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November 4, 2024

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 of India 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
October 30, 2024, at 14.00 hours onwards	Investor & Analyst Meet to discuss performance for the quarter ended September 30, 2024 hosted by Strategic Growth Advisors	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No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.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 Call for Q2FY25.

We request you to take the above on record.

For **Laxmi Organic Industries Limited**

ANIKET BAVCHANDBHAI HIRPARA
Digitally signed by ANIKET BAVCHANDBHAI HIRPARA
Date: 2024.11.04 15:54:50 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

"Laxmi Organic Industries Limited
Q2 FY '25 Earnings Conference Call"
October 30, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th October 2024 will prevail.

MANAGEMENT: **DR. RAJAN VENKATESH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER –LAXMI ORGANIC INDUSTRIES LIMITED**
MR. MAHADEO KARNIK – CHIEF FINANCIAL OFFICER –LAXMI ORGANIC INDUSTRIES LIMITED

MODERATOR: **MR. NISHANT DUDHORIA – STRATEGIC GROWTH ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to Q2 FY '25 Earnings Call of Laxmi Organics Industries Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Nishant Dudhoria from Strategic Growth Advisors, the Investor Relation Consultants, for Laxmi Organic Industries Limited. Please go ahead, sir. Thank you, and over to you.

Nishant Dudhoria: Thank you, Shlok. Good afternoon, everyone, and thank you for joining us on the Q2 and H1 FY '25 Earnings Conference Call for Laxmi Organic Industries Limited. We have with us on the call Dr. Rajan Venkatesh, MD and CEO, and Mr. Mahadeo Karnik, the CFO. The company has uploaded its financial results and investor presentation on company's website and stock exchanges. I hope everybody had an opportunity to go through the same. We will begin the call with opening commentary by the management followed by Q&A session.

Before we begin, I would like to point out that this conference call may contain forward-looking statements of the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict. I would now like to invite Dr. Rajan MD and CEO for Laxmi Organic Industries Limited, to give his opening remarks.

Thank you, and over to you, Rajan.

Rajan Venkatesh: Thank you, Nishant. Namaskaran from my side, a very, very good afternoon, good evening and good morning depending on the time zones that you're dialing in from. Also, it's a very nice feeling to be dressed in Diwali festivities. So again, a very, very happy Diwali to all the colleagues who have invested their time and interest to know how Laxmi is doing.

So -- it gives me great pleasure to introduce Mahadeo, which I'll do in a minute or two. But let me start with first and foremost, we've seen our performance and what gives us the confidence and the ambition for -- in our geared to win strategy and geared for growth are our leadership, cost technology leadership, market leadership and our choice of customers and customer centricity.

Our ambitions remain what we have called out in the past, technology and cost leadership to grow and diversify the product portfolio. Top five in all segments globally that we operate in and continuing to have 20% of our revenues coming from new products, especially in our

Specialty vertical. What are we leveraging? We are continuously leveraging our demonstrated capability of scaling up best-in-class technologies.

We are tapping into our un-leveraged balance sheet, which is enabling us to be ready to invest. We have large brownfield sites, which are open capex, a credible Board and my experienced management team and more so, and I would say, double-click in a chemical industry, a very, very important integrated EHS program.

As I then talk about my management team, it gives me great pleasure to have on Board Mr. Mahadeo Karnik. Mahadeo is a rank holder Chartered Accountant with 28-plus years experience. He joins us from Abbott, where he was associated with them for the last 13 years, as part in the CFO functions in India and also for businesses outside of India.

And prior to Abbott, he has been working with Roche, Unilever and hence I am thrilled and today, we realized also in Mahadeo's introduction to the team. He also was coaching Sachin Tendulkar. So I'm glad to have him as part of my management team.

What you also see is we are consequently also beefing up our talent bench. Mr. [Sushil Mittal], who has joined in our Chief Supply Chain Officer, he's a graduate from IIM Ahmedabad and spend about more than 25-year chemical industry across Dow and BASF and primarily BASF, where he has spent more than 23 years in operations and managing strategies in supply chain across India, Deutschland, Germany, which was the headquarters and also managing Asia Pacific.

