



LAXMI ORGANIC INDUSTRIES LTD



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Investor Presentation – Q3 FY22 | February, 2022



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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 becomes 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 **35 countries**

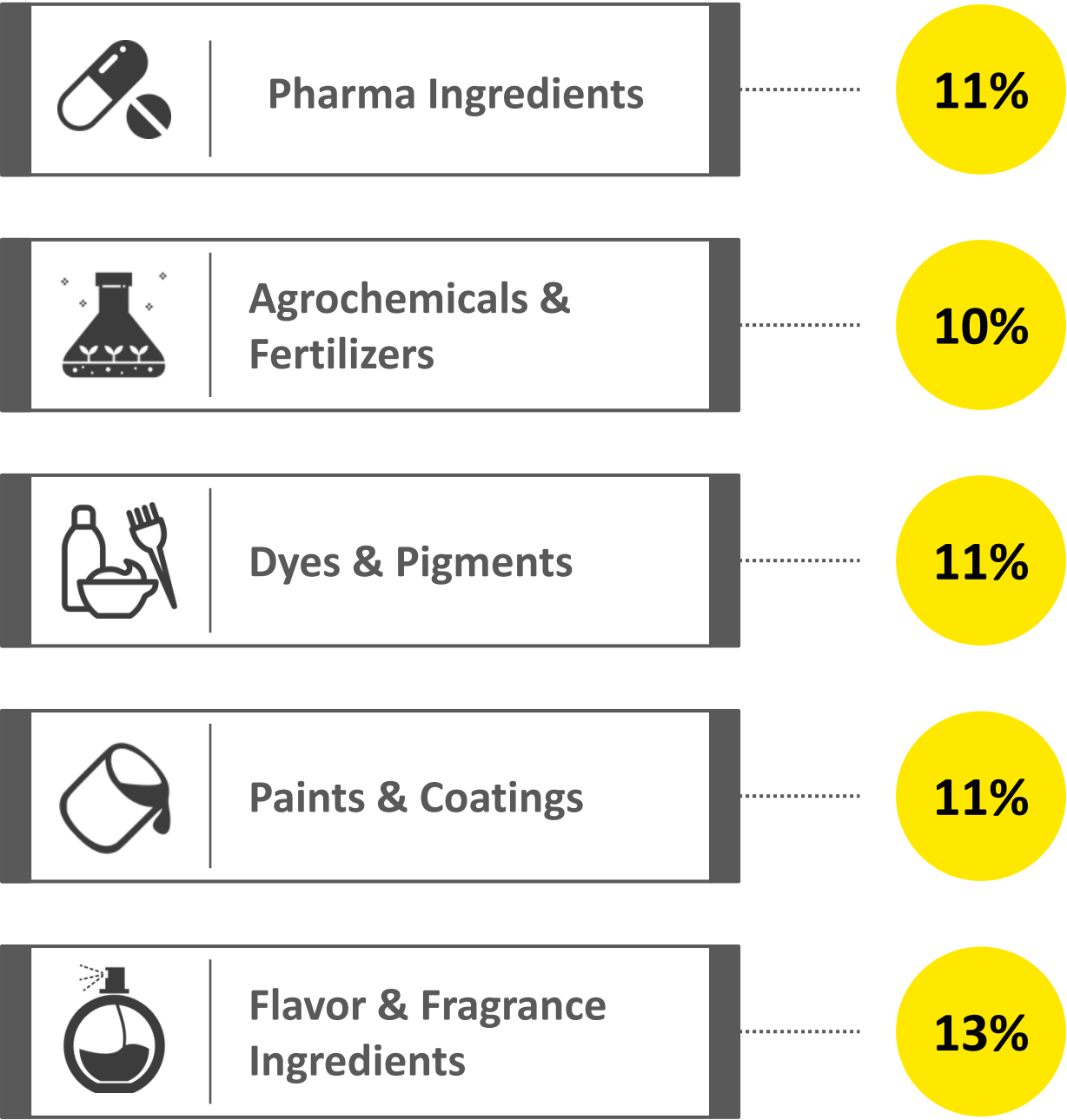


DSIR approved 2 R&D facilities with state-of-the-art infrastructure



De-risked business model with diversified customer base

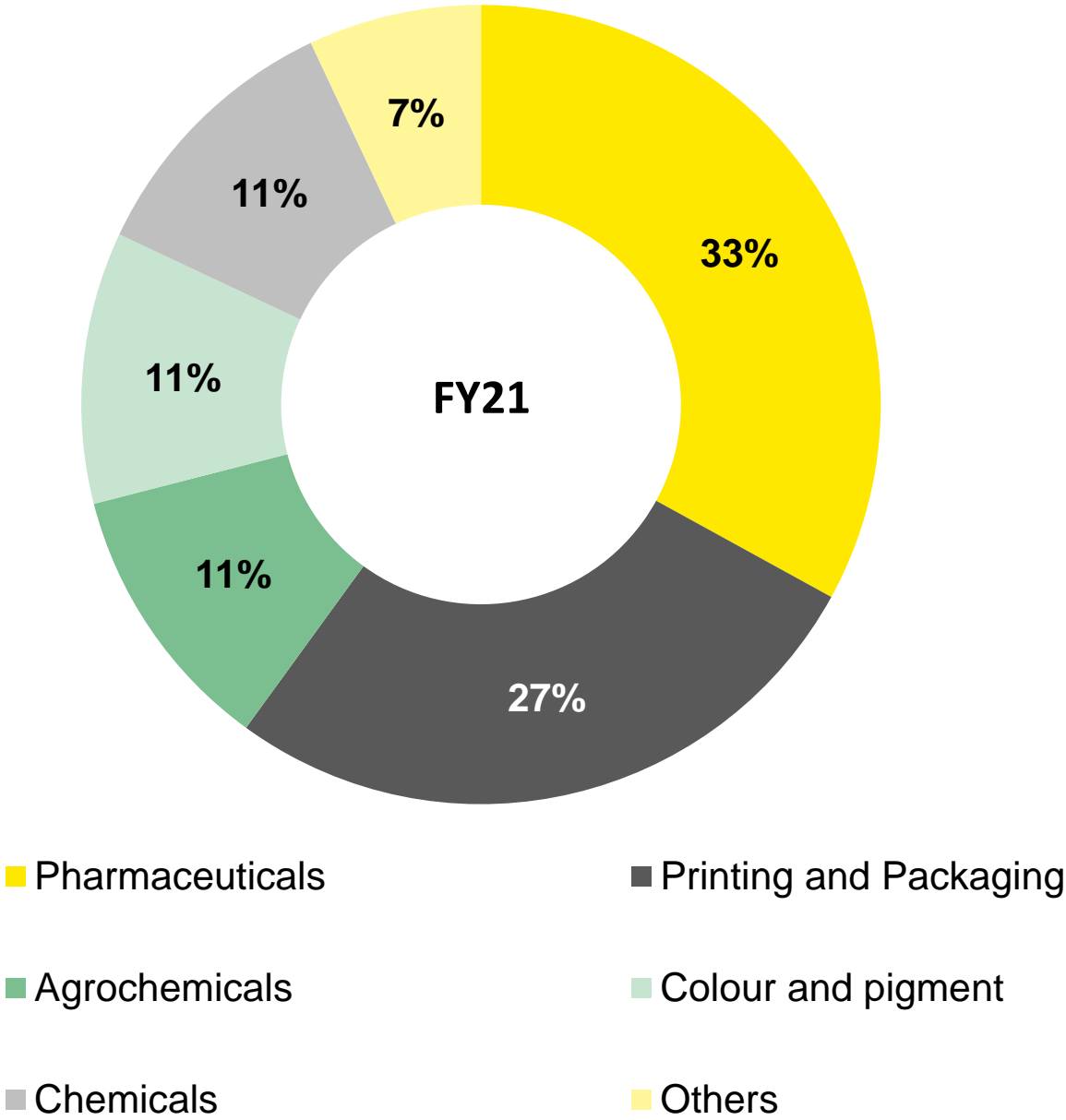
India market - Growth
(2019-24 CAGR)



