LAXMI ORGANIC INDUSTRIES LTD
Chandermukhi, Third Floor, Nariman Point, Mumbai 400021, India
T +91 22 49104444 E info@laxmi.com W www.laxmi.com

January 28, 2025

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
January 23, 2025, at 13.30 hours onwards	Investor & Analyst Meet to discuss performance for the quarter ended December 31, 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No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.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 Q3FY25.

We request you to take the above on record.

For **Laxmi Organic Industries Limited**

ANIKET BAVCHANDBHAI HIRPARA

Digitally signed by ANIKET BAVCHANDBHAI HIRPARA
Date: 2025.01.28 16:39:13 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

"Laxmi Organic Industries Limited

Q3 FY '25 Earnings Conference Call"

January 23, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 23rd January 2025 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** **SGA - STRATEGIC GROWTH ADVISORS - INVESTOR RELATIONS ADVISORS**
MODERATOR:	**MR. NISHANT DUDHORIA – STRATEGIC GROWTH ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of Laxmi Organic Industries Limited. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Nishant. Thank you, and over to you, sir.

Nishant Dudhoria: Good afternoon, everyone, and thank you for joining us on the Q3 FY '25 Earnings Conference Call for Laxmi Organic Industries Limited. We have with us on the call Dr. Rajan Venkatesh, MD and CEO; Mr. Mahadeo Karnik, CFO.

The company has uploaded its financial results and investor presentation on the 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 a Q&A session.

Before we begin, I'd like to point out that 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 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, Dr. Rajan.

Rajan Venkatesh: Thank you, Nishant and Namaskaram to all. Good morning, good evening and good afternoon, depending on where you're dialling in from. Again, thank you for investing your time and joining our call. What I would like to do, as always, is break it down into three buckets, give you first an industry outlook, we are privileged to serve multiple industries to give you a lens of how those industries are evolving.

The second bucket would be raw materials, how we see raw materials having evolved and potentially evolving and then coming closer to home and talking about some of the key levers of our excellent performance in quarter 3 and also for the first 9 months of the year.

Starting with the markets. So, the key segments that we serve, as you know, encompass segments like pharma, agro, printing and packaging, flavors and fragrances. We are into coatings and a host of other segments what we position under our Industrial Solutions segment.

So let me take that one by one very quickly. In Pharma, from a demand lens, we continue to see quarter-on-quarter demand being stable. In the Coatings segment, again, we see stability in demand. In Printing and Packaging, also we see demand having been stable quarter 2 to quarter 3 and also moving into quarter 4.

Fundamentally, you'll have seasonality in some of these segments. So that's nothing new that you are grappling with or navigating through. Then when we look at Flavors and Fragrances, we continue to see demand for our solutions and products being stable. The one segment where we continue to see weakness is the agro space. That hopefully we believe will improve over a period of time, but taking a point in time view has not yet rebounded. So that gives you the first bucket, which is the customers and the markets that we have the privilege to serve.

Second comes into the feedstocks. And one of the primary feedstocks that is key to Laxmi is acetic acid. So, if you look at it, year-on-year, so quarter 3 of last year versus quarter 3 of this year, we have certainly seen acetic acid prices significantly moderating in the range of about 15%. So, to give you more numbers out there, quarter 3, the average price of acetic acid last quarter was around USD 450. And if you remember my narrative there, there was an unplanned shutdown, which basically caused that big spike up in acetic acid prices across Asia Pacific.

And then what we say is basically now in this quarter, we are seeing -- quarter 3, we saw average prices sort of moderating to the normalized levels, closer to the USD 380 range. So, it was range bound to that extent. Moving into quarter 4, as a result of the Chinese New Year, which is expected by the end of January, we are seeing larger producers scaling down their operations. But most of it is done in a very planned way. So, we are not seeing any large spikes, while we are seeing moderate increases in pricing moving from the USD 380 to the USD 410 ranges.

We are not expecting large spikes at this point in time. And that is where we are also seeing now linked to our product. If you see ethyl acetate, we see that the spreads remain in the bottom quartile being a bit suppressed in that about USD 145 to USD 150 range. We are expecting some movement but nothing large as compared to what we experienced in the previous time last year. So that gives you a view on the feedstocks.

