	179 %	351 %

Revenue Split (in INR Mn)

3,674

AI

↑ 102% Y-o-Y ↑ 31% Q-o-Q

2,400

SI

↑ 126% Y-o-Y ↑ 53% Q-o-Q

878

Others

↑ 29% Y-o-Y ↑ 197% Q-o-Q

Consolidated Profit and Loss Statement



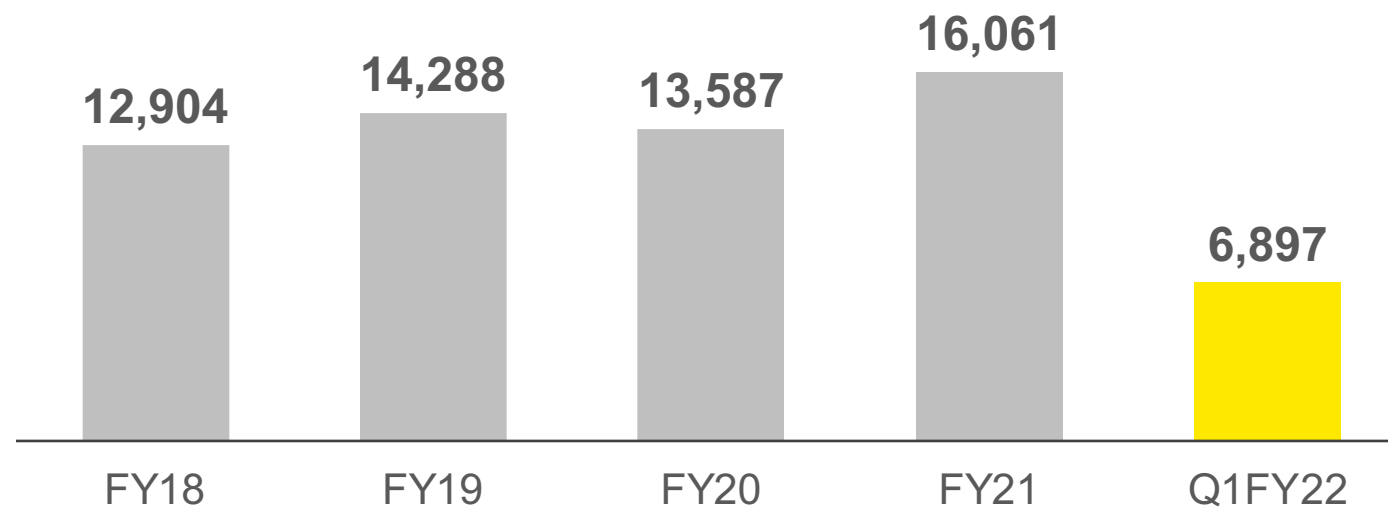
PARTICULARS (in INR Millions)	Q1 FY22	Q4 FY21	Q1 FY21	Q-o-Q	Y-o-Y
Revenue From Operations	7,364	5,195	4,036	42 %	82 %
Other Income	43	17	5	144 %	714 %
Total Income	7,406	5,213	4,041	42 %	83 %
Total Operating Expenses	5,911	4,559	3,617	30 %	63 %
EBITDA	1,453	637	420	128 %	246 %
EBITDA Margins	19.73%	12.26%	10.40%	747 bps	933 bps
PBT	1,359	487	275	179 %	395 %
PAT	1,023	364	214	181 %	379 %
EPS	3.88	1.56	0.95	149 %	308 %