Source: Frost & Sullivan Report

Diversified customer base

% of revenue from sale of manufactured products & services

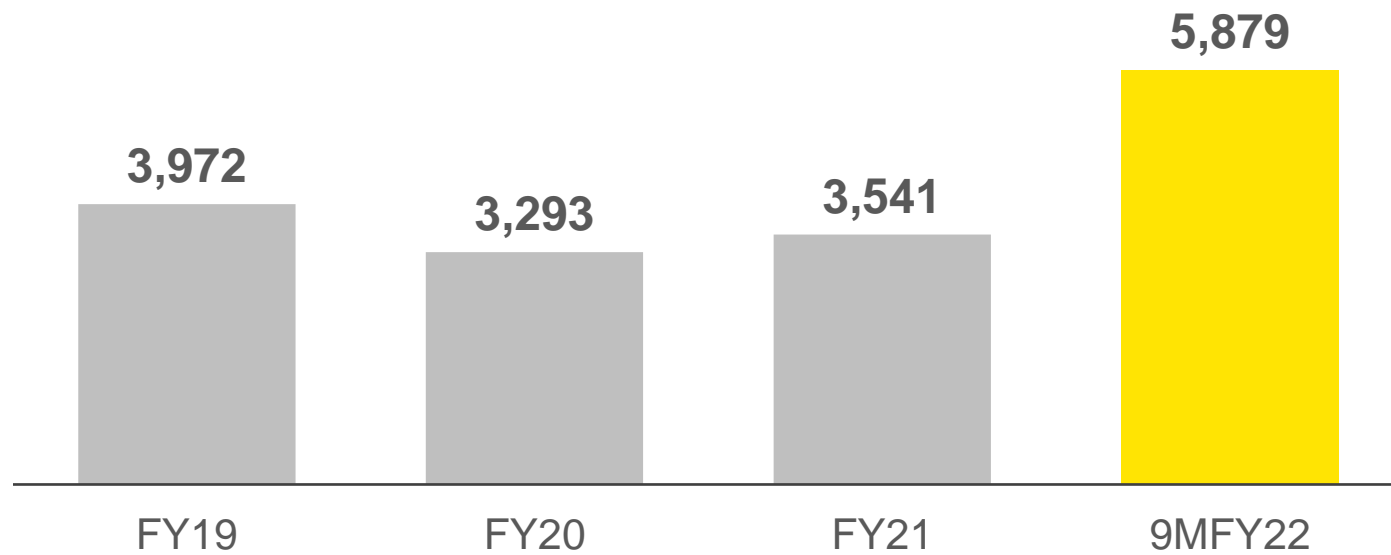




De-risking through presence in different geographies

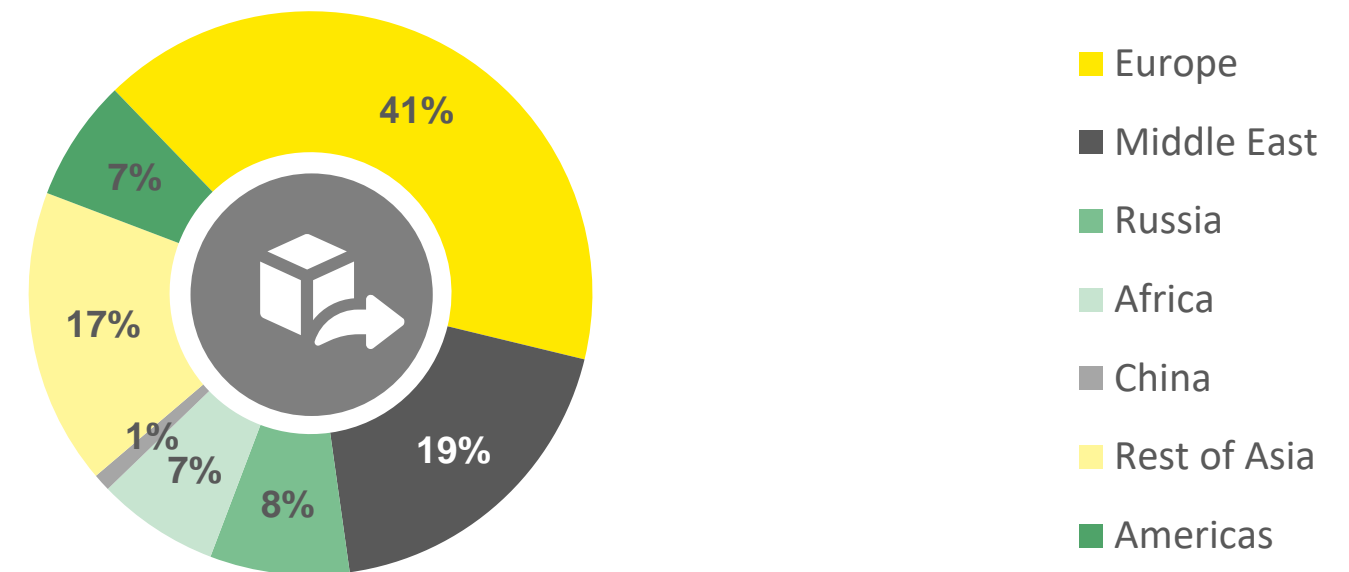
Robust export earnings

(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 molecules have been successfully piloted in SI which will generate revenues in FY23



R&D – Key growth driver of business

- Two DSIR recognised R&D facilities working on ketene, diketene & other complex chemistries
- Dedicated team of 70 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