And now coming closer to home, what you really see is our diligent focus over the last quarters in operational excellence has yielded strong benefits on volume side on both our essentials and also specialty vertical. Specifically deep diving into our Specialty vertical. What I called out in the last call, we had a turnaround in early October of the quarter.

We really went into the last quarter building an inventory for that. That has really come to play very positively for us. The product mix and our continued, as I called out, operational excellence have yielded us a better performance when you see year-on-year quarter, right? So that keeps us in a good stead.

When we are really looking at our Essential segment, again, the operational excellence journey has yielded us positive dividends, as we had called out also in the past. More importantly, we are able to position these products into the market because that is as important as getting output from assets. So, we see strong volume growth.

We are also in line with our strategy. We are going deep. So, we are strengthening our core. Operational excellence is the key measure, but we are also already launching newer products like I have shared with you, and this is being very positively received in the market. And clearly, the objective of doing this, the strategic objective is ethyl acetate, which has been core in the way Laxmi has developed over the years and which, if you see FY '24, accounted for 60% of Laxmi's revenues. With the strategy that we are envisaging, this number will come down to 40%.

So clearly, we will continue to double-click on our strengths and at the same time, broaden the offerings for our customers. If you look again, now we are at an interesting cusp. When we look at the projects that we are executing at our Dahej site, we continue to remain on track to receive the pending regulatory approvals and the project remains in schedule on timelines and in budget.

And at our Fluoro-Intermediate site at Lote, thrilled to share that in quarter 4, as we have been really working very diligently towards it, is where we are seeking about 10% of the peak revenues. And in the course of the next financial year, that is FY '26, we target to have 40% to 60% of the peak revenues. In fact, all the key products that will contribute into FY '26, we have successfully commercialized at our asset base in Lote. So that is also positioning us well moving ahead.

If we then also look at our other achievements that we have achieved in the quarter, we received a very good appreciation from the National Safety Council for the third consecutive year, focusing on safety management. We also received Together for Sustainability. From a sustainability lens, we had a big step up in the ratings. We've achieved a rating of 87%. Our last rating was 67%. So that is, again, committing ourselves to our customers, to our stakeholders and for future growth. That keeps us in good stead.

We've had the other lens on my management team. We have had Dr. Milind Vaidya, whom I've introduced to you, managing now both the R&D and Marketing roles, which is then enabling end-to-end steering from market to in-house and which will turbocharge, we believe, our innovation pipeline for growth for Specialty. And Mr. Prateek Singh joins us at the end of January as the new CHRO into the management team.

All said and done, while I'm deeply grateful to the Laxmi team for a very strong quarter 3, we are also continuing to gear ourselves for closing the year with a profitable volume and EBITDA growth. With that, I hand it over to my friend now, Mahadeo, as he takes us through our performance.

Mahadeo Karnik: Thank you, Rajan. Good afternoon, ladies and gentlemen. I was talking to my team in town hall, and I used one word, which is a word called as resilient. And I think we stand as a resilient team in today's dynamic environment and a challenging environment. And we have been able to demonstrate a predictable performance, that we called out in last quarter. We are in line with that performance for this quarter.

So let me take you through the synopsis of quarter 3. In quarter 3, our sales grew at 13% year-on-year, with a strong business volume growth in Essential business of 18%. That's driven by the operational excellence, mainly without any capex. Our Specialty business, which is a high profitable business, has grown 29% due on account of improved mix. This has enabled in improving our gross margin by nearly 240 bps.

As you can see, our EBITDA has now stabilized at around INR 75 crores, which has grown around by INR 53 crores, mainly coming out of the power and fuel, which is remaining same in spite of the volumes increasing by nearly 17%. Though we have still seen the challenges in our freight costs, which have grown year-on-year by nearly 100% due to international issues, but still, this is a resilient performance for us. So overall, we remain very much on the course for delivering the strong profitable volume growth.

Our export performance continued to be good sequentially. As you can see from our presentation, it has improved to 36% of our overall sales and that helps in derisking currency risk for us. We are progressing well on Dahej projects, and the activities are on schedule as well as in cost.

So, with that, I hand it over to Nishant for question-and-answers.