We are also thrilled to bring on board into our Specialty verticals, Dr. Milind Vaiyda, who comes in as the Head of Marketing. Milind is a PhD from ICT Mumbai, and then has been associated, both on the technical and techno-commercial activities for large MNCs like Castrol in India, managing their innovation hub here and he joins us from Acrotech. So as you can see ladies and gentlemen, we are beefing up and we are not only beefing up on the hardware, but we are also beefing up on the software.

When it comes to awards and accolades, I would like to also call this out a great deal of effort has gone into this by the team. We have received national level EHS Merit Awards across both our site one and site two operations, and we are also very proud that we were recently falicitated by FICCI for the Excellence and Exports 2024 Award in our category. What we have also showed you know what has been our past run.

This is all part of the presentation I'm referring to -- we've given you from FY 2010 to FY '24, how Laxmi has developed itself both organically and inorganically, which has enabled us as an enterprise to deliver a 20% CAGR in revenues and 18% in EBITDA, which is what gives us continued confidence that we remain geared to win and geared for growth.

In our geared for growth, what we also very happily shared with you last quarter -- for financial steering, we have huge technology platforms in Essentials -- esterification, acetylation and in specialty the ketene diketene platforms and fluorination and developing newer platforms. We also have targeted financial KPIs for Essentials business, every dollar we invest has to have asset returns of 3 to 5x, EBITDA margins, 8% to 12% over the cycle and for Specialty asset turn 1 to 2x and EBITDA margins of 20% to 25%, again, consistently independent of the cycle, which then delivers a ROCE of 20% at an enterprise level.

That has been our focus. We also laid out our ambition that from a base of FY '24 to FY '28 on the back of INR 1,100 crores capex that we have laid out which is split evenly across Essentials and Specialties, at an enterprise level, we want to double our revenues 2.7x of EBITDA and get back to the ROCE of 20% that we have delivered in the past.

And this, we are accomplishing by, additional market share through wallet expansion in existing and new sectors and launch of new products. In our Essentials, also what we had talked with you our strategy, very simplistically the tagline -- go deeper, go broader. And I'm very, very glad after yesterday's Board meeting that we will be setting up the first world scale n-butyl acetate line in India at Dahej.

This is a 100% import substitute product which is going today into our existing customer base and also is opening up us to new industries. Specifically, when you talk about automotive refinish is a business that it brings us into. We are looking at economy of scale. This is also something which is at Laxmi DNA. Everything that we do has to have economy of scale and best cost position. That is what we are striving towards. So the butyl acetate facility that we plan to establish in the Dahej would be a 70 KT per annum capacity with economy of scale and giving us, again, our right to win.

What we will additionally do is establish a world-scale ethyl acetate line, and this will be done at our facility at Lote in Maharashtra. Our Mahad facility, as we have shared in the past, while we would have liked to do it there, is sort of full up. And hence, we decided and also our Lote facility has got a mega status accretion from the government of Maharashtra, which is what we are also able to tap into -- that being said, this also ensures is that we are able to provide to our customer base, which is very strong in West and South.

I think a logistic advantage by being in that Mahad-Lote belt, and our Mahad plant is just an hour away. So also technology understanding, information flow works very, very well. By being in Lote and also having the mega industry status., there are certain incentives we will tap into, which will be ROCE accretive for us in doing this investment.

As we have said also in our Lote side, which today encompasses our fluorine setup, even after the ethyl acetate coming on Board, we have enough land parcel to do up to about INR 400 crores of additional capex in our fluorine verticals that we have a line of sight in future for.

What I would like to also call out is each of these capexes butyl acetate is about INR 90 crores. Ethyl acetate is INR 90 crores. This is all encompassed in the INR 1,100 crores that we have laid out during the period FY '24 to FY '28.

By doing this, I think we give you even more granularity of how the capex are being laid out into which product segments and also, I think, giving you an excitement that we are also going to join into new industries. Coming to our ongoing capex. The first one at Dahej, we are receiving all the regulatory approvals as we had indicated and as we have planned.