LAXMI ORGANIC INDUSTRIES LTD

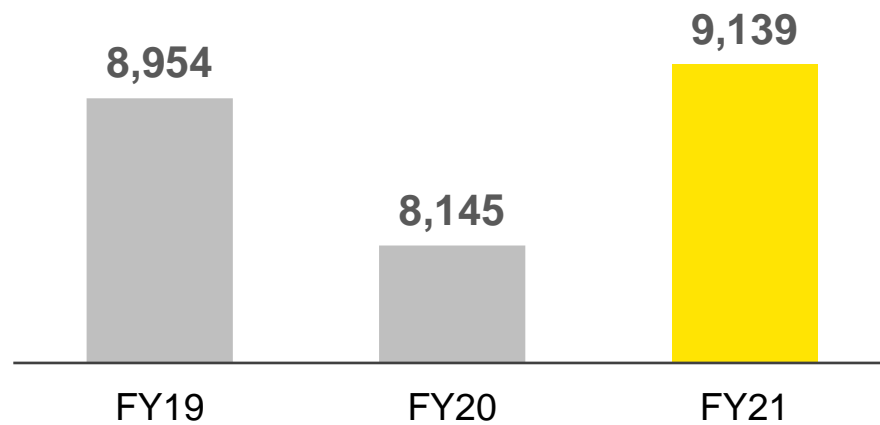
Overview of Acetyl Intermediates (AI) business



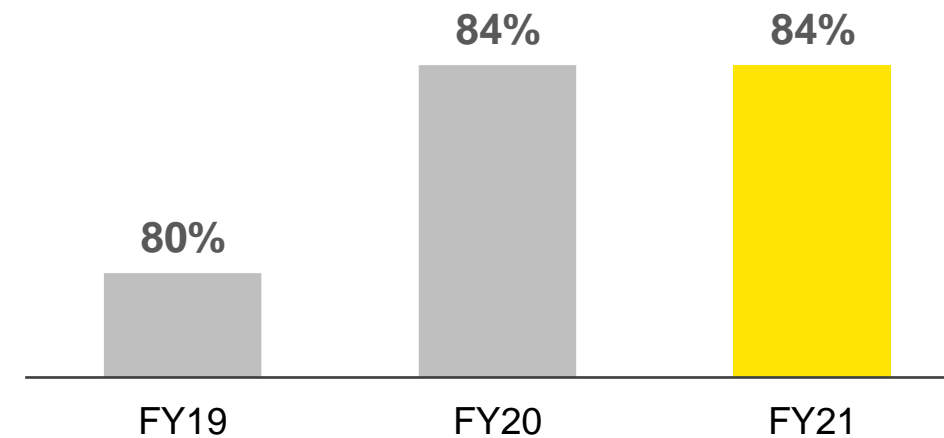
Comprising of Ethyl Acetate, acetaldehyde, ethanol & other customised solvents

Revenue

(INR Mn)



... Capacity utilisation



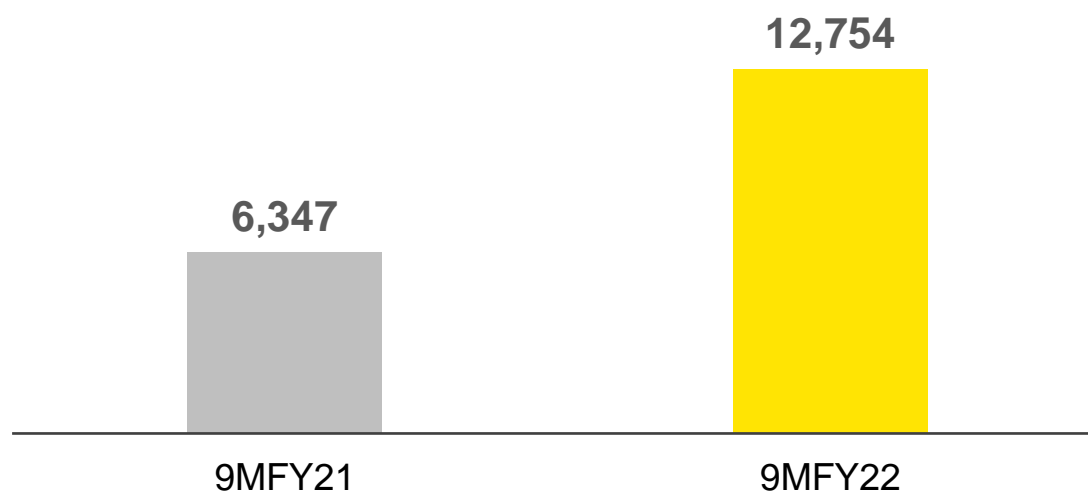
Expanding manufacturing capabilities

201,000 MTPA

Acquisition of Yellowstone has been completed. The trade channels have now been combined to improve the supply chain efficiencies

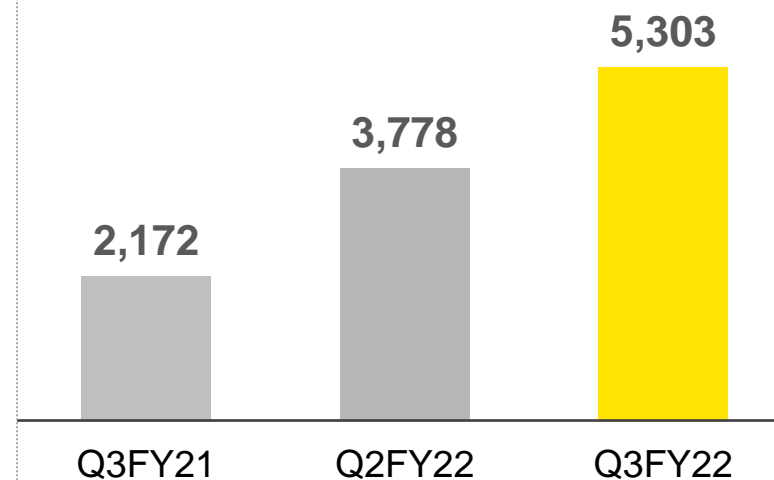
9M FY22 AI Revenue

(INR Mn)



Q3FY22 AI Revenue

(INR Mn)