Financial performance trend



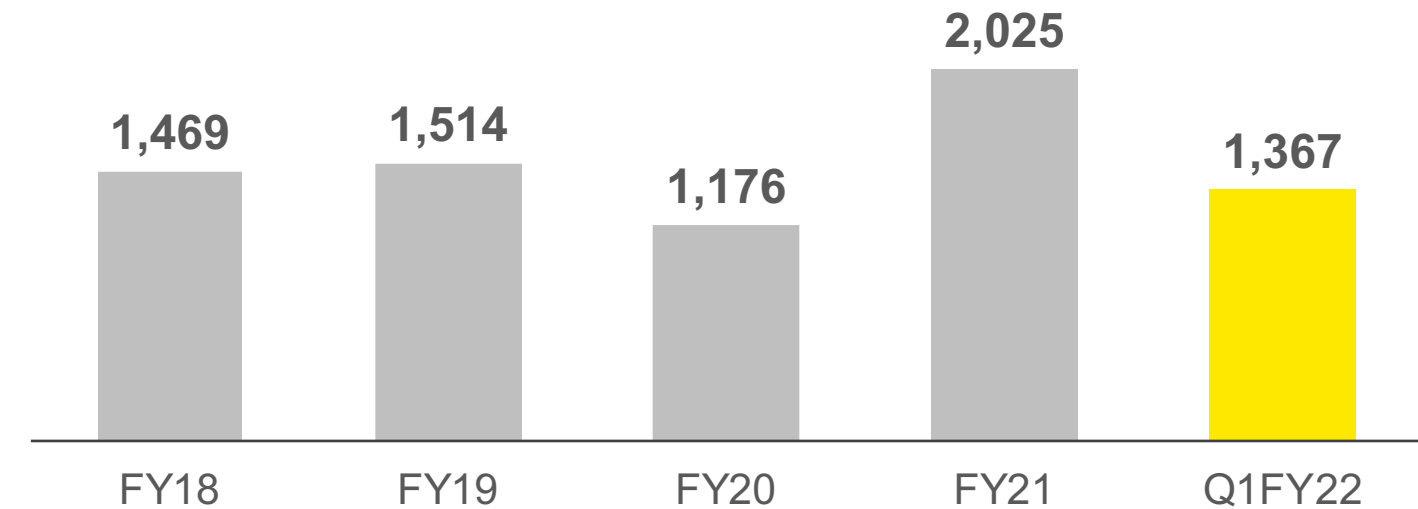
Revenue from operations

(INR Mn)



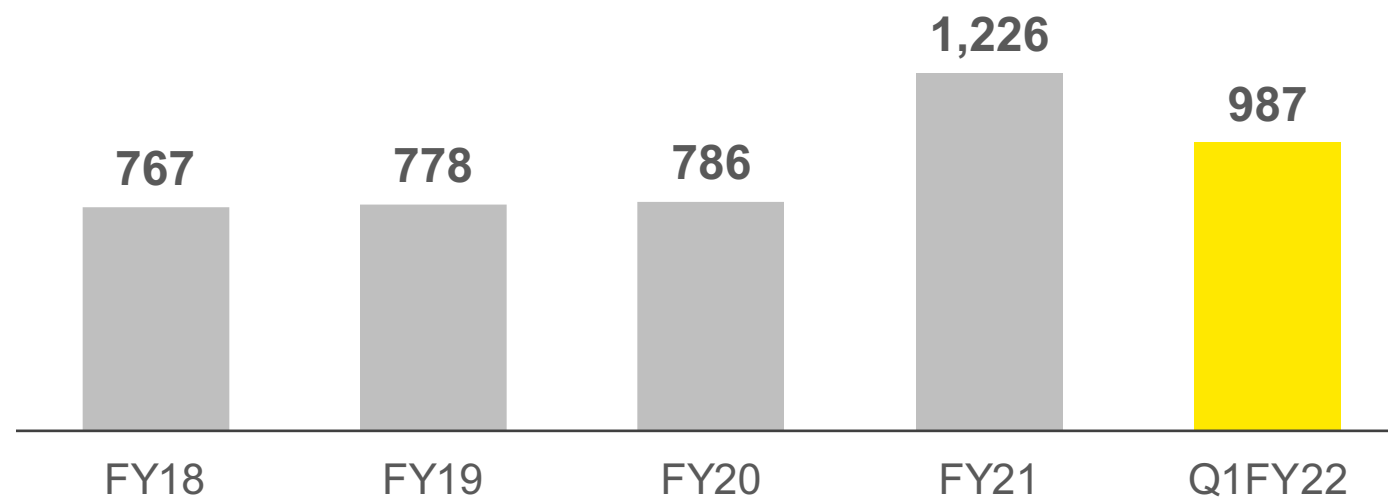
EBITDA profile

(INR Mn)



