



LAXMI ORGANIC INDUSTRIES LTD

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January 25, 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: Intimation under Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we hereby confirm that there has been no deviation in the utilization of QIP Proceeds from the objects stated in the placement document dated October 10, 2023. In this regard, please see enclosed Monitoring Agency Report issued by India Ratings & Research Private Limited (Monitoring Agent) for the quarter ended December 31, 2023.

We request you to take the above on record.

Thanking you,

For **Laxmi Organic Industries Limited**

Aniket Hirpara

Company Secretary and Compliance Officer

Encl.: A/a

Date: 23rd January 2024

To,

Laxmi Organic Industries Limited

2nd and 3rd Floor, Chandermukhi Building,

Nariman Point, Mumbai – 400021.

Subject: Monitoring Agency Report for the quarter ended 31st December 2023 in relation to Qualified Institutional Placement (QIP).

Dear Sir,

Pursuant to Regulation 173A (2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) and Monitoring Agency Agreement dated 26th September 2023, please find enclosed herewith the Monitoring Agency Report, as per Schedule XI of the SEBI ICDR Regulations towards utilization of proceeds of QIP for the quarter ended December 31, 2023.

Request you to kindly take the same on records.

Thanking You,

For and on behalf of India Ratings & Research Private Limited

Name: Shrikant Dev

Designation: Director, Secretarial

Report of the Monitoring Agency (MA)

Name of the issuer: **Laxmi Organic Industries Limited**

For quarter ended: **31st December 2023**

Name of the Monitoring Agency: **India Ratings & Research Private Limited**

(a) Deviation from the objects: **No Deviation from the objects.**

Based on the Management undertaking and as per Independent Practicing Chartered Accountant certificate dated 19th January 2024 issued by LLB & Co., Chartered Accountants (FRN – 117758W) having UDIN 24104234BKELUB8731* and other documents provided to us, no deviation from the objects has been observed.

*The reference to the Independent Practicing Chartered Accountant certificate anywhere in the MA report refers to the said certificate.

(b) *Range of Deviation*: **Not Applicable**

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "*Comments of the Board of Directors*", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

Signature:

Name and designation of the Authorized Signatory: **Shrikant Dev (Director, Secretarial)**

Date: **23rd January 2024.**

1) Issuer Details:

Name of the issuer:	Laxmi Organic Industries Limited
Names of the promoter:	Yellowstone Trust & Mr. Ravi Goenka
Industry/sector to which it belongs:	Chemical Industry

2) Issue Details:

Issue Period:	5 th October 2023 to 10 th October 2023
Type of issue (public/rights):	Qualified Institutional Placement (QIP)
Type of specified securities:	9,625,579 Equity Shares of FV ₹ 2 each @ ₹ 269.20 per Equity Share
IPO Grading, if any:	Not Applicable
Issue size:	INR 2,591.21 Million

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	Management undertaking, Independent Practicing Chartered Accountant certificate, Placement Document, Bank Statements, Copy of invoices.	Refer Below Note*	No Comments
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	Management undertaking, Independent Practicing Chartered Accountant certificate	NA	No Comments
Whether the means of finance for the disclosed objects of the issue has changed?	No	Management undertaking, Independent Practicing Chartered Accountant certificate.	None	No Comments
Is there any major deviation observed over the earlier monitoring agency reports?	NA	NA	NA	No Comments
Whether all Government/statutory approvals related to the object(s) have been obtained?	Partly obtained	Management undertaking, Independent Practicing Chartered Accountant certificate.	Refer Below Note**	No Comments

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	NA	Management undertaking, Independent Practicing Chartered Accountant certificate.	None	No Comments
Are there any favorable events improving the viability of these object(s)?	No	Management undertaking, Independent Practicing Chartered Accountant certificate.	None	No Comments
Are there any unfavorable events affecting the viability of the object(s)?	No	Management undertaking, Independent Practicing Chartered Accountant certificate.	None	No Comments
Is there any other relevant information that may materially affect the decision making of the investors?	No	Management undertaking, Independent Practicing Chartered Accountant certificate.	None	No Comments