Competitive edge

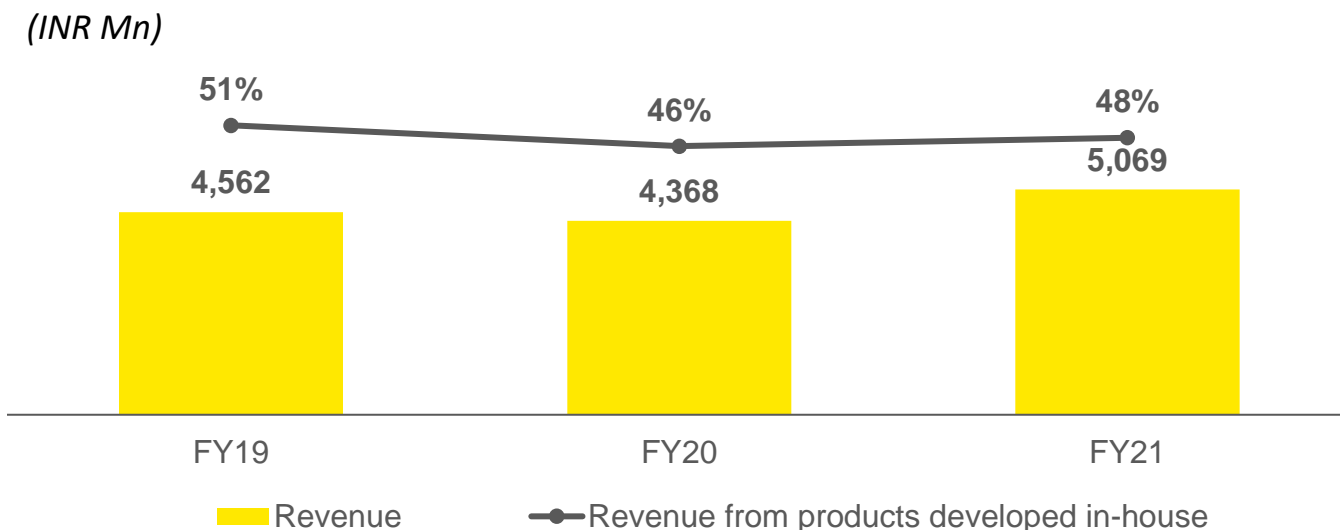
- Strong conversion efficiencies provide the moat around contribution margin across business cycles
- Strategic location, backward integration, large storage capabilities help achieve economies of scale

Overview of Specialty Intermediates (SI) business

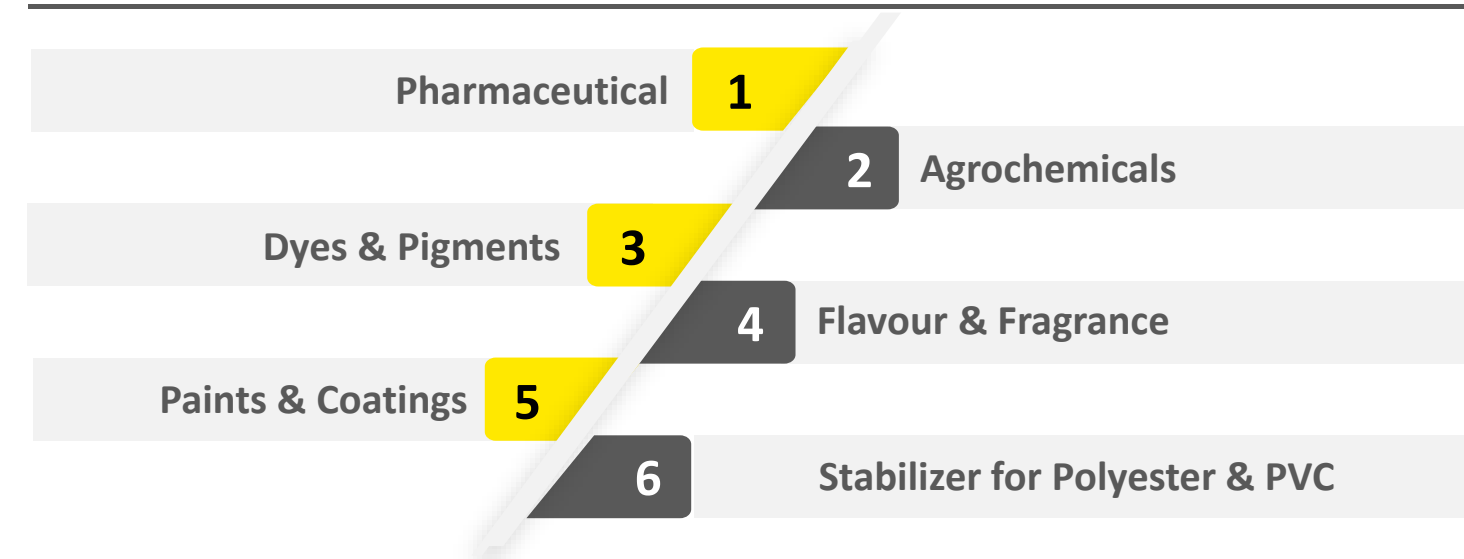


Basket of 34+ products – ketene, diketene derivatives (esters, acetic anhydride, amides, arylides & others)

Healthy revenue contribution from new products

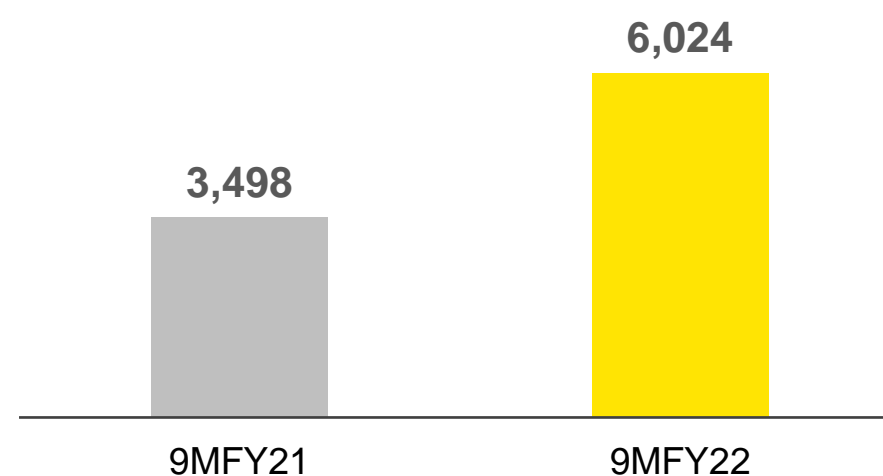


Highly versatile products



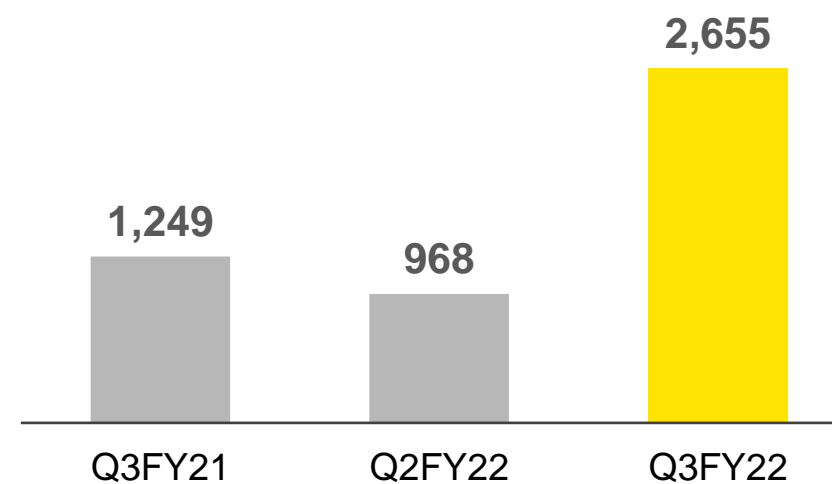
9M FY22 SI Revenue

(INR Mn)