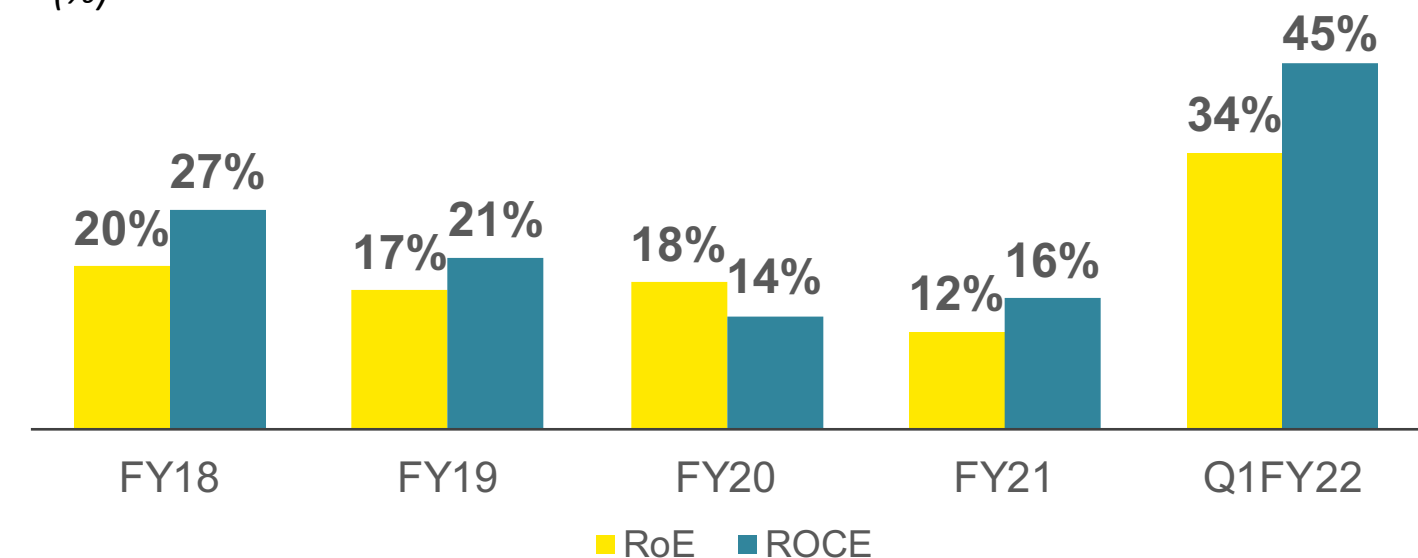
PAT profile

(INR Mn)



Return ratios

(%)

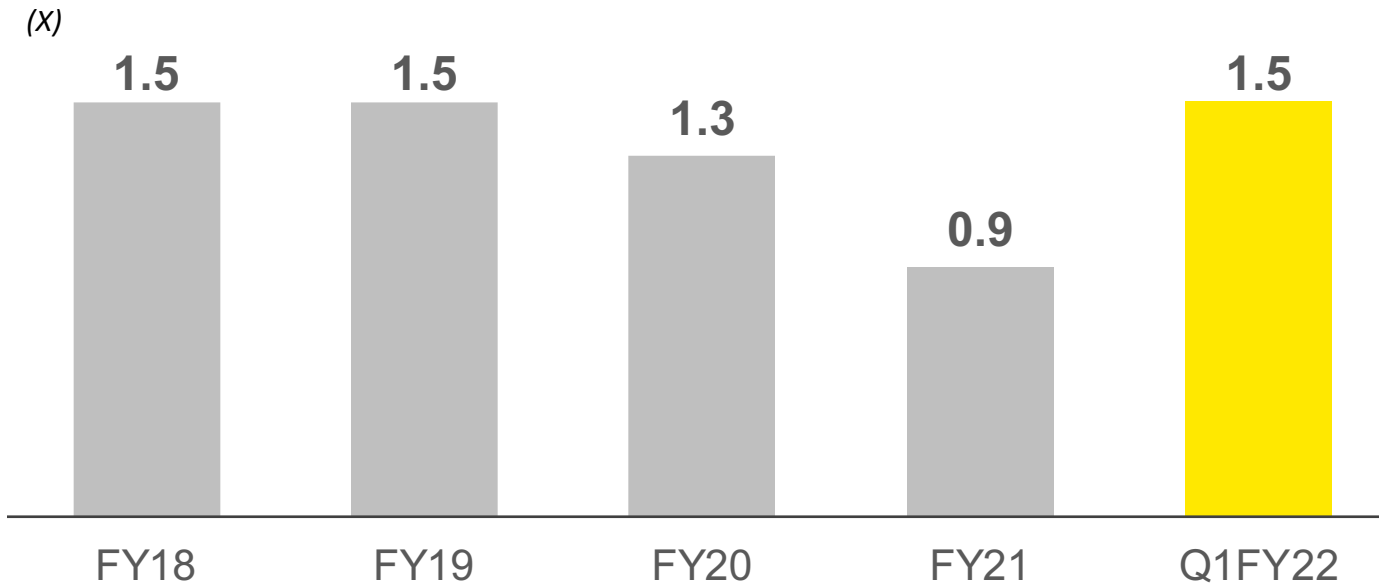


Figures on standalone basis; RoE = PAT / Net worth; ROCE = EBIT / Capital Employed; Q1FY22 RoE and ROCE on an annualised basis.