*The actual QIP issue expense incurred by the company is ₹ 105.49 Million against ₹ 110.57 Million as estimated in the placement document. Thus, there is a surplus of ₹ 5.08 million which has resulted in increase in the total available fund (net-off expenses) from ₹ 2,480.64 million as mentioned in the placement document to ₹ 2,485.72 million. This available surplus amount of ₹ 5.08 million is utilized for general corporate purposes (GCP), which has resulted in increase in actual utilization for GCP from ₹ 500.97 million as mentioned in placement document to ₹ 506.05 million.

**As per management undertaking, all requisite approvals needed for the current stage of the projects have been secured.

4) Details of object(s) to be monitored:
i. Cost of object(s)-

Sr. No.	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) (INR Million)	Revised Cost (INR Million)	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made
1	Funding the capital expenditure requirements for setting up of the new innovation centre at plot bearing number A-309 located at Mahape, MIDC ("Mahape")	Management undertaking, Independent Practicing Chartered Accountant certificate, Placement Document, Bank Statements, Copy of Invoices.	360.01	NA	NA	NA	NA	NA
2	Funding the capital expenditure requirements of our Company for setting up of the new manufacturing facility at village Jolve and Vadadla, Bharuch, Gujarat ("Dahej")		1,619.66	NA	NA	NA	NA	NA
3	General Corporate Purposes*		500.97*	NA	Refer Below*	NA	NA	NA
4	QIP related Issue Expenses*		110.57*	NA	Refer Below*	NA	NA	NA
TOTAL			2,591.21					

*The actual QIP issue expense incurred by the company is ₹ 105.49 Million against ₹ 110.57 Million as estimated in the placement document. Thus, there is a surplus of ₹ 5.08 million which has resulted in increase in the total available fund (net-off expenses) from ₹ 2,480.64 million as mentioned in the placement document to ₹ 2,485.72 million. This available surplus amount of ₹ 5.08 million is utilized for general corporate purposes (GCP), which has resulted in increase in actual utilization for GCP from ₹ 500.97 million as mentioned in placement document to ₹ 506.05 million.

ii. Progress in the object(s) -

Sr. No.	Item Head\$	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document (INR Million)	Amount Utilized (INR Million)			Total Unutilized Amount (INR Million)	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action
1	Funding the capital expenditure requirements for setting up of the new innovation centre at plot bearing number A-309 located at Mahape, MIDC ("Mahape")	Management undertaking, Independent Practicing Chartered Accountant certificate, Placement Document, Bank Statements, Copy of Invoices.	360.01	-	37.71	37.71	322.30	None	NA	NA
2	Funding the capital expenditure requirements of our Company for setting up of the new manufacturing facility at village Jolve and Vadadla, Bharuch, Gujarat ("Dahej")		1,619.66	-	8.11	8.11	1,611.55	None	NA	NA
3	General Corporate Purposes*		500.97*	-	506.05	506.05	-	Refer Below*	NA	NA
4	QIP related Issue Expenses*		110.57*	-	105.49	105.49	-	Refer Below*	NA	NA
	TOTAL		2,591.21	-	657.36	657.36	1933.85			

*The actual QIP issue expense incurred by the company is ₹ 105.49 Million against ₹ 110.57 Million as estimated in the placement document. Thus, there is a surplus of ₹ 5.08 million which has resulted in increase in the total available fund (net-off expenses) from ₹ 2,480.64 million as mentioned in the

placement document to ₹ 2,485.72 million. This available surplus amount of ₹ 5.08 million is utilized for general corporate purposes (GCP), which has resulted in increase in actual utilization for GCP from ₹ 500.97 million as mentioned in placement document to ₹ 506.05 million.