Q3FY22 - SI Revenue

(INR Mn)



29%

of SI sales are from exports against 9% as of Q3 FY21

Broad based growth

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



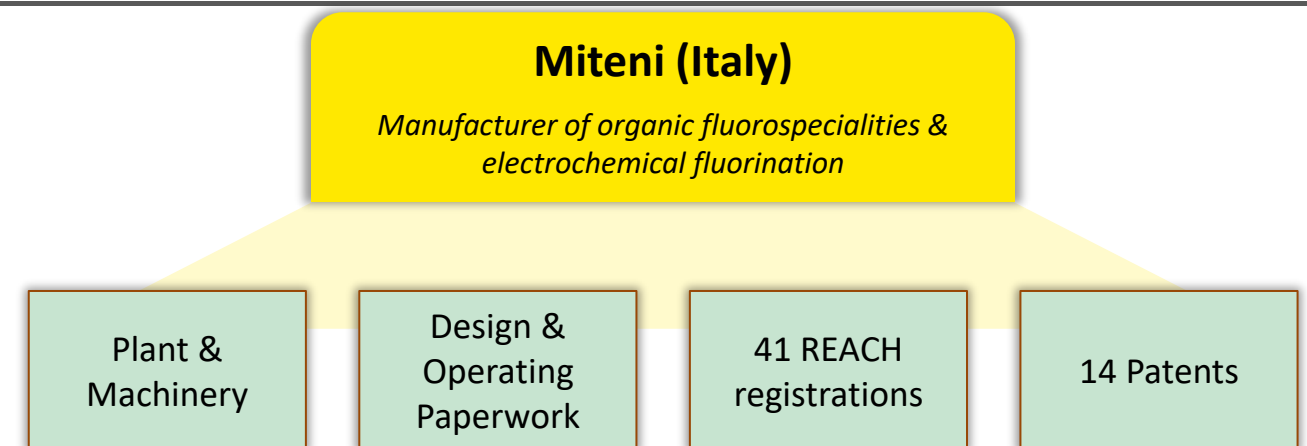
Growth drivers of fluorochemicals

- 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 December 2021 – Rs. 1700 million
- Plans to expand the product profile and capacities, in addition to the original plan
- R&D in India – Kilo Lab operations have started. R&D and Kilo Lab samples have been approved by multiple customers
- Civil and infrastructure work at Lote, India is progressing well
- Expected to begin commercial production in Q3FY23



Strategy



LAXMI ORGANIC INDUSTRIES LTD



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 provide you with an update on our performance in Q3FY22. Operating revenues for Q3FY22 came in at INR 8,742 million as against INR 3,936 million in Q3FY21. The strong top-line growth was fuelled by a 144% growth in Acetyl Intermediates (AI) and a 113% growth in Specialty Intermediates (SI) on a Y-o-Y basis, respectively. The strong performance of Acetyl Intermediates (AI) is largely a result of increased realisations and higher volumes. With the anticipated completion of the Yellowstone Chemicals Private Limited (YCPL) merger, we expect these volumes to be sustainable and even increase going forward. The robust performance in Speciality Intermediates (SI) is attributable to ramped up production following the flood restoration and optimising the product portfolio towards higher value-added derivatives. The SI business returned to the growth trajectory of Q1 and continued to see buoyant demand from export markets. This resulted in corresponding growth of 71% and 100% Y-o-Y basis in EBITDA and PAT respectively." Additionally, he stated, "We remain on track to commercialise our SI CAPEX which will start clocking revenues in Q1FY23." The fluoro platform remains an exciting opportunity for Laxmi. The Indian and international markets offer a large opportunity for companies like ourselves to play in. The project is facing a delay and cost escalations on account of covid, escalations in the prices of construction materials and logistics challenges. As a matter of strategy we have decided to launch phase II of the Capex to add incremental capacities simultaneously. The commercial production is expected to start in Q3FY22".

Nine Months Profit and Loss Statement



Standalone

PARTICULARS (in INR Millions)	9M FY22	9M FY21
Revenue From Operations	20,902	11,387
Other Income	163	61
Total Income	21,065	11,447
Total Operating Expenses	18,276	9,918
EBITDA	2,626	1,469
EBITDA Margins	13%	13%
PBT	2,368	1,088
PAT	1,901	913
EPS	7.21	4.06

Consolidated

PARTICULARS (in INR Millions)	9M FY22	9M FY21
Revenue From Operations	22,043	12,489
Other Income	130	29
Total Income	22,173	12,518
Total Operating Expenses	19,096	10,959
EBITDA	2,948	1,530
EBITDA Margins	13%	12%
PBT	2,614	1,097
PAT	1,990	907
EPS	7.55	4.03

9M'22 Total Income Split

(in INR Mn) (Standalone)

12,754

AI

↑ **101%** Y-o-Y

6,024

SI

↑ **72%** Y-o-Y

2,288

Others

↑ **43%** Y-o-Y

Quarterly Profit and Loss Statement



Standalone

PARTICULARS (in INR Millions)	Q3FY22	Q2FY22	Q3FY21	Q-o-Q	Y-O-Y
Revenue From Operations	8,742	5,263	3,936	66%	122%
Other Income	19	90	28	-80%	-36%
Total Income	8,761	5,353	3,963	64%	121%
Total Operating Expenses	7,723	5,022	3,339	54%	131%
EBITDA	1,019	240	597	324%	71%
EBITDA Margins	12%	5%	15%	708 bps	-350 bps
PBT	865	212	471	308%	84%
PAT	811	103	406	687%	100%
EPS	3.08	0.39	1.80	690%	71%

Q3'22 Total Income Split

(in INR Mn) (Standalone)

