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November 9, 2021

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 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
November 3, 2021, at 2.30 pm onwards	Investor & Analyst Meet to discuss performance for the quarter and half-year ended September 30, 2021, hosted by Christensen Advisory	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No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.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 Presentation for Q2 FY22.

We request you to take the above on record.

Thanking you,

For **Laxmi Organic Industries Limited**

Aniket Bavchand Hirpara

Digitally signed by Aniket Bavchand Hirpara
Date: 2021.11.09 08:43:01 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

"Laxmi Organic Industries Limited Q2 FY22 Earnings Conference Call"

November 03, 2021

MANAGEMENT: **MR. RAVI GOENKA – CHAIRMAN AND MANAGING DIRECTOR, LAXMI ORGANIC INDUSTRIES LIMITED**
MR. SATEJ NABAR – EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED
MR. HARSHVARDHAN GOENKA – EXECUTIVE DIRECTOR (BUSINESS DEVELOPMENT STRATEGY), LAXMI ORGANIC INDUSTRIES LIMITED
MR. PARTHA ROY CHOWDHURY – CHIEF FINANCIAL OFFICER, LAXMI ORGANIC INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Laxmi Organic Industries Limited Q2 FY22 earnings conference call. As a reminder, all participants' 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 the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Diwakar Pingle from Christensen Advisory. Thank you and over to you sir.

Diwakar Pingle: Thank you so much Lizann. Good afternoon to all the participants on this call. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future results, performance or achievements to differ significantly from what has been expressed or implied by such forward looking statements. Please note that we have mailed the complete investor deck including the results, the press release in the investor presentation and the same is also available on the Company's website. In case anyone of you has not received it or not on the mailing list, please write to us and we will be happy to send the same over to you.

To take you through the results and answer your questions today, we have the top management of Laxmi Organic Industries Limited represented by Mr. Ravi Goenka – Chairman and Managing Director; Mr. Satej Nabar – Executive Director and Chief Executive Officer; Mr. Harshvardhan Goenka – Executive Director (Business Development Strategy); and Mr. Partha Roy Chowdhury – Chief Financial Officer.

We will start the call with a brief overview of the quarter gone past and then conduct the Q&A session. With that said I will now hand the call over to Mr. Ravi Goenka. Over to you Mr. Goenka.

Ravi Goenka: Thanks, Diwakar. A very good afternoon, ladies and gentlemen and welcome to our earnings call for Quarter 2 of this financial year.

As you all may have already seen the results, this quarter has been one of the most challenging periods in the recent history of the company. As such the chemical industry has been under cost pressures in the light of higher raw material, energy and logistics cost, and Laxmi is not an exception. As guided from time to time, the catastrophic flood which we mentioned in our last investor call as well resulted in inventory and volume losses eroding our profitability for this quarter. The plants restarted on the 5^{th} of September. However, all the plants could come back to normalcy only towards the end of September causing a near 60-day disruption of capacity utilization in our specialty intermediate plant. Now all the plants are back on stream, and I am extremely proud and appreciative of the efforts put in by our teams in this regard. Let me tell you, it is no mean task to commission 1a complex plant which has been submerged in water over a substantial time in a safe manner and achieve 100% capacity within a few weeks. My kudos to the operations team of our company.

The acetyl unit had just a minor setback with respect to the floods and helped the company to remain profitable in this quarter though the spreads normalized from an all-time high of the previous quarter. Our results for our first half remains robust and we have nearly surpassed the whole of last year's profitability. This has been due to our growing specialty business and a strong H1 for acetyls.

The outlook for the second half and the year remains very positive. The overall demand for both the acetyl and the speciality intermediate remains steady across the sectors that we operate in, the SI order book is strong, and we hope to capitalize on the opportunities presented to us in Q3 and Q4 of the current fiscal. Except the time lost due to the flood, our CAPEXs that are going on in the SI division are on track and will be completed during March and April of 2022. The fluorochemicals project is facing some increased costs due to time escalations, COVID restrictions in Italy, increased prices of building raw materials and infrastructure costs, logistics, supply chain disruptions, etc. While we have started to receive our first containers of equipment from Italy, the global shipping crisis is delaying our entire arrival schedules. We, however, expect the project to get operational in Quarter 1 of FY22. And on the positive side the customer engagement, product development and sampling are underway, and the demand visibility is looking very strong.