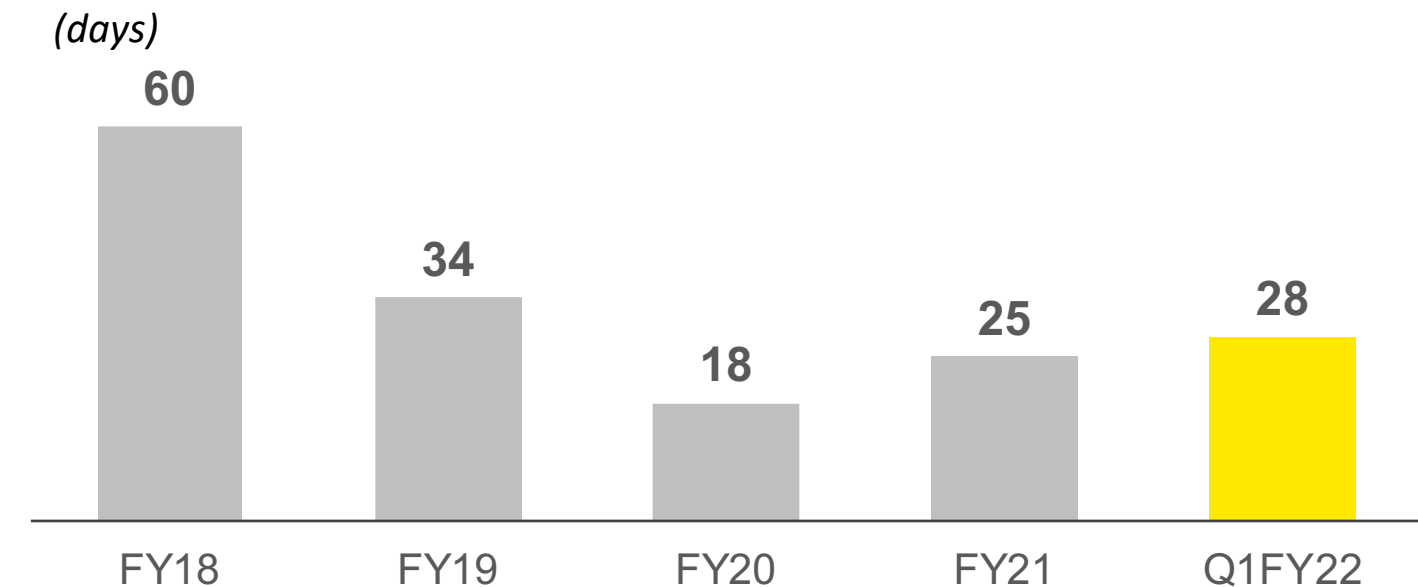
Financial performance trend



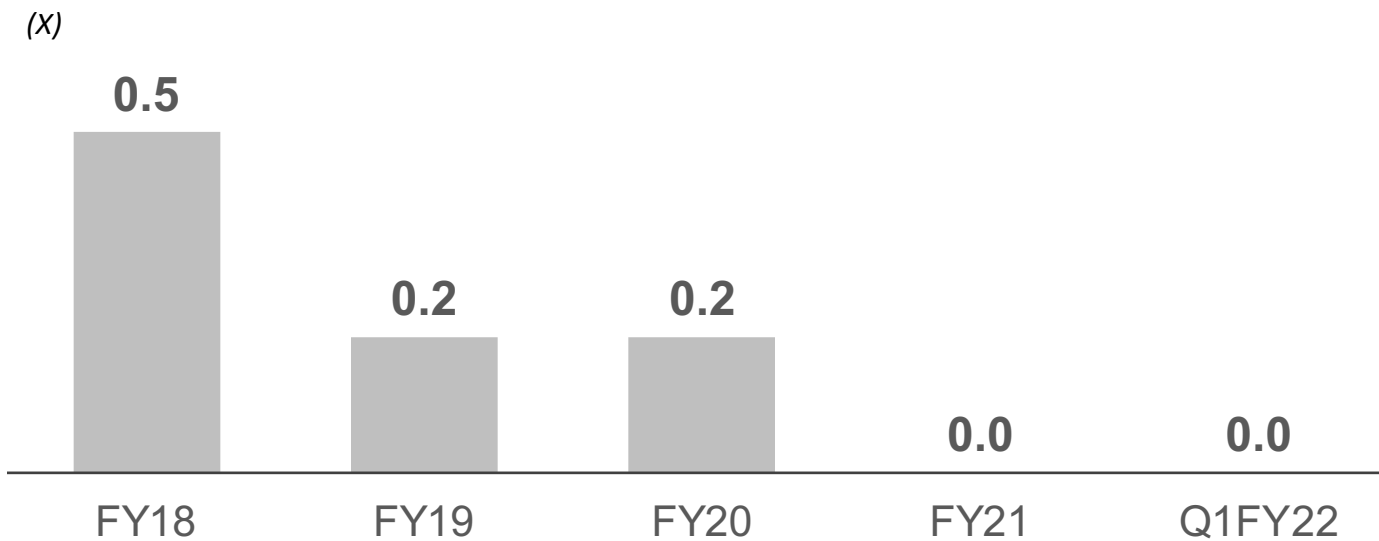
Asset turnover



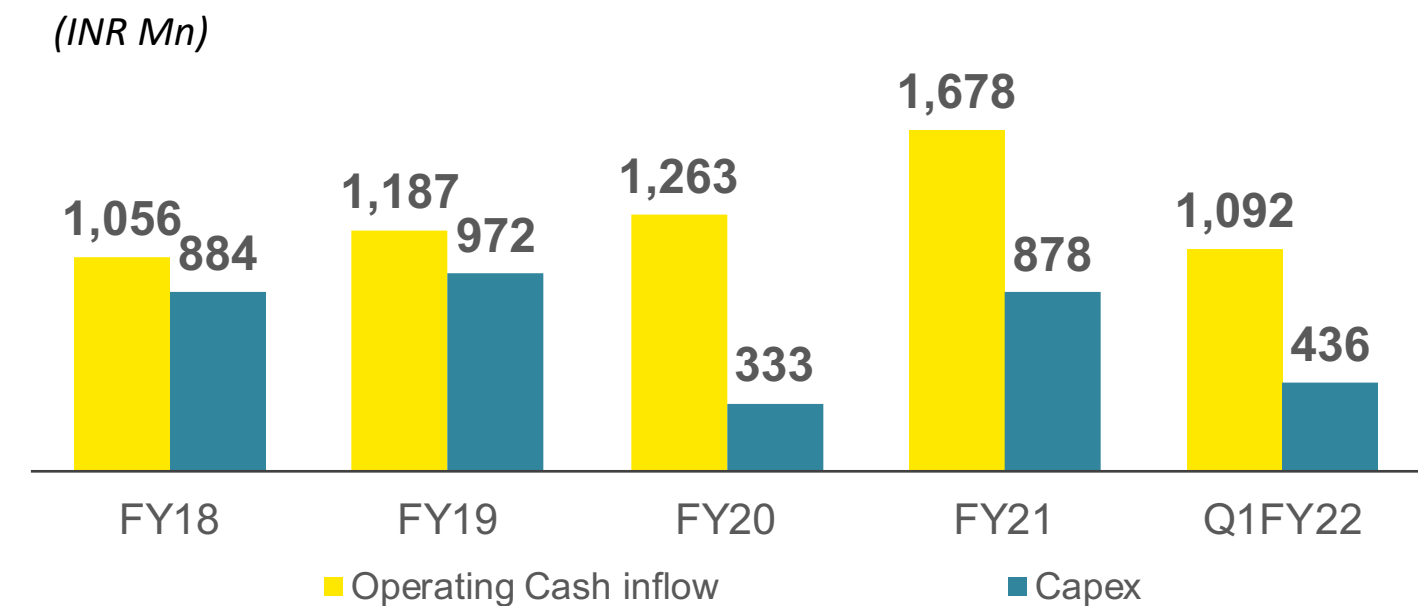
Working capital days



Leverage profile



Cash Inflow from Operations before WC changes and CAPEX outgo



Figures on standalone basis; Asset Turnover = Sales / Total Assets; Working Capital Days = 365 * (Inventories + Receivables - Payables) / Sales; Cash Flow from Operations = PAT + Depreciation; Q1FY22 Asset Turnover, Working Capital Days on annualised basis. Capex outgo doesn't include investment in Fluorospeciality chemicals



- ETAC – Ethyl Acetate
- AI – Acetyl Intermediates
- SI – Specialty Intermediates
- DSIR – Department of Scientific and Industrial Research
- IFC – International Finance Corporation
- LOIL – Laxmi Organic Industries Ltd
- YCPL – Yellowstone Chemicals Pvt Ltd
- YFCPL – Yellowstone Fine Chemicals Pvt Ltd
- AHPL – Acetyls Holdings Pvt Ltd
- R&D – Research and Development
- WC – Working Capital
- REACH – Registration, Evaluation, Authorisation, and Restriction of Chemicals

THANK YOU

For further details please get in touch with:

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