5,303

AI

↑ **144%** Y-o-Y ↑ **40%** Q-o-Q

2,655

SI

↑ **113%** Y-o-Y ↑ **174%** Q-o-Q

803

Others

↑ **48%** Y-o-Y ↑ **32%** Q-o-Q

Quarterly Profit and Loss Statement



Consolidated

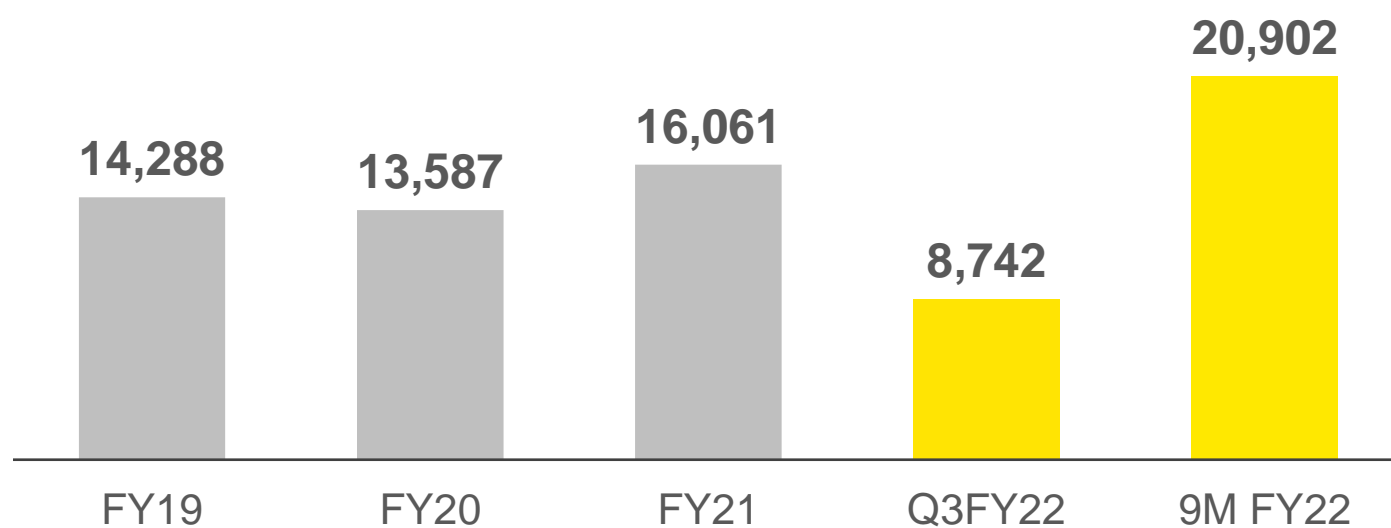
PARTICULARS (in INR Millions)	Q3FY22	Q2FY22	Q3FY21	Q-o-Q	Y-o-Y
Revenue From Operations	8,599	6,081	4,355	41%	97%
Other Income	20	67	19	-70%	5%
Total Income	8,619	6,148	4,374	40%	97%
Total Operating Expenses	7,412	5,772	3,679	28%	102%
Operating EBITDA	1,187	309	677	284%	75%
EBITDA Margins	14%	5%	16%	872 bps	-173 bps
PBT	1,004	252	535	298%	88%
PAT	821	146	452	464%	82%
EPS	3.11	0.55	2.01	465%	55%

Financial performance trend



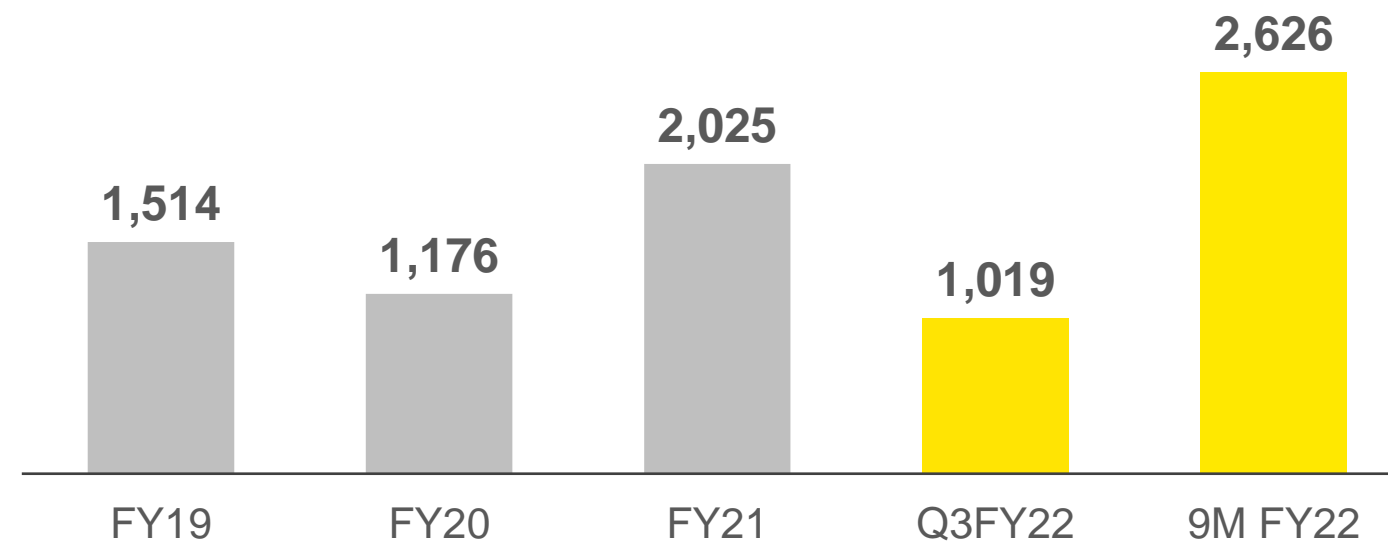
Revenue from operations

(INR Mn)