Finally, before moving on to the numbers, I would like to mention that our entire plant, equipment, inventories and other properties are well insured and the claim finalization including claim for loss of profit is underway.

Some of the performance highlights of the first half and the second quarter of fiscal 2022 are as follows:

Our H1 profit before tax is at 150 crores. In the current fiscal it is almost equal to our entire annual profits of the previous full year. H1 to H1 the SI volumes are nearly similar, but due to the floods on quarter-on-quarter basis our SI volumes are down by 60%. Despite the disruptions in the current quarter, the CAPEX funding remained onstream for all the ongoing projects. The aggregate funding done is of the order of 100 crores and all this has been done through internal accruals so far. During the half year and the quarter our European subsidiary returned robust performance. It is likely to remain strong in the third quarter as well, as that our supply disruptions in Europe and INEOS the major European producer has declared force majeure. I am confident of the long-term strategy and growth aspirations that we are pursuing. And I take this opportunity to thank our shareholders, employees and all other stakeholders for their support and confidence reposed on us.

On this call, I am accompanied by Satej our CEO, Partha our CFO and Harsh, our Executive Director. And I would now leave the floor open to Diwakar to take it forward. Thank you.

Diwakar Pingle: Thanks Mr. Goenka. Lizann, you can throw it open for Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is on from line of Ankur Periwal from Axis Capital. Please go ahead. As there is no response from the current participant, we will move on to the next that is from the line of Keshav from RakSan Investors.

Keshav: My questions are a little on the long-term horizon. In a research report on global diketene market, there was a mention of availability of substitute derivates having various advantages like better water salability, etc., All this leading to alternatives becoming highly preferred choice by industrial manufacturers. So, keeping this in mind, where do you see the future of this industry headed? Are these big enough threats?

Harshvardhan Goenka: Let me first put it this way. Chemical industry in general constantly tries to substitute each other in the most efficient way via route of synthesis. So, if you look at any chemical formula, it can be made synthetically via various routes. Diketene is no exception. Now, diketene over a long period of time and over lot of technology perfection has actually become a fairly cost-effective robust molecule and which leads to derivatives of more than I think, 50 odd products now in a large commercial way, there will be many other small products as well. But given that nature such threats will always arise, but we don't see any major disruption being caused to this industry in general.

Keshav: Miteni assets that we have acquired to step into fluorine chemistry. I was reading a bit on the company itself, it got into bankruptcy due to environmental violation of contaminating ground water, and there have been considerable voice against PFAs and PFO in the developed world. The short term seems okay for PFAs in India as they are unregulated. So, what do you see as the future? Would we be doing anything differently to avoid entering into similar situations in the long-term?

Harshvardhan Goenka: Two parts to this answer. The first, Miteni has a legacy issue which dates back more than 40 years which is why they went into trouble. The last owners of Miteni and over I think in the last 30 years they were doing everything legally according to European standards. Even in our context, we as Laxmi always follow international precedents not only that is required by our customers, but we believe in best practices. So, we will be following similar regulations here in India and maintaining and enhancing existing safety standards by Miteni. What you are referring to PFO and PFOS those are all long chain products which are nowhere part of our product plan or product list. Those were made 40 years ago and are historical products in nature and not relevant anymore globally.

Keshav: If I can follow-up with one point, I got hold of Miteni’s financials from 2011 to 2016 and they have been loss-making every year. Now I don't have the background of the business environment or the simultaneous impact of any litigations that were ongoing during that time. But is it India’s structural cost advantages that would Laxmi a space to do significantly better with Miteni’s effects?

Partha Roy Chowdhury: It's wonderful Keshav that you have actually had a look at Miteni's historical numbers. But what you should look up, I mean you can work out, are the contribution margin numbers, right? And if you look at the numbers in greater detail, they are fixed costs low, especially the employment cost and the environment of management cost were exceedingly high. If I remember rightly, they would be of the order of € 10 million to maybe € 11 million on a turnover of about 30 million. So that was their issue. Secondly, the starting raw materials are chlorine and fluorine. Now India has a lot of chlorine so therefore the supply chain is going to be far more commercially viable than having this plant located in Western Europe. And there's a lot of hydrofluoric acid which is available India locally and people are putting up additional hydrofluoric acid capacities as well. So, the overall cost economics of locating these facilities here in India is certainly going to be far superior to having it in Italy.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: Of course, Quarter 2 really makes insignificant difference in the destiny of a firm or even a year or two is not the most critical period, but when I see the results of the first quarter and when I see the results of the second quarter, the contrast is really remarkable. It kind of reminds me of that Charles Dickens quote that these are the best of the times, and these are the worst of the times. Even in terms of the north pole and south pole kind of polarity, the difference between the two quarters sounded really quite incredible. So, just wanted to understand the long-term character of the business where such wide spasms or changes is in expected nature or character of the business, or this is kind of a glorious, rare exception?