We have also started civil foundation for our Phase I, Amber-2 plant, as we like to call it, the weigh bridge calibration and equipment installation will commence for our Amber-2 asset. And at the same time, in parallel, all the pending regulatory approvals will also be provided.

Coming to our other project, which is the fluoro project at Lote, as we also called out last time around in Q1, we had submitted samples. We have submitted 10 samples to 20 customers. When I spoke to you last, we had got approvals from eight of those customers. I am very glad to share now we have 16 of those customers who have approved our products.

Additionally, we have three more products that we have sampled to more seven new customers. This is keeping us in good stead and the focus in Lote remains that we see revenues around 10% to 15% of our peak revenues coming in this financial year and in the next financial year, 40% to 60% of the peak revenues to be achieved and full peak revenues to be achieved in FY '27.

So that is what is keeping us gainfully occupied, and we are very, very excited about this. Another element, which I'm very glad to talk about is basically our de-risked business model keeps us in good stead within exports and domestic. Revenues from top customers, top 10 customers are now actually lower to only 26%.

And I think what excites me more is if you look at our industry spread, we are talking about a geographical spread where we are also building on our technical capabilities, especially in specialties, supplying also markets and customers in China and we have grown that share from 2% in first half of last year, currently at 5%.

And this is at an enterprise level across Essentials and Specialties. But fundamentally, it's our Specialty portfolio. And what you also see is the industries that we are serving with the advent of both the diketene, expanding new interest fees and fluorine and also products like butyl acetate coming into the port we are actually entering newer segments.

I spoke about auto as one auto refinish, energy storage -- in as liquid coolants, metal surface treatment and also personal care. What I would also like to add is this is something I talked with you in the previous calls in our Essentials portfolio as we are broadening the scope butyl acetate -- is what we have called out.

We already did a soft launch for n-propyl acetate from our Mahad side, and that's a capacity of 25,000 tons also economy of scale, 100% import substitute product, which we are leveraging to our existing customer base and also to some new applications. That being said, let me pass it on to Mahadeo who will give you a little more granularity on the numbers.

Mahadeo Karnik: Thank you, Rajan. Good afternoon, ladies and gentlemen. I wish you a Happy Diwali and prosperous Samvat 2081 ahead. It's indeed a resilient performance in the prevailing industry environment and the geopolitical situation. Now let me take you through the results. In our

Essential business, we have grown our volume strongly by 20% year-on-year and with a sales growth of 17%.

And more importantly, sequentially, the volume has grown by 16%. That shows our commercial excellence and operational excellence continued this year. In Specialty, we saw robust performance in revenue approximately growing at 23% year-on-year, with a better improved mix. Once again, we achieved a robust operating performance with EBITDA growing by 92% to INR 74.7 crores compared to previous year.

Notably, our sequential EBITDA demonstrated a remarkable improvement, increasing from INR 71.2 crores to INR 74.7 crores. Our gross margin for this quarter remained at 35.8% versus Q2 last year at 29.2%, largely driven by the operational efficiencies. As you can see from our published results, our power and fuel expenses have remained flat quarter-on-quarter despite of our volume increasing sequentially by 16%, again, operational excellence initiatives and better cost management play here.

What is important to see is that other expenses and outliers in Q2. This is on account of two things. One is we have seen a fluctuation in sea freight by nearly 30%, which are costed us nearly INR 60 million. And we have been a onetime provision for GST credit reversal of INR 43 million. Our PAT at INR 280 million is 162% higher than year-on-year and 18% lower quarter-on-quarter. That's again impacted due to one-time events in quarter end and Quarter one.

In quarter one, our other income was including a one-time credit reversal as well as lower scrap sales. In addition, our finance cost includes a one-time interest on GST that we have paid for capitalization of our Miteni projects. Our cash flow from operation currently is at negative INR 127 million that is largely because of the payable that has seen a reduction as larger imports happened in Q4 last year.