Nishant Dudhoria: Yes, we will now begin with the Q&A session.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer question. The first question is from the line of Rohit from B&K Securities. Please go ahead.

Rohit: Thanks for the opportunity. Good to see that the performance is stable sequentially and Y-o-Y there is good growth. So, first question is in terms of the demand environment, particularly in the exports market, given that sequentially there has been growth in exports, what are we seeing across different segments? I mean you have given a flavor about stable demand across the segments. But what are we seeing during Q3 and the initial part of January? How has been the sentiment from the customers in the exports market? Thank you so much.

Rajan Venkatesh: So, Rohit, first and foremost, congratulations on the new role, and wishing you every success. Thank you for that question. As we have always stated, for us now, specifically in the Specialty business, the export part of our opportunity is dependent to specific industries.

The CASE industry, that is coating, additive, sealants and elastomer industry, primarily, we are serving the needs of large MNCs and catering to demand not domestically, but in the Americas, Europe and even China. So that's the area we continue to see growth, which has also contributed to a certain extent to our exports.

On our Pigments that we are serving, it's a blend of both domestic and exports. That is what we are serving. When we talk about Pharma, again, a blend. So, I think that's how we are steering the entire Specialty part. So, the split what you see in our Specialty part on an average has been 50-50 barring a few quarters that you have some swings.

On the Essentials part, which makes a big chunk of our exports, specifically for quarter 3, and you heard that in the narrative from Mahadeo, given the large spike that we observed in freight costs, from India into some of the key markets, specifically Europe here, is where we have actually pulled back a bit from that. We have obviously had different other avenues where we have more products too. But Europe, we have pulled back. But we are already in quarter 4, now seeing some positive telltale signs of certain moderation in freight, and that's where the evaluation happens, whether we can start that opportunity again.

We have tank operations, both in Antwerp and Genoa, and hence, are considered more "local supplier" given our tank presence in that geography. Hope that gives you a line of sight, Rohit?

Rohit: Absolutely, sir. Second question on the Fluoro-Intermediates. Again, you've reiterated that things have now started working in favour of us and we are likely to clock 10% of peak revenues, that's close to about INR 20-odd crores. So, what is your initial assessment in terms of the customer feedback? Are we able to supply the right quality of product with the specifications immediately or have there been multiple reiterations before the product is being approved by the customer? Just a flavour on this.

Rajan Venkatesh: So, Rohit, there, again, we've been very transparent. So, I've been speaking about the phasing of our samples to our customers. I think one of the big positives from the Miteni assets, while the project has had its challenges, which we have alluded to in the past, has been once we produce the product, we are getting them on spec in line with what Miteni was producing as our assets. And this is then obviously in line with the customers' expectations.

So that is what is giving us the comfort and that's been the really diligent work that still continues that while 10% is only the start point, and for us, we are really looking at the end game because we also see the entire fluoro platform as a larger growth engine for us at Laxmi. So, so far, so good. Now some of the challenges we have had is looking back in the rearview mirror, and we are really looking ahead with the efforts and with our customer engagement.

Rohit: Thanks a lot, and all the best.

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

Nitesh: Thank you so much for the opportunity. So, my first question is despite 11% sequential increase in Specialty revenue and a better product mix, what explains the drop in the overall gross margins from 35.8% to 33.1%?

Mahadeo Karnik: Let me take that. So sequentially, our dip is 3%, mainly on account of input cost reason. That's around contributed to 1.5%. So sequentially, if you look at a 3% drop, let me explain you that first, that is getting offsetted by a saving in the transport and freight cost of nearly 1.2%. So, real decrease is 1.8%. Around 1% of that is contributing to the raw material cost increase, mainly in acetic acid and alcohol.

And second is we have now exchange rate impact, which is kicking in, contributing to 0.3%. And we had some damage costs that we had to pay one time, which has impacted by nearly 0.4%. So that's the broad breakup.

Nitesh: Okay. All right, sir. And sir, higher depreciation sequentially, so like did we capitalize anything in the quarter or late in the previous quarter?

Mahadeo Karnik: So, we have capitalized INR 220 crores of the assets in Lote, as Rajan has alluded to. So that's the impact that is coming in depreciation sequentially.