Partha Roy Chowdhury: Now, see if you look at the swings, the swing is in the acetyl piece. And then we had a complete volume knock down in especially the intermediates piece. And both of them in fact happened together. That is why you are seeing this north pole, south pole kind of swing. But I can give you a reference quarter which is this second quarter of the last year, which is FY21, that is a good model to follow in terms of the distribution of the topline between the AI and the SI and the distribution of the margin profiles between AI and SI. Eventually my sense is on a longer-term basis that is what is going to pan out. However, we also need to super impose on that a fact that in the acetyl business we grow by acquiring more volumes either organically or inorganically otherwise we will lose market share. Because we have a sense that the end markets are really growing at a very good pace. Whereas in the diketene piece, it is a matter of products delivery. Synthesizing new products and delivering them. So therefore, these two businesses will have to be probably evaluated through two different lenses and then maybe we can add up the numbers and see where we are arriving.

Bharat Shah: So, where does that lie? I mean, how do we visualize the long-term future of each of the pieces and of the firm in entirety?

Ravi Goenka: There are a couple of things. As we have even presented to you before our long-term investments in the long-term Laxmi will be making more and more specialized products which are at the end of the value chain and acetyl will be a smaller part of the entire Laxmi Organic. So, whether it is our EBITDA levels, the fluctuation happened in the acetyls business and this quarter, like Partha said, both the things hit us, the production loss because of the floods on the high margin SI business and a down cycle of the acetyls business in this quarter. And that's why you are seeing a larger piece. But going forward, like you said, a quarter or even a year or two don't make a difference, as you are aware, Laxmi is investing all its money in putting in new plants with high margin, dedicated plants for customers, getting into fluorochemicals which are again high margin products and completely new products that may not even be made today in India. So, that will level out with a higher EBITDA margin is my belief.

Bharat Shah: And therefore, a good way to look at the business would be that AI business will primarily be the volume leader in terms of the growth rate while margins probably will be relatively in a range. SI business would offer both margin improvement due to Speciality and even as the volume growth in this for both the business and the margin would be on a longer-term .

Ravi Goenka: I couldn't have put it better.

Moderator: We will move on to the next question that is from the line of Ankur Periwal from Axis Capital. As there is no response from the current participant, we will move on to the next that is from the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: The first, rather not question but observation, our plant as you said that wasn't functional for about one month and then the entire disruption was 60 days. Wouldn't it have been prudent to actually intimate this to the investors that probably this particular event has caused a serious disruption. So, just probably a suggestion if incrementally such things happen it would be really helpful for the investors to understand the gravity of the situation. The way globally the major companies intimate about the force majeures which may cause some disruption, I think this also would be a good practice which can be followed incrementally.

Partha Roy Chowdhury: Thank you for the suggestion. We have taken it on record. But just for your information, we have followed the formal process. We have intimated the stock exchanges about the event. We have also intimated the exchanges and it's in the public domain about the restart of the plant. The plant actually restarted after 45 days, but then it required another two weeks to ramp up to its optimal capacity levels. But your point is very well taken. And we have issued force majeure notices to our contractual customers. That's just for your information.

Rohit Nagraj: Thanks, this is really helpful. The first question is on the margin. So, as you talked in the earlier question that Q2 FY21 would be a good representation in terms of the margins for the company which are closer to about say 11% odd. So, for the legacy business is it safe to assume that the margins will be about 11% and then based on the newer product addition and newer chemistry addition the margins will have a different trajectory which certainly would be upwards. Is that a right observation?

Partha Roy Chowdhury: No, I have not meant that. When I referred to the performance of this quarter, I have referred to the distribution between the two segments. I have not mentioned about the absolute margin percentage or the absolute margin.

Rohit Nagraj: Apologies. I understood it the wrong way. The second question is on the fluorochemicals. You have mentioned that probably there will be a delay of about a quarter. But at the same time, we have already started the sampling process. So, how much time will it take for us to start the commercial production and probably utilize the capacity meaningfully? Thank you.