The working capital remains nearly flat at 31 days which is an average of last year as well as last quarter. We have also increased our inventories in quarter two. For Specialty business, to take care of the shutdown that we had planned in October this year. Also, we are progressing well on our Lote project, we expect capitalization to happen from Q3 end.

So with that, I hand it over to Nishant.

Moderator: We will now begin the question and answer session. The first question comes from the line of Nitesh Dhoot from Dolat Capital. Please go ahead.

Nitesh Dhoot: So my first question is, if I look at the end applications, printing and packaging of course, we're doing well and also pigments. Whereas agro and pharma are still weak. So if you could give some colour -- some more colour on what you gather from your customers, especially on the agro and pharma side? And then -- yes, so that's my first question.

Rajan Venkatesh: Nitesh, it's always a pleasure. So let me take you through the key verticals that we are engaged with. So I think pigments, now when I look at it quarter-on-quarter, and then I give a slight lens when I speak to our teams and I speak to customers, we are seeing it as being stable. On that --

and obviously, Sudarshan's acquisition now, which is public or fallback certainly has some positive ramifications.

When we are talking about pharma, there again, we are seeing for, I would say, our solutions that we offer the industry that being stable quarter-on-quarter, and that's our line of sight. Obviously, if you dig a little more into details, it depends on how large that element is. So I would look -- I would view that as stable.

Printing and packaging is something also we continue to see a certain level of stability, and that is also expected to move into the next quarter or this quarter, as we said, I think where we see certainly weakness is on Agro. And that is at least with the offerings that we are serving, the customer element is where we see that this weakness is expected to persist from our lens.

Otherwise, I think that's the broad lens. Obviously, you also see that we are broadening our scope of industries. So in our Industrial Solutions, we are also into the coatings additives, even in elastomers, There, we continue to see also demand being stable, and that is also what we are expecting moving into this quarter. Hopefully, that gives you a flavor, Nitesh?

Nitesh Dhoot: And my second question, so basically, we do -- we typically do a maintenance shutdown in Q2. And this time, we postponed it. So, will there be lower production in Q3?

Rajan Venkatesh: Thanks again for that, and I think that was the miss from my side. So yes, we did a quarter one, if you remember what we called out, we had a shutdown for our Essentials business -- which -- which is where you saw a slight volume decline in quarter one. We actually took the maintenance shutdown for our Specialty vertical in October.

So it was earlier this month for two weeks, and we accomplished that planned maintenance shutdown in time, in budget, and there were zero injuries. So I'm very glad for that and the team's effort. What you also saw, we saw a slight pickup in inventory as of end of quarter two. This was, I think, a planned element because we knew we were having the shutdown for Specialty happening. So that has also happened to answer your question specifically.

Nitesh Dhoot: Right. So since Q2 was a normal quarter with the ethyl acetate production at peak levels? And specialty chemicals, also, as I understand, would be at optimum levels. Would it be fair to say that the quarterly EBITDA run rate that we did around INR 75 crores would be a sustainable number? And any increase on this can only come from either pricing improvement or from additional capacities?

Mahadeo Karnik: So let me take that. That's our endeavor to ensure that our EBITDA is now at this range. And the aim is to make it higher. But currently, we are definitely targeting to make it as for the quarter two.

Nitesh Dhoot: Sure, sir. And just one last, if I may, before I join back the queue. So -- in your opening comments, I believe I somehow missed this INR 180 crore capex that we've laid out is part of our larger INR 1,100 crores capex. And secondly, I mean, on the ethyl acetate facility at Lote that we're setting up. So are we doing away with our earlier thought of expanding the flourine capacities later? Or maybe if you can just clarify on that?

Rajan Venkatesh: So that the line was not very clear. So let me just paraphrase what I heard and please confirm. You were double clicking whether the capex that now we have announced for ethyl acetate and butyl acetate is encompassed in the INR 1,100 crores. Is that correct?

Nitesh Dhoot: That's correct.