On 13th Oct' 23, the company transferred the funds meant for GCP (₹ 500.97 Mn) to SBI CC a/c from where on 19th Oct' 23 company transferred ₹ 590.80 Mn to HDFC Bank a/c (for payment towards LC for GCP utilization). SBI a/c being CC a/c, there are other debit and credit entries during the period 13th Oct' 23 to 19th Oct' 23 and therefore establishment of trail of funds is difficult. However, the company has represented that the issue proceeds meant for GCP is used for payment to HDFC Bank towards LC.

Below is the relevant extract of the description of the object(s) as stated in the placement document:

“Details of the Objects:

1. Funding capital expenditure requirements for setting up of the new innovation centre at Mahape:
We are currently in the process of setting up a new innovation center in Mahape. The innovation centre will provide us the opportunity to scale our R&D efforts in line with the growing manufacturing sites and product pipeline. This center spread across 2100 square meters will not only enable the current chemistry platform research to be done more efficiently but will also provide ample infrastructure for new platforms and scaling up of existing technologies and building new teams. As the company and business expand this innovation center is being set up to keep pace with the same growth. The R&D in India, across the group, is envisaged to be housed at this new innovation center.
2. Funding capital expenditure requirements for setting up of the new manufacturing facilities at Dahej:
The Mahad facilities, spread over 40 acres are almost fully occupied. Thus, to enable, further expansion and to provide for manufacturing diversification and geographic de-risking, we acquired a land parcel of 84.71 acres in Dahej in Fiscal 2023. The expansion at Dahej will add to the capacity of the manufacturing facility at Mahad and also provide business continuity to customers. The Board, has approved a capex spend of about ₹ 7,100.00 million to develop the first phase of the Dahej facility. The Dahej facility will see the first expansion work commencing from Fiscal 2024 onwards. This phase will be expanding product capacities across currently produced products.
3. General Corporate Purposes:
Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, any additional capital expenditure, repayment or prepayment of our borrowings, strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, investment in our Subsidiaries, meeting working capital requirements of our Company incurred in the ordinary course of business, meeting exigencies and expenses, logistics expenses, installation expenses, accessories, freight, and other expenses in relation to our proposed capital expenditure, and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.”

Note: The above capital expenditure related objects are towards part financing the respective projects.

iii. Deployment of unutilized IPO proceeds:

Sr. No.	Type of Instrument and name of the entity invested in	Amount Invested (INR Million)	Maturity Date	Earnings (INR Million)*	Return on Investment (%)**	Market Value as at 31 st Dec' 23 (INR Million)
1	Fixed Deposit with Yes Bank Limited – a/c. no. 000440300142783 /1	500.00	13-Feb-24	4.93	7.35%	504.93
2	Fixed Deposit with Yes Bank Limited – a/c. no. 000440300142773 /1	500.00	13-Feb-24	4.93	7.35%	504.93
3	Fixed Deposit with Yes Bank Limited – a/c. no. 000440300143263 /1	138.76	05-Feb-24	0.75	7.30%	139.51
4	Fixed Deposit with Yes Bank Limited – a/c. no. 000440300143396 /1	350.00	14-Mar-24	1.27	7.35%	351.27
5	Mutual Fund – SBI Savings Fund - Direct Growth	300.00	NA	0.66	NA	300.66
6	Mutual Fund – SBI Liquid Fund - Direct Growth	145.09	NA	0.43	NA	145.52
	Total	1,933.85		12.97		1946.82

*Earnings till 31st Dec'23

**Annualized return on investment

iv. Delay in implementation of the object(s)