Harshvardhan Goenka: So, the first thing on the sampling has started from our kilo lab facility that it established during the COVID cycle anticipating extended lockdowns. That's the first response. The second ramp up of a plant we say a 60% -70% in the first year or first 12 months of fully running would be our ideal. Obviously simpler the products depending on the customer's value chain, they all have different qualification times, different customers have got different qualification times and they want criteria which is what we are going about now. And having that kilo lab facility definitely helps us bridge this time and not have to wait for extended ramp up periods.

Moderator: The next question is from the line of Jagvir Singh from Shade Capital. Please go ahead.

Jagvir Singh: My question is what is the pricing in the acetyl business right now?

Partha Roy Chowdhury: That is an information which you get from the market, Jagvir. How could we do that? Different companies in this space have different pricing strategies. But these are available in the public domain.

Jagvir Singh: In the presentation you have mentioned you will surpass the internal targets for this year. So, what are these internal targets?

Partha Roy Chowdhury: See, that word internal target is carefully crafted. We cannot to give out these numbers. These are all very-very price-sensitive numbers.

Jagvir Singh: What is the margins we have achieved in the Q1 in the acetyl business? So, going forward are these margins sustainable or not?

Partha Roy Chowdhury: No, we have made this very clear in our investor communications earlier. We have stated this I think in our AGM also, we have stated this once again. I have finished the response.

Moderator: The next question is from the line of Keshav from RakSan Investors. Please go ahead.

Keshav: Touching upon the previous participant's question. One of our peers in the at ethyl acetate space had mentioned last year about a structural shift in the entire story, it being a green solvent, it is poised to have better baseline margin going forward. Now I have heard conflicting views in the same, that some are saying that the margin would lean over to 8%-9% levels. So, I wanted to have your view on that.

Partha Roy Chowdhury: These green solvents, as far as we know, there is not going to be a drop in substitutes for ethyl acetate. That is point number one. And in terms of the margins, I would suggest that you have a look at the long-term margin profile, information are available in the public domain and those are the sustainable levels. But I would like to super-impose my comments with a fact that we are experiencing a demand side expansion in the downstream industry, therefore supply demand correlation will also influence the pricing and the margin spreads over shorter periods of time.

Moderator: The next question is from the line of Sudhir Reddy, an individual investor. Please go ahead.

Sudhir Reddy: I want to understand, as per the presentation, it was mentioned there were two new diketene products like per piloted molecules in the SI space ready for commercialization. So, is this like going to start probably within this particular year or is it still under a piloted mode?

Harshvardhan Goenka: So, both of those molecules we had planned to start in Q2, but they have shifted to Q3, and we expect it to happen in Q3.

Sudhir Reddy: These molecules cater to which sector of the industry with pharma or agro?

Harshvardhan Goenka: One of them is pharma. One of them is agro.

Sudhir Reddy: My next question is on the fluorine side. With whatever happening on the China disruption and all where the Indian fluorine industry might get benefited and also expected, most of the agrochemicals where they require fluorine molecules, are our fluorine chemistry products have anything caters to the agro industry or is it totally a different value chain where no one in India is already providing them.

Harshvardhan Goenka: Two comments there. Agrochemicals and pharmaceuticals, both of these require fluorine molecules extensively. You look at global and Indian landscape. So yes, both of these industries is what we would be catering to. Agro will come first and followed by pharma given the qualification times in pharma can be slightly longer.

Moderator: The next question is from the line of Ashok Agarwal, an individual investor. Please go ahead.

Ashok Agarwal: My question to you is regarding the recent catastrophic floods which have resulted in a big stoppage of our production. So, I am asking you, how are we preparing ourselves for say future such catastrophic floods knowing very well that previous years also such floods have occurred. So, I want to know how we are preparing ourselves for future such events.

Partha Roy Chowdhury: Mr. Agarwal, the dimension of the flooding which happened in the earlier years, and which happened this year were very-very different. Just to give you a sense, in the earlier years, we had water which came up to about three or four feet, and then it receded very quickly. This time the water level reached about 14 feet, almost everything in that unit was under water. And the water stayed back because of its geographical location. We had an assessment of the last flood which happened in 2019, and that was the first flooding in that unit, and we have been there in that region for more than 30 years. So, we raised all the equipment which could be raised, especially the electrical equipment to a height of 8 feet. Dike walls were built, and structures were built and the electrical equipment especially the pumps and compressors, etc., were put on those raised levels. But this time the flooding was far-far higher, the level was far-far higher, therefore the occurrence the second time. So therefore, we are looking at a larger answer to this question which is a very rightful question, and it is there in our minds. I would now like Harsh to take it over from here.