Rajan Venkatesh: Yes. So I can double confirm that is the case. If you remember, in last quarter, we said of INR 1,100 crores -- it is evenly split between Essentials INR 550 crores and Specialties INR 550 crores. So in that Essentials bucket of INR 550 crores is where this is nestled.

Nitesh Dhoot: And on the Lote side, so fluoro-chemicals capacity we sort of expanding there and now you're doing ethyl acetate expansion on that side. So any change in thoughts there?

Rajan Venkatesh: No change. As I said, what we have always maintained is we have only consumed 50% of the land bank at our Lote setup. And we have additional 50% of the land bank available where we had originally said or envisage we can set up INR 500 crores of additional capex. Now with ethyl acetate coming, it still gives us enough and more -- 40% of that land bank is available. So I think we can easily accommodate another INR 400 crores capex. So in no way, it disrupts our larger planning to expand our footprint with a range of products for our Fluoro-intermediates business.

Nitesh Dhoot: All right, sir. So that's helpful, sir. Thanks a lot for answering my questions and wish you all a Happy Diwali.

Rajan Venkatesh: Thank you very much.

Moderator: Thank you. The next question comes from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Yes. Hi, Rajan sir. Absolutely great set of number. And hi Mahadeo sir welcome on the Board. Sir, my first question would be on the, first of all, on the ethyl acetate asset capex, which you have been growing expansion like we have been planning for INR 90 crores. So just wanted to understand what are the demand dynamics as of now, we have been looking at because we are operating at something 90%, 95% of capacity utilization. And what is the demand supply because of the chemical industries being currently subdued. So how we're looking into that? And why we have been picking as of now, this capex in Essentials?

Rajan Venkatesh: So first and foremost, thanks, Pujan. I think this is the first time we are interfacing. As we have always called out, Pujan, the Essentials business has to be viewed not from a point in time but over the cycle. Very different to our specialty business, which has to deliver robust EBITDA ranges of 20% to 25% independent of the cycle. So that's the first lens. The second lens, I think you already called it out.

And what we have said is we've been in a very intense operational excellence journey since April of last financial year, which we have seen really delivering dividends in volume growth in since quarter four of the previous financial year. Now as one can only imagine, you can squeeze out only so much from an orange. So, there is going to be a time while we have squeezed out 20% year-on-year volume growth, right?

At some point of time, you will need to have the next phase and with our leading position in ethyl acetate, by the way, both domestically and also in exports. 30% of our ethyl acetate -- if you look at the rule of thumb, we are exporting primarily into Europe, into Middle East, into Africa. And I think so we would love to keep that leading position I think what is important in this is our right to win and the right to win comes from economy of scale and cost competitiveness is what we will ensure, again, as we go into this 70 KT single plant setup that we are establishing. And additionally, this will be EBITDA accretive for us, and that's what is giving us the confidence to move into this.

Pujan Shah: Okay. And the second question would be on the n-butyl acetate. So just wanted to understand like we know that this is 100% import substitute product. So, what encourages us to invest in this specific thing? And what are the sourcing, we have been looking at this product, what would be the excluding the cycles, what would be the margins and how this product is being viewed?

Rajan Venkatesh: Right. So, let's take it step by step on that. First and foremost, butyl acetate is one of the other acetate. So, what gives us the right to win is you have economy of scale on acetic acid purchasing. Today, I am one of the top three importers of acetic acid into India. So, I have an excellent leverage on when it comes down to raw materials.

The other raw material for butyl acetate is n-butanol and n-butanol is also produced in India. BPCL, for example, is one producer, and it also gets imported in. So there is also availability from a raw material side. Then comes the market element. So, n-butyl acetate will be supplied and consumed from our existing customer base, as I explained, and also newer customer base. And third comes the technology lens.

I think with Laxmi deep understanding of this type of chemistries and technologies, we are entering this business with economies of scale, a 70 KT setup with best-in-cost positioning, and that is what is giving us comfort -- to move ahead with this investment. You also asked about margin profiles. Obviously, if you look back historically, this is certainly slightly more value accretive in a margin profile as compared to ethyl acetate.