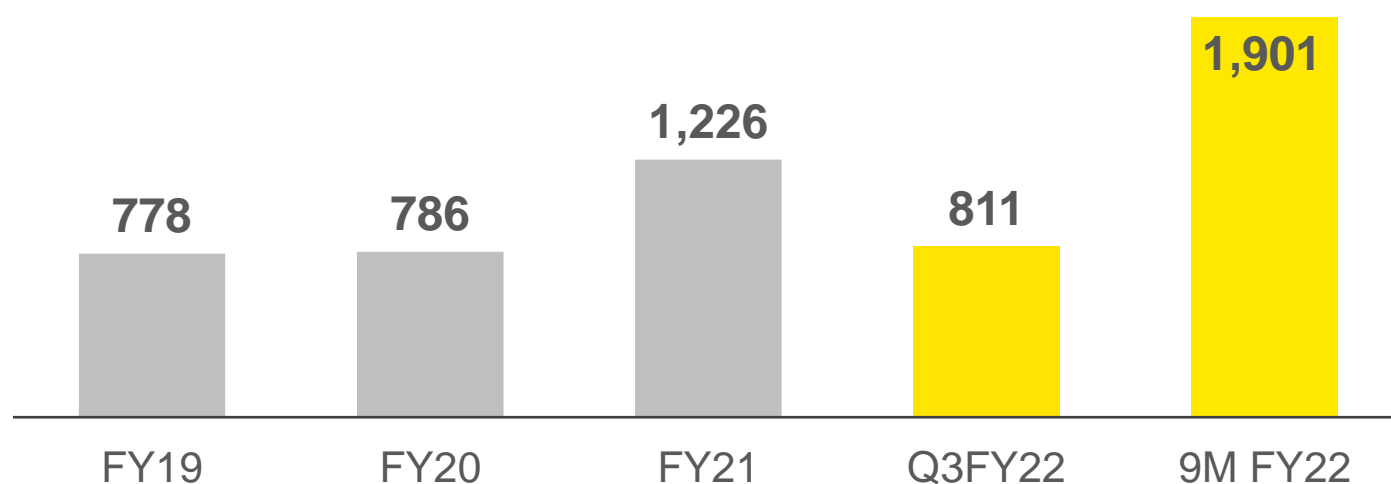
EBITDA profile

(INR Mn)



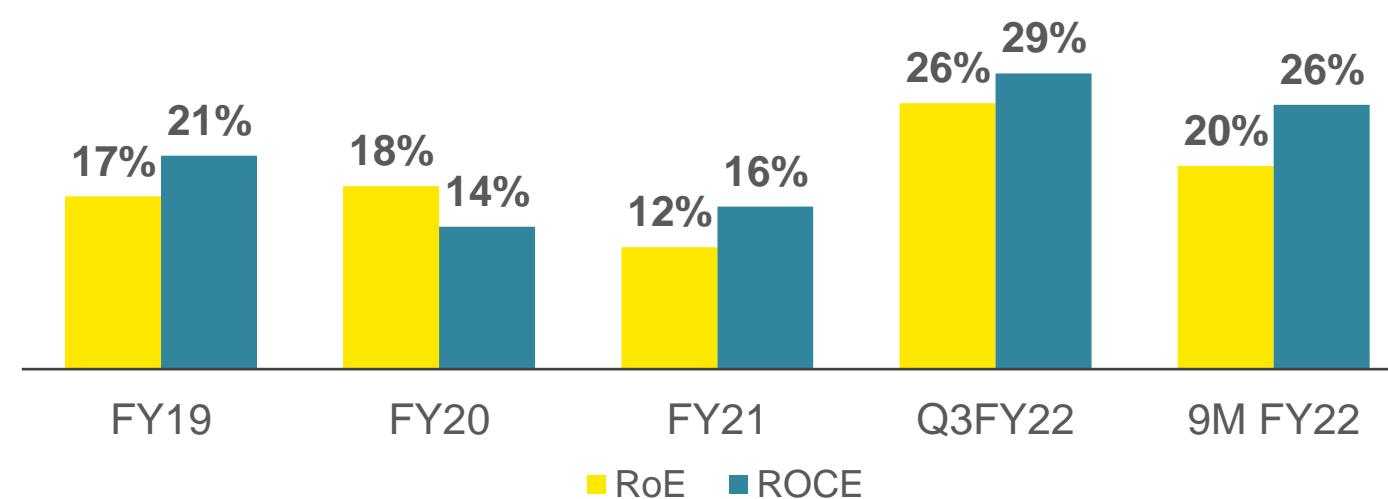
PAT profile

(INR Mn)



Return ratios

(%)



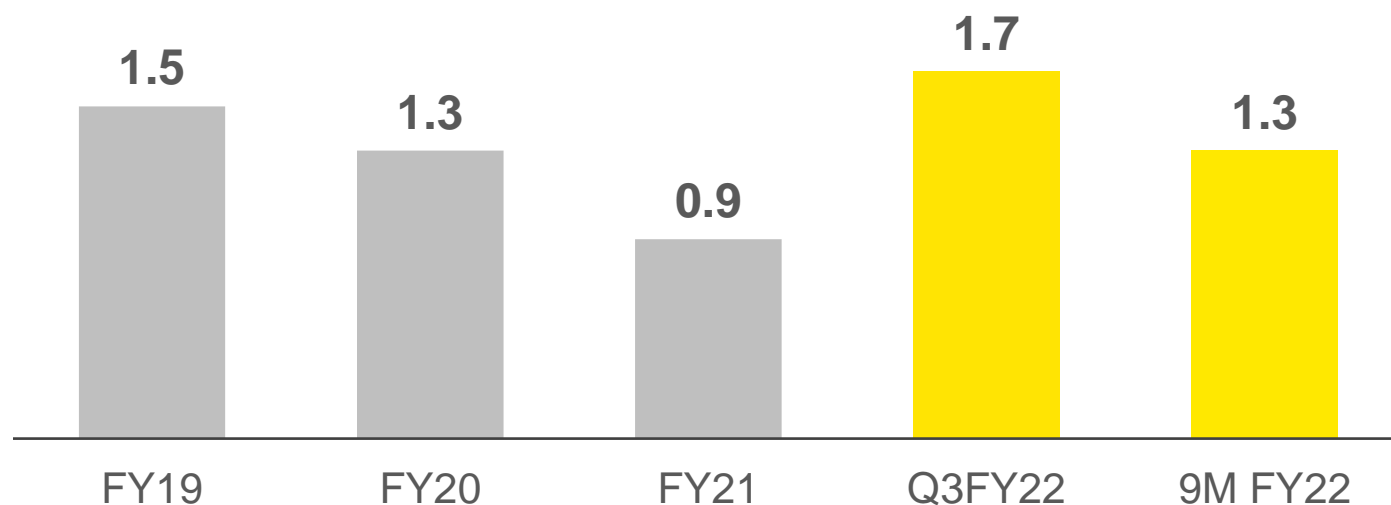
Figures on standalone basis; RoE = PAT / Net worth; ROCE = EBIT / Capital Employed; Q1FY22 RoE and ROCE on an annualised basis.