Harshvardhan Goenka: Mr. Agarwal, obviously this is what bothers us a lot and we have come up and split into time-bound things that we can do which will make us more sustainable as an organization. So, the first is to do with stock points and inventory. We are looking to put this in different locations and not keep it at our site. So, that automatically reduces our inventory loss, that is the first short-term thing. Second, from some of the infrastructure that's present at our site, we are looking to raise that to a particular height so that even if a flood comes, the restoration time may be very low, and it can happen in a quicker, safer manner. And three, is an alternate site for production. But as you can imagine any new site requires a lot more detailed thought process. So, all three are being evaluated and being done in a time bound manner.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Given the fact that research is a critical component of our business, will be keen to know how is the research and development function kind of carved out in the organization, staffing and, nature of investment being committed there.

Harshvardhan Goenka: Glad to say that in the last quarter, we could increase our R&D staff strength by nearly 40% clearly indicating our intent to invest more primarily because we are seeing opportunities, a lot more opportunities than we can digest. So, we need to widen the scope in the beginning as well. Second, we have got two new R&D facilities coming up sometime in the first quarter of next year. One in Mumbai, a much larger facility and the second one in Italy which we are also expecting to start up. So, looking forward to both of these and the ideation of lot of the products is already complete. It's a matter of now getting them into the lab.

Bharat Shah: And what would be the total staffing strength in R&D and how is a function organized?

Harshvardhan Goenka: So, we have today almost 70 people in R&D. If you look that is fairly large for our company size and it's organized under an R&D Head split up between a site-based R&D and an innovation center in Mumbai. The future will obviously include the additional locations which will also have site-based R&D and international R&D.

Bharat Shah: What will be the kind of experience and academic profile of the people and the others?

Harshvardhan Goenka: Roughly about 10% to 15% of all our people in R&D remain PhDs and there are various levels of chemistry depending on what level they are operating at. In addition to that, you have got the process engineering team which also tends to be a mix of PhDs and process engineers from reputed universities like Udacity in India.

Bharat Shah: Would we say core chemistry research is a bigger strength or chemical engineering is a greater strength for us?

Harshvardhan Goenka: Bharat Bhai, you can't divide it in my opinion. If I have the chemistry, don't have the engineering, the product will never get made and vice versa. You have to have both. When I gave you the numbers, those were just R&D focus, engineers, etc., are on top of that.

Ravi Goenka: Bharat Bhai, I will just add over there, traditionally we were experts on the engineering side. We came up by debottlenecking, we came up by getting energy efficiency, we actually invented or made our own reactors that were much more efficient in the various chemistries that we operate in. So, we had a very strong engineering background and right now what we are focusing is on the chemistry background. Since we got into the speciality industry and the fluorochem, it's a lot of chemistry involved, and our background of engineering really gives us a very added advantage of having both capabilities.

Moderator: The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: For this SI CAPEX how much would be the total planed CAPEX?

Harshvardhan Goenka: Roughly around 250 crores, 200 crores will be in the primary major blocks and then we have got other CAPEXs going on as well.

Anurag Patil: Fluoro specialty CAPEX, it is included in this, or it will be different from this?

Harshvardhan Goenka: Fluoro is different.

Anurag Patil: How much of that CAPEX will be?

Harshvardhan Goenka: Currently the numbers is around 280 crores, but we are evaluating what are all these new parameters that have come across to us to see where we finally land up.

Anurag Patil: In the AI segment this acquisition of YCPL. What is the status there?

Partha Roy Chowdhury: The acquisition is complete around 1st of October. It is now become a 100% subsidiary of Laxmi and then we'll start the process of amalgamation in the due course.

Moderator: The next question is in from the line of Alisha Mahawla from Envision Capital. Please go ahead.

Alisha Mahawla: My first question was with respect to your AI business. If you see sequentially from Q1 to Q2 there is a very nominal growth in this segment. Is this because of capacity constraints? And this is sort of the run rate that we will be looking at?

Partha Roy Chowdhury: We are operating at a more than 80% of the capacity in this space. And it is quite possible in this vertical to continue to debottlenecking facilities and continue to get incremental capacities out of that. Currently, that is the way or the path that we are following.