Object(s)	Completion Date		Delay (no. of days/m onths)	Comments of the Board of Directors	
	As per the Offer Document	Actual*		Reason of Delay	Proposed Course of action
Funding the capital expenditure requirements for setting up of the new innovation centre at plot bearing number A-309 located at Mahape, MIDC ("Mahape")	(Rs. Mn)		Refer Below*	NA	NA
	Fiscal 2024	358.91			
	Fiscal 2025	1.10			
	TOTAL	360.01			
Funding the capital expenditure requirements of our Company for setting up of the new manufacturing facility at village Jolve and Vadadla, Bharuch, Gujarat ("Dahej")	(Rs. Mn)		Refer Below*	NA	NA
	Fiscal 2024	813.50			
	Fiscal 2025	806.16			
	TOTAL	1619.66			
General Corporate Purposes	Fiscal 2024	19 th Oct'23.	NA		

*Latest/revised estimate of completion date is same as mentioned in the Placement Document

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No.	Item Head	Amount (INR Million)	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
1	Towards payment to HDFC Bank against the LC due for payment.	506.05	Management undertaking, Independent Practicing Chartered Accountant certificate, Placement Document, Bank Statements, Payment advice from HDFC Bank.	On 13th Oct' 23, the company transferred the funds meant for GCP (₹ 500.97 Mn) to SBI CC a/c from where on 19th Oct'23 company transferred ₹ 590.80 Mn to HDFC Bank a/c. (for payment towards LC). SBI a/c being CC a/c, there are other debit and credit entries during the period 13th Oct' 23 to 19th Oct' 23 and therefore establishment of trail of funds is difficult. However, the company has represented that the issue proceeds meant for GCP is used for payment to HDFC Bank towards LC.	NA

Disclaimers:

The MA Report is prepared by India Ratings. India Ratings has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable.

India Ratings declare that the MA Report is based on the format prescribed by the SEBI (ICDR) Regulations, 2018. This declaration forms part of and applies to each MA Report that is issued by India Ratings. The MA Report does not constitute an offer of services. Access or use of any MA Report does not create a client relationship between India Ratings and the Applicant or between India Ratings and User of the report.

This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments.

Please note that the information presented in the MA Report is based solely on the review of the requisite information, documents, papers, statements received from the Company with regard to the use of the Issue Proceeds including the status of implementation of the activities proposed to be funded out of the Issue proceeds as stated in the Prospectus. India Ratings has not verified any source of information such as invoices, ledgers or payment receipts and other documents either in normal course or in case of deviations from the objects, as the same is the duty of the management and the statutory auditors. India Ratings has relied in good faith and without any liability, upon the contents thereof. The user of the MA Report should understand that India Ratings does not perform an audit and undertakes no independent verification of any information/certifications/statements it receives from auditors, lawyers, chartered engineers or other experts, and relies on in its reports. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings. In issuing the MA Report, India Ratings may rely on the representations and certifications from the issuer and experts, including statutory auditors with respect to financial statements, attorneys with respect to legal and tax matters and other entities considered reliable by India Ratings. The Company shall be solely responsible and liable for any omission, commission, errors and misrepresentations in the contents of the Information provided to India Ratings. India Ratings disclaims any liability arising out of the contents of the information provided by the Company and in no event shall be held liable to anyone for any damages or claims arising out of such information.

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As India Ratings have only acted in the capacity of a monitoring agency, the MA Report does not, in any way, constitute an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner and does not include any qualitative and quantitative assessment of the probability of default on payment of interest and principal on a debt instrument. The content of the MA Report does not constitute any recommendation to buy, hold or sell any securities. The MA Report does not comment on the quality of the objects of the issue, reasonableness of costs or spending by the issuer against any objects / heads or assurance on outcome of such spending, the adequacy of market price or market liquidity, suitability of any security for an investor. The MA Report does not provide to any party any financial advice, or legal, auditing, accounting, appraisal, valuation or actuarial services and should not be viewed as a replacement for such advice or services.

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India Ratings is neither construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. It is issuing the MA Report solely in the capacity of a monitoring agency and that the same shall not be construed to be an opinion of an expert, as it relies on certificates, confirmations and representations of reliable stakeholders such as auditors, banks and others.