But I think as we get into the market and we are deeper understanding this I think we will get more granularity, and we'll be happy to share that with you as we continue our journey once we start the ramp up.

Pujan Shah: Okay, sir. And just one more question on n-butyl. Could you just give the industry side how -- what does -- obviously its imports or what could be the domestic consumption in India? And total world production capacities.

Rajan Venkatesh: So if you look at import data, primarily volumes of n-butyl acetate tends to come into India from ASEAN and to a smaller extent, China. Obviously, the import duty, normal import duty that is sort of levied into this. The market size that we see domestically and what I need to also call out is about, I would say, in the ballpark of 70 KT to 75 KT growing in line or slightly above GDP.

That is what is making it interesting for us. And we will also, like we are doing exports for ethyl acetate that might be a future opportunity. So that's the line of sight that we have on this Pujan. I hope that clarifies.

Pujan Shah: Yes -- So that's 100% of the domestic side we have been investing?

Rajan Venkatesh: Which is expected to grow significantly above GDP in line or slightly above GDP. So you can assume a 7% to 8% growth -- on an annualized basis, at least till 2030, 2035 time frame.

Pujan Shah: Okay. Thank you, sir. Thank you so much, sir.

Rajan Venkatesh: Thank you for your questions.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking Limited. Please go ahead, sir.

Rohit Nagraj: Yes. Thanks for the opportunity. So, first question, again, on butyl and propyl acetate. In terms of technology, is it indigenously developed or are we acquiring these technologies from some other technology partners?

Rajan Venkatesh: Thank you. Rohit, pleasure that you're able to join. So let me take the NPAC. NPAC has been developed in-house, and butyl acetate was a product that, over a period of time, Laxmi has been developing, and now we have really achieved the best in scale technology.

Rohit Nagraj: Sure. And these would again form part of the Essential basket?

Rajan Venkatesh: Yes. Rohit, these would be -- this would be nestled in the Essentials basket.

Rohit Nagraj: Right. And second question, so the fluorination part is coming into picture, what is the next leg of products or product basket diversification from the specialties front that we are working on? And when these would see the light of the day, maybe over the next few quarters or few months, whatever time lines that you have in your mind?

Rajan Venkatesh: Right. Rohit. So again, thanks for the question. I think I explained that. So when you were also visiting us, what we have said and we still stay committed to that -- that we will see 10% to 15% of our peak revenues and peak revenue here is INR 200 crores -- that we would achieve by FY '27. So we basically said 10% to 15% of peak revenues is what we will achieve by quarter four, end of quarter four in this financial year and starting quarter three, but certainly quarter four in this financial year, in the next financial year, this would be in the range of 40% to 60% of peak revenues.

And in FY '27 is where we will achieve the INR 200 crore peak revenue. So that remains our line of sight. While there are newer products, which are being looked at, I think at this point of time, the focus remains to deliver this really on the ground.

Rohit Nagraj: Sure. Fair enough. Just one clarification on the Specialty front, similar to what we are doing on the Essentials where we have tapped the import substitute products. Are we thinking in similar lines on specialty as well?

Rajan Venkatesh: So, in Specialty, I think the approach is obviously today, what we have also shared, right, for the ketene – diketene, especially diketene derivatives, we have taken an approach of hedging our industries. So I have a 25% share in pharma, 25% in agro, 25% in the pigment solutions and newer applications like we have done in CASE. So the focus remains, I could have been 100% domestic but less be global opportunities. But we see there is a greater music in having a more diversified range of industries to serve.

And in line with that, what you see, the product that we position into China is really an extension of our diketene derivatives downstream, which is going into a new segment into Personal Care. So that's the lens we will be taking with obviously, the Dahej expansion, we'll be doubling our capability there, and that will give us also additional muscle to be top three in the world, including China and deepen penetration into the respective markets. Hope that helps Rohit.

Rohit Nagraj: I think that's helpful. Thanks a lot. All the best and sir.

Rajan Venkatesh: Thank you.