Alisha Mahawla: Basically, this is the sort of run rate we can expect till there is a further debottlenecking that takes place.

Partha Roy Chowdhury: Yes. Plus of course, in addition to that we have the capacities of Yellowstone where there is further headroom to increase capacities. So, we will go ahead with them, but we are not quantifying that right now.

Alisha Mahawla: Maybe for next quarter we can see some jump because of that capacity.

Partha Roy Chowdhury: I will not comment on that.

Alisha Mahawla: The next question was with respect to the SI business and while we do understand that it was impacted because of the floods, is it possible to quantify what is the kind of orders that either got deferred or cancelled? Would we be at a run rate that was better than what we did in Q1?

Harshvardhan Goenka: We do not like to quantify that, but I think principally speaking the run rate, if you see Q4 of last year, Q1 and Q3, we are looking at a consistent trajectory for SI. As mentioned in our slide deck as well, there are specific strategies that we have been adopting and working on for the last 3 years which we have seen to play out. So definitely you will see a trajectory what was there prior to the flood.

Alisha Mahawla: Just one last clarification, it was mentioned earlier in the call that a correct contribution and margin run rate to see would be the Q2 of last year. So, are we saying that a 11%-12% kind of EBITA margin is the most sustainable number, plus minus obviously given for volatility, just wanted to clarify that?

Partha Roy Chowdhury: No, we are not saying that. We have stated whatever we have stated at that point in time, is to give a sense of how the distribution of the revenue and the distribution of the profitability or EBIT or EBITA is going to be, so that is the right distribution. And if you compare that with the Q1 of the current year, you will realize that the spike is there in the acetyl space. While all the good work which has been done in the SI business had gotten overshadowed by the spike.

Moderator: The next question is from the line of Mohit Jain, a retail investor. Please go ahead.

Mohit Jain: Can you please provide the transcript of this call after the call ends?

Diwakar Pingle: The transcript takes at least 5 working days to be put up so we can't immediately provide it after the call ends.

Mohit Jain: Not immediately but after 5-6 days, reasonable time.

Diwakar Pingle: It will available after 5 days.

Moderator: The next question is in the line of Diwakar Nahata an investor. Please go ahead.

Diwakar Nahata: My question is for Harsh. I remember in the previous quarterly results; we had mentioned that the floods have already happened, and we expected muted results to come in the next quarter. This was something I think around August, September. So, the question is that when we say muted results were we anticipating the bottom lines to get hit or were we expecting at that time similar bottom lines?

Harshvardhan Goenka: So, apologies if you have misunderstood me. The communication that we tried to make at several occasions including our AGM has been the plant is shut and will restart in due course of time. I think a plant being shut would communicate clearly the impact it would have since you would not have production, but I will try to improve my communication and be clear.

Diwakar Nahata: And when we say we have insurance for even the loss of profit, so is it something which is yet to be considered in the overall scheme of things or is it something which we will get as an insurance in the next quarterly results?

Partha Roy Chowdhury: To answer your first question, it is not considered in the current results. It is not even calculated. It is under review, number one. Number two, this will be accounted for as and when we receive the claim from the insurance company.

Diwakar Nahata: So basically, the numbers which we see are basically because of the disruption which happened due to the floods and insurance has not really helped in the numbers as of now.

Partha Roy Chowdhury: No, not at all.

Diwakar Nahata: Also, we had mentioned about the new SI plant which is going to start in November in Mahad so because of this flood what would be the start date for that plant now?

Harshvardhan Goenka: March or April, that is the timeline for it right now. It shifted exactly by a quarter only because the flood impact and re-mobilization of all the manpower, etc.

Diwakar Nahata: Is government also helping to some extent because there are a lot of industries in Mahad and a lot of them have got impacted. So, do they also have some kind of plan?

Moderator: Sorry to interrupt Mr. Nahata, may we request that you return to the question queue because there are participants waiting for their turn. Thank you. The next question is in the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: Just to reconcile the CAPEX numbers so this year we will be having 250 crores of SI CAPEX. I think we had spent about 100 crores on fluoro specialty till March and another 50 crores in the first half and total CAPEX is about as indicated 280 crores. So effectively 180 crores of fluoro specialty CAPEX and 250 crore of SI CAPEX. That entire amount will be spent during FY22. Is it a right assumption?