Financial performance trend



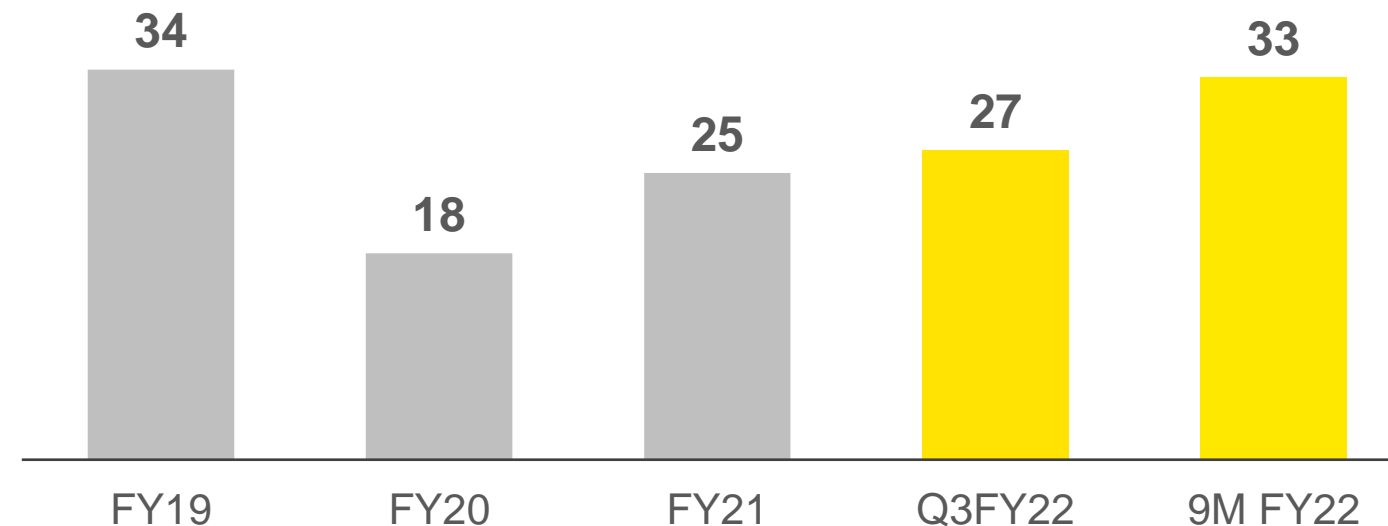
Asset turnover

(X)



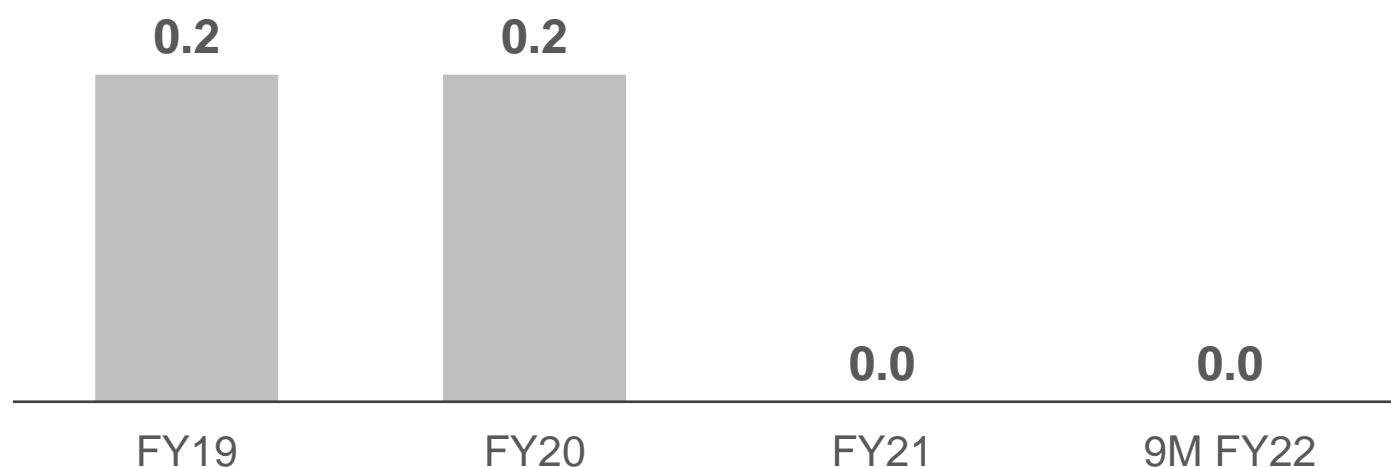
Working capital days

(days)



Leverage profile

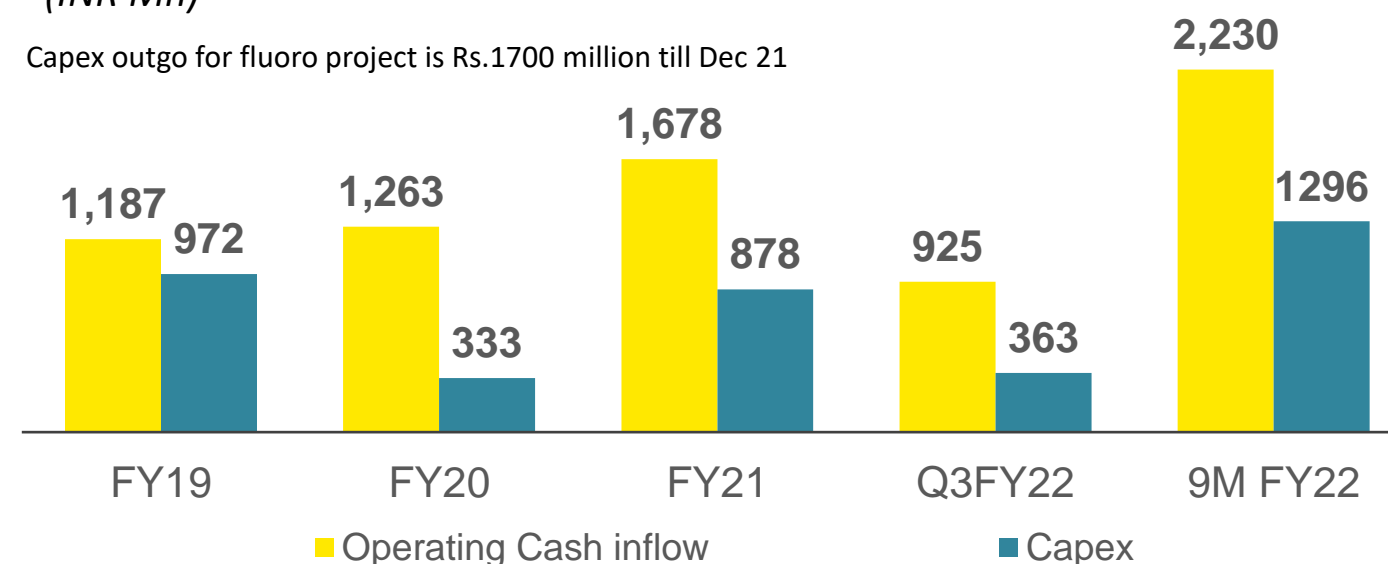
(X)



Cash Inflow from Operations before WC changes and CAPEX outgo

(INR Mn)

Capex outgo for fluoro project is Rs.1700 million till Dec 21



Figures on standalone basis; Asset Turnover = Sales / Total Assets; Working Capital Days = 365 * (Inventories + Receivables - Payables) / Sales; Cash Flow from Operations = PAT + Depreciation; 9M FY22 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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