Moderator: Thank you. The next question is from the line of Jigar Shah from Elevate Research. Please go ahead, sir.

Jigar Shah: Good afternoon, sir. Many congratulations on good performance. Sir, couple of questions. What is the current demand situation in the chemical market? Are you seeing trends of reversal from being bottom out in last few quarters? And where are we on global destocking issues?

Rajan Venkatesh: So I think, Jigar, thanks for that question. As I said, it is very industry-specific. So let me take again recount what I said. So in our pharma space that we serve, we certainly see on a quarter-on-quarter basis, demand being stable and also moving into the current quarter, we continue to see demand stability.

When we talk about our verticals when we are serving the packaging, printing and packaging, there again, we see demand stable. When we are talking about the industry of agro is where we continue to see weakness. That being said, at a macro level, I think we cannot run away from the fact that China, despite you see productivity increases as a result of the stimulus that has been done, and you also increase in manufacturing into Europe.

You don't see globally demand yet having really picked up tremendously. So I think that's the lens one needs to understand and thereby, I think what keeps Laxmi in good stead is to have this diversification at both a geographical and industry lens. I hope that gives you some more light Jigar.

Jigar Shah: It does. So a follow-up question on that. I see -- I can see that your volumes have grown in double digits. And so the gross margins have improved significantly. Does that mean the realization of spreads have increased over time from last quarter?

Rajan Venkatesh: No, on the Essentials part, and I think that's also a fair question. On the Essentials part, if you see 85% by volume terms in our Essentials portfolio is made by ETAC. So on a quarter-on-quarter basis, the spreads –or the realization have not improved. I will have also Mahadeo Karnik to comment.

Mahadeo Karnik: If your question is versus previous year, the answer is yes -- versus sequentially versus Q1 -- the answer is no.

Rajan Venkatesh: Yes. So it has remained in that range. While in our specialties on the other side, our EBITDA, despite all what we are hearing on the chemicals we continue to deliver solid EBITDA ranges.

Jigar Shah: Got it. Thank you, sir.

Rajan Venkatesh: Thank you.

Moderator: Does that answer your question, Mr?

Jigar Shah: Yes, it does.

Moderator: Thank you. The next question is from the line of Nitesh Dhoot from Dolat Capital. Please go ahead.

Nitesh Dhoot: Thanks for the follow-up. Just a couple of clarifications. So on the payable days, so a reduction in the payable days, you mentioned -- so basically, have we again moved back to sourcing ethanol locally? Or is there something else which you can maybe elaborate on?

Mahadeo Karnik: No. So Nitesh, we have not moved back to sourcing locally. It was just a large parcel that we bought in quarter four, and that's getting impacted in Q2. It also impacted same -- similar manner in Q1. So we will see this story at least continuing up to Q3, we should be able to stabilize that in Q4.

Nitesh Dhoot: Okay. All right. And secondly, sir, what explains the losses at the subsidiary level every quarter, sir, if I see the consolidated minus standalone numbers, in last four quarters, it's almost INR 60 crores negative. So is it on account of the Fluorochemicals subsidiary or any other global subsidiary? Or any other global subsidiaries?

Mahadeo Karnik: That's largely on account on Fluorochemicals subsidiary, which is YFCPL or the LOBV, our Netherlands subsidiary, yes, it has a small loss mainly on account of some of the one time exceptional expense in quarter two. But it's largely on account of YFCPL, which would get merged hopefully by quarter four of this year.

Nitesh Dhoot: All right. That's very helpful, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Aditya from Sowilo Investment Managers. Please go ahead.

Aditya: Yes, good afternoon. So my -- I just need the clarification whether I heard correctly. Earlier, you mentioned that the acetic acid is imports are mainly from ASEAN countries and from China right?

Rajan Venkatesh: So I was talking, Aditya, for the Butyl Acetate. So the Butyl Acetate that comes today into India is primarily coming from ASEAN. I would say 80% to 85% is ASEAN and then you are 10% to 15% coming in from China. Acetic acid is a slightly different lens acetic acid also comes from ASEAN and also North Asia. And certainly, I would say the split is maybe 40% coming from China and 60% from ASEAN. I hope that clarifies.