Nitesh: Okay. And sir, on the Capex, the INR 1,100 crores outlay that we have, we target INR 750 crores in FY '25 and '26 put together. So how much of the INR 750 crores has already been spent in the first 9 months of FY '25?

Rajan Venkatesh: So, the INR 1,100 crores, if you remember the conversations, INR 800 crores of that is allocated specifically to Dahej. And the midpoint of expenditure will happen in the first half of the next financial year. So that's the big chunk of it.

And then a part of it was INR 50 crores that was still pending from our Lote project in the INR 550 crores. Then we had announced, which was also nestled under there, the INR 90 crores for ethyl acetate, world-scale ethyl acetate that we'll be setting up in Lote. So, all of that is what is being baked in there, and a big chunk of the midpoint of expenditure will happen in the first half of next financial.

Nitesh: Thank you, sir, I will come back in the queue.

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

Aditya: Sir, in your opening speech you mentioned that 40% to 60% of peak revenue should come by FY '26. So, what is this peak revenue that you are referring to? And is it considering all the INR 1,100 crores capex that we have planned to do?

Rajan Venkatesh: So, Aditya, thanks for the question. So, the INR 1,100 crores capex is beyond what primarily we had spent for our Fluoro intermediate project. So that is not encompassed in there. That's the first point. So, as I just explained to the other colleague, we said cost to complete for our fluoro project was INR 550 crores. As it stands, INR 500 crores was already spent. So only INR 50 crores of that is actually bundled in the INR 1,100 crores. That was your first point.

The second one is the peak revenues that we are achieving from that asset base is a peak revenue of INR 200 crores. So, when we say 40% to 60% of that, I think the maths is clear.

Mahadeo Karnik: So, the comment was only for the fluoro business of the peak revenue.

Aditya: Okay. So, from the fluoro, we are expecting approximately INR 200 crores of peak revenue, right?

Rajan Venkatesh: Yes.

Aditya: So, what is the peak revenue that we're expecting from a total of INR 1,100 crores capex?

Mahadeo Karnik: So, we are going to double our sales, correct, from INR 2,800 crores last year to FY '28. So, balance is from the capex.

Aditya: And margins should settle around 10%, is that fair to assume?

Rajan Venkatesh: The margin profile, I think, is also something we have called out in our investor deck is for our Essentials business for every dollar that we invest, we are looking at specific asset turns. So, asset turns for Essentials 3x to 5x for every dollar invested, EBITDA of 8% to 12%. And for Specialty is 1x to 2x asset turns; EBITDA 20% to 25%, which then enables us to get the ROCE what we are targeting.

So, if you look at Slide 17, 18, 19 and in that part, you will get more granularity because we have also broken it down, the capex overlay when it is happening and also the revenue and EBITDA impact. That would hopefully help you to get more clarity.

Aditya: Alright sir, understood. Thank you.

Moderator: Thank you. The next question is from the line of Siddhant from RV Investment. Please go ahead.

Siddhant: Thank you for the opportunity. I would like to ask, based on the guidance you have given for FY [Inaudible-23:43].

Rajan Venkatesh: I think we lost the colleague.

Moderator: Yes, sir, the current participant line got disconnected. The next question is from the line of Harsh from Axis Capital. Please go ahead.

Harsh: Sir, so earlier, you had mentioned that you had Specialty pipeline of around 11 products. So now is there any change in that pipeline or we are still at 11 products?

Rajan Venkatesh: So, the pipeline continues to be strong and actually gets further revitalized. So, in line with what we had shared in the past, 60% of our new business pipeline is fluoro-heavy and 40% of that is other derivatives, so we continue to keep that focus. And what we are really diligently working on is really towards commercializing, bringing in first and foremost the business cases and thereafter the capex to monetize on that, which is, by the way, on top of the INR 1,100 crores, that will be baked in.

Harsh: Okay. And sir, another question on the agro side. So, you mentioned in your opening remark that the agro continues to remain weak. So, any expectation there? And what portion of our shares you derive from that agro chem segment?

Rajan Venkatesh: If you see really the slide deck again, agro chem segment is only about 10% to 13%, or in fact, if you look at quarter 3, it is less than 10% of our overall exposure. I think one thing, while there's a lot of talk about agro, if you take a step back, the big reflection is now if you want to launch a product from lab to scale and if you want to globally launch it, If you speak to the large innovators, it is costing them anywhere close to USD 0.5 billion.