Aditya: Yes. So then I have a question. So are the supplies being rerouted by ASEAN or is it like manufactured in ASEAN?

Rajan Venkatesh: Are you referring to which -- are you referring to the Butyl Acetate potentially now?

Aditya: Yes.

Rajan Venkatesh: I think the lens there, Aditya, to take is, let me give you a very tangible example. We produced ethyl acetate. We have a market share today domestically of anywhere between 35% to 40%. There is not a single kilo of Ethyl Acetate coming from China into India. So I think the most important lens in a lot of these chemistries is do you have the economies of scale and the cost position? And we believe with what we are setting now, we will certainly have that, and that is giving us the right to win. Now what will happen to those flows, I think if that's something of their problem, not our problem, to be honest.

Aditya: Okay. Because I was basically trying to get a sense of the whole Chinese capacity situation. And despite the fact that you did mention that there is some antidumping duty and all that. But is that -- are you trying to bypass that by rerouting into some country -- what I was trying to understand?

Rajan Venkatesh: No. For specifically the portfolio that Laxmi is active in, that is not something we manifest. So what we really see, again, being very, very tangible producer of Butyl Acetate in ASEAN are companies like Celanese and Petronas. And as I called it out also, there is only a very small part of butyl acetate coming in from China into India.

Aditya: Okay. Thank you.

Moderator: Does that answer your question, Mr Aditya?

Aditya: Yes.

Moderator: Thank you. The last question is from the line of Ganesh Shetty an Individual Investor. Please go ahead.

Ganesh Shetty: Congratulations management team for the excellent set of numbers and achieving higher EBITDA. Sir, my question is regarding our Speciality chemicals, which you have incubated over a period of time? And is there any flexibility in processes in these products which we can tailor made as per the requirement in future industry. Can you please throw some light on this, sir?

Rajan Venkatesh: Yes, Mr. Shetty. So I think the strength of our specialty vertical is the entire element. These are multipurpose assets batch processes, which is basically giving us a greater deal of flexibility to do a range of chemistries and derivatives. So that's been the strength that we have developed. If you remember well, when we acquired the assets from Clariant, this was a range of about eight products that we acquired. Today as we speak building on the efforts of the team and the R&D that has gone through, we have 50-plus products serving a range of applications. So I hope that gives you comfort that we are on top of our game on this one.

Ganesh Shetty: Yes, sir, that's all from me. Thanks a lot and all the best.

Rajan Venkatesh: Thank you.

Moderator: Thank you -- in the interest of time, this was the last question for today's conference call. I would now like to hand the conference over to the management of Laxmi Organic Industry Limited for closing comments.

Rajan Venkatesh: Again, thank you all for having invested your time around Diwali period on to this call. I'm deeply grateful to the entire Laxmi team. We have delivered double-digit top line growth in quarter two FY '25 on a year-on-year basis and double-digit volume as well as bottom line growth on a year-on-year basis in quarter two FY '25 and also first half despite the prevailing market conditions.

The growth, as we called out in our discussions and narrative is driven with our continued focus on operational excellence efforts in both additional volumes and improved cost positioning, capacity augmentation and see our customer-centric approach, which has enabled us to expand our market share and widen our reach to new industries. At our fluoro intermediate site, the emphasis remains on scaling the plant with commercial production in second half of this financial with a focus to start generating revenues also from the second half of this financial to expand our overall specialty product offerings to our customers.

On Dahej side, we remain on track to receive the pending regulatory approvals and the project remains on track on time lines and budget. And I would like to conclude what we are focusing on and Mr. Mahadeo referred to this in line with quarter two, we are also seeing into quarter three, I would say the line of sight is we will deliver year-on-year growth into quarter three. And what we are diligently working together as a management team is to bring in more predictability and which we can build in confidence internally with our customers and stakeholders like yourself. That being said, again, a very, very happy Deepavali and thank you all.

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