The macro trends in agro certainly don't change. And I believe there is only going to be a clutch of companies that really have the firepower to do that type of R&D and also launch the product. So, I truly remain very confident in conversations with the innovators that it is a trough, but we will come through this. And I think there would be further growth.. The question is the timing and the geographies. The anticipation is hopefully that Europe and US come out of it faster, and South America may be a slight lag.

Harsh: Right. And sir, another question on the exposure to China bit. So earlier, it used to be a minuscule portion, but now you have increased the share of revenue in China. So, is this something structural? Do you expect revenue there to increase? Or is it just because the share of revenue from Europe has increased, and temporarily, you have leased products there?

Rajan Venkatesh: So, China has been really a conscious bias, not an unconscious bias. And again, this is the strength of the portfolio. We have been able to target a specific application base, which has enabled us to tap into that. And there are, I would say, adjacencies that we would be working towards.

Harsh: Alright. That's all from my side.

Moderator: Thank you. The next question is from the line of Virat from Shah Investment. Please go ahead.

Virat: Sir, many congratulations on the good performance. Sir, what is the current demand situation in the chemical market? Are you seeing any trends or reversals from being bottomed up from the last few quarters? Any colors on that side?

Rajan Venkatesh: So, Virat, again, thank you for the congratulations on the performance. I think let me take it in two selects. One is we have the essentials part of our portfolio. And therein, we see the spreads for a lot of those products still being, I would say, in the bottom quartile. So, we have not seen certainly a large rebound yet. That being said, the downstream market demand for these products, especially if you look at, the Asia market continues to grow. So that is a positive element.

But given that in certain segments we see supply being long, and that's why we believe -- and also feedstock prices, if you talk about acetic acid that I explained, is hovering around, whatever, USD 380 to USD 400, so there is more stability also on the feedstock side, and that's why we see the spreads being where they are.

Now Specialty is a different focus for us and the focus, the way we are steering it is obviously product portfolio and performance. So that is the way I would differentiate the two but again, at a macro level to say that we are seeing a big rebound would be not the correct statement.

Virat: Understood. Good, good that there is some traction over there. Sir, I want to follow up. I can see that your volumes have grown in double digits and also this EBITDA spread has improved significantly. Does that mean the realization of spreads have increased over the time?

Mahadeo Karnik: Your question is versus previous year, correct?

Virat: Yes.

Mahadeo Karnik: Yes, it's mainly because versus previous year, the prices have come down, so that spread has increased. Yes.

Rajan Venkatesh: And that volume growth is driven by our operational excellence journey.

Virat: Thank you, sir. All the best.

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

Chetan: Sir, just two questions. First was on the Essentials portfolio. Given the efficiencies that we've undertaken, is it fair to assume that whenever we see pricing there improve and spreads improve, structurally, we should see a higher OP per kg compared to what we used to see earlier in a normalized situation, which was around INR 4 to INR 5? So, given what we've undertaken internally, whenever this improves structurally, there should be an improvement here?

Rajan Venkatesh: Clearly, as you see, if there is a firming up on feedstock side and supply-demand dynamics continue to be in favour, that would certainly be a positive lift up on, I would say, the spreads. And I would like to talk about spreads here because that's where the juice is. You already see what Mahadeo also alluded to in our power costing and others. While we have grown volumes, we have actually kept that at bay, and that is also really directly impacting from our operational excellence journey.

Chetan: Understood. And sir, second question is more from a capitalization perspective, the balance part of the Lote plant will get capitalized in Q4, that should be a fair expectation?

Mahadeo Karnik: Yes, that's what we are aiming for.

Chetan: And that quantum would be how much, given what we've already capitalized?

Mahadeo Karnik: So that would be around INR 140 crores.

Chetan: Thank you so much. All the best.

Moderator: Thank you. The next question is from the line of V.P. Rajesh from Banyan Capital. Please go ahead.

V.P. Rajesh: Thanks for the opportunity and congratulations on fantastic numbers. My question was that how are you assessing the Trump tariffs that may be coming on 1st Feb? I think there have been noises around 25%. So, I'm just trying to understand how will it impact our business, both from the raw material standpoint as well as the end markets? And then the second question -- well, maybe I'll ask my second question after the first one.

Rajan Venkatesh: Okay. Thank you, Rajesh. Again, glad to have you. I think first is, where are we sourcing our feedstocks from, right? A lot of our sourcing strategy has been primarily coming in Asia. So that should, I would say, buffer any untoward element. Secondly, as I've called out in the past, also for the feedstocks, when you look at supply-demand dynamics, a lot of the key products tend to be long. So, for example, acetic acid. So I am not anticipating at this point of time any knee-jerk reaction.

Secondly, if you look again at our spread of customers that we are serving, yes, we do serve customers in US. But primarily, these are large MNC innovator companies who tend to have different buying patterns with buy centers in Europe, which buys globally. So that's where we see it. If you ask me from a point in time how things will evolve, we'll keep a close watch.

In fact, I would see another lens with him coming on board, a lot of the conflicts in Middle East and also what is happening in Europe, if that tends to sort of subside, that would also open up opportunities. When you look at the freight rates, which have jumped up significantly, this could actually moderate back to the pre-COVID rates, and then, that would also open up larger opportunities.

V.P. Rajesh: Got it. And then in terms of our capex plans that you have outlined in the deck, my question is that how are we tracking towards that? Is it anything given sort of the past setback? But over the last 3, 4 quarters, are we still on track? Or is there some more delay? I just wanted to get a sense of that.

Rajan Venkatesh: So, two elements there, Rajesh, to dissect. One was our fluoro-intermediates project, where we had called out very transparently that there was a delay and cost to complete was focused at INR 550 crores, that clearly is under check now.

The second lens is our new investments, which are bundled in the INR 1,100 crores and a big chunk of that at our Dahej site, that, as I already called out in my pre-statement, this remains on track. We remain on track to receive pending regulatory approvals, the project, the timelines, and budget and scope remains on track.

We have also, if you remember, set up a very robust way of tracking this. So, we have established, under the leadership of a Chief Technology Officer, the entire projects team, lab to scale, continuous improvements, new technology and project procurement, is steered under one clear leadership and one umbrella, which I believe is also helping us to get the transparency and tracking.

V.P. Rajesh: Got it. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Shantanu from SMIFS Limited. Please go ahead.

Shantanu: Sir, I just wanted to know how did you optimize on the power costs. I mean how was it possible to keep power cost at a constant level?

Rajan Venkatesh: So, I think the operational excellence journey is the key here, Shantanu. So, for example, we produce ethyl acetate, one of our key products across multiple lines. So, when we started off the journey, the entire topic of the data analytics here was to gleam out which is the best-in-class. Of the lines that we are producing, can we take an internal lens and bring the other lines to be best-in-class? And that's been a key journey wherein we have had significant improvements in our variable inputs and the costs going lower. And that is what is keeping us in a good state when you see our performance at these numbers.

Shantanu: I see, sir, but maybe I'm missing something, but I just want to understand -- I mean, I don't understand the technicalities, I mean, if your production volume, for example, increased, then logically, your power cost should also increase, right? I mean, so...

Rajan Venkatesh: So let me give you more color onto that one. First is if you're running -- and I'm giving you a hypothetical example, if you're running an asset and you're consuming, whatever, 100 kilos of steam to run that process, in your operational excellence journey, suddenly that 100 kilos boils down to 50, right? So, you're already bringing in efficiency from that lens.

So, you are actually having a higher output potentially here and actually consuming less. So that's why, while you're producing more, you're not consuming the same amount of steam. Our power plants are cogen power plants, so that's where the verbund or the integration works in our favour.

And the other topic is obviously, when you look at the cost of coal, because our cogen plants, coal is a key building block, we have also seen the cost of coal moderating lower. So that is also working in our favour, so I think both of these effects. Hopefully, this gives you better clarity.

Shantanu: Thank you very much.

Moderator: Thank you. The next question is from the line of Devang, who's an individual investor. Please go ahead.

Devang: Sir, my first question is regarding the fluoro-intermediate business. What could be the gross margin trend for the fluoro business?

Rajan Venkatesh: So, Devang, basically, in our Specialty block, that's what we have called out, the focus remains that we deliver EBITDA of 20% to 25%. You have seen that also with our Specialty performance. We've actually delivered slightly above that. So that is also true for our fluoro-intermediates business that, that will be in that ballpark.

Devang: Any insights for gross margin?

Rajan Venkatesh: We are steering at an EBITDA lens. So, I would request you that if you can accept that.

Devang: Okay. And the next question is, any pricing change expected after Chinese New Year?

Rajan Venkatesh: Pricing change after Chinese New Year, I think looking at maybe acetic acid as key building block, what I shared with you in the last quarter, quarter 3, we were having an average price of acetic acid in the range of about USD 380, which has slightly increased to about USD 410. So post Chinese New Year, once those capacities come back online after the scheduled turnaround, you could see that sort of moderating. That's the lens I would have.

Devang: Okay. And the last question is, will the company be investing in the HF plant for backward integration for our fluoro business?

Rajan Venkatesh: Simple answer to that, no, Devang we will not be doing it. We are not a large consumer of HF, and we believe there is enough capacity out there to meet our demands competitively.

Devang: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Rohit from B&K Securities. Please go ahead.

Rohit: Thanks for the follow up. First question is on the fluorination project. So next year, when we will reach about 40% to 60% of revenues, is it safe to assume that we will be able to garner the EBITDA margins in the range of 20%, 25%?

Rajan Venkatesh: That is what we are diligently working towards, Rohit. So that's going to be the important element for us. Because as we ramp up is where you really understand all the moving parts coming to play, but the focus remains. And as I've called out, I think I just want to take a step back, why did we do this again?

The thesis of why we have invested here is because we believe there is a longer runway for us as Laxmi in this space. And for every dollar that I invest more into this is what I will juice out. And in fact, I will try to work towards the higher range of the ranges that we have provided, both in asset turns and also EBITDA. So that's where I would like to park it for now, Rohit.

Rohit: Got it. Fair enough. Second question is on the capex. Just wanted to understand the setup. So, what I got from last call and this call is INR 1,100 crores total capex, INR 800 crores, Dahej; INR 50 crores, which is incremental on fluoro; n-butyl acetate, INR 90 crores; ETAC, INR 90 crores; and the remaining INR 70 crores, is it for the n-propyl acetate?

Rajan Venkatesh: No. So, Rohit, again, Dahej, INR 800 crores includes the n-Butyl acetate. Then you have the INR 90 crores, which is designated for the world-scale ethyl acetate. We had INR 50 crores from the Fluoro-intermediate project, which was still pending, right? So those are your big movers. And then you would have, obviously, at our existing sites, where we have always done incremental capexes that is also built-in.

Rohit: Got it. And the n-propyl acetate?

Rajan Venkatesh: N-propyl acetate is fundamentally a refurbishment of our existing acid, bases. So, this is done in a very smart way.

Rohit: Thanks a lot, and all the best.

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

Rajan Venkatesh: Thank you for all having joined in and invested your time. So, I would like to conclude by saying we have continued our growth journey and delivered double-digit growth in volumes, revenues, EBITDA in quarter 3 and 9 months on a year-on-year basis, despite the prevailing operating environment and in the constantly evolving geopolitical backdrop and its consequences. This growth continues to be driven with our focus on operational excellence effort, capacity augmentation and customer centricity.

At our fluoro-intermediate site, we are steadily changing gears and now are focused to generate revenues, as explained. At our Dahej site, we continue to remain on track to receive the pending regulatory approvals and the project remains in schedule, on timelines and in budget.

Also, I'm glad to share that in quarter 3, Laxmi Organic received a credit rating upgrade from India Rating and got rated by CRISIL. The company is now rated AA/stable/A1 positive. The recognition of our efforts on sustainability was validated with the rating on Together for sustainability at 87%, which was a big jump up. And also, by the National Safety Council for the third consecutive year.

With all these efforts in play, we remain geared to win and geared for growth to achieve our laid-out plans for FY '28. I would like to share my deep appreciation to the whole Laxmi Organic team, our customers and all related stakeholders. Thank you, and have a great day ahead.

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