Partha Roy Chowdhury: It may spillover in terms of cash flows, if you are trying to assess into the first quarter of the next fiscal. However, the commitment is of the order that you have just now spoken about.

Rohit Nagraj: After this we don't have any concrete plans as if now from a CAPEX perspective.

Harshvardhan Goenka: Let me not say that there are no concrete plans. There are plans constantly and we will inform the market at the appropriate time once we have consented all our advisors and board.

Rohit Nagaraj: Apologies. I will just reframe the question. It was more like not approved plans as of now. Consequently, the new plants will certainly come up. Just a second question on SI CAPEX. So, once the SI CAPEX is done, normally the facility will be completely utilized over a period of say 2 to 3 years. What is our sense on that?

Harshvardhan Goenka: Given that it's a brownfield expansion, we do expect a steeper ramp up. Also, the flood has caused delays in our startup plans and we are seeing a lot of demand traction and demand pull, so we are hoping to truncate that period.

Moderator: The next question is from the line of Ravi Mehta from Deep Financial. Please go ahead.

Ravi Mehta: My question is pertaining to the AI segment where I think, there was a comment that the spreads have normalized in this quarter compared to the previous quarter. But when I see the top line of the segment it is pretty much flat. So, the realization seems to be stable. So, what is driving the spreads or if you can just elaborate a little bit on this?

Partha Roy Chowdhury: Mr. Mehta, the prices have corrected, not that they have not. There are also an implication of the volumes when you see the top line in financial terms. But while the selling prices have corrected the raw materials prices have not corrected to that extent therefore the compression. So, if you look at the RMC to revenue percentage, you will be able to make that out. The other factor here is the increase in the energy costs between these 2 quarters.

Ravi Mehta: As the SI plant was shut and we started in September and we gradually were scaling up different blocks gradually so wanted to understand when such a gradual ramp up happens, are the yields lower as you ramp it up and then it stabilizes at a higher throughput, is that one of the reason also for a gross margin compression in this quarter?

Harshvardhan Goenka: Principally yes. When you ramp up any plant until its optimum utilization, you are not operating as efficiently. So yes, there is a loss. But I do not think that is the most significant amount of loss. The primary loss has come from the fact that we could not produce because of two thirds of the volumes being wiped out, 60% lower in volumes speaks for itself.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers Limited. Please go ahead.

Bharat Shah: If we take a little longer term view of the business from the vantage point of where we are today, where we are rating capacity both in SI, we are preparing ourselves for a greater opportunity in the SI business and in AI we continue to have favorable tailwinds from the user industry plus raising of the capacity, increasing the speciality component of the business, increasing research and development strength, more from a chemistry development strength therefore more fundamental improvement in capability. So, when we put all of these into picture, maybe from wherever we will be in the current year in FY22, 2700-2800-3000 crores or whatever turnover will be, if we have to draw a picture in terms of 3 years from now, what do you think Laxmi Organic would look like in terms of size gain and the kind in strength in terms of the profitability?

Ravi Goenka: Thank you Bharat Bhai, a very-very deep question. I think our company is driven by passion and we have always built platforms and built businesses on those platforms. So, when we acquired the diketene platform; we leapfrogged to many more products and today we are putting in our initial CAPEX been less than 150 crores. Today we are putting in 250 or 220 crores in just 2 products of this particular branch of chemistry on this platform. We believe that there will be a gestation period on fluorine side. It's a new platform, it's a wonderful platform and we have been receiving a lot of interest and all over the world actually that are you all really doing this and how can we grow it? So, we believe that this platform will give us an opportunity to invest and to grow on many more such verticals on this platform also, we continue to grow on the speciality, and we will continue to expand our businesses. So, I cannot put a number, but my aspirations are that our company should be one of the most respected companies driven by competent people and being able to achieve a part of the specialty chemical space as a respected company, Bharat bhai.

Moderator: The next question, we will be taking the last question that is from the line of Tanush Mehta an individual investor. Please go ahead.

Tanush Mehta: I had a couple of questions. The first question pertains to the cyclicity of our business. In the results of a few chemical companies, we have seen margins being compressed and this was the same in our case. So, how would you define the cyclicality impact to our business because the impact has been quite adverse in our case as compared to other speciality chemical companies, that is the first one. The second one pertains to, overall, the chemistry in which we are present, we have grown them quite exponentially in the last few years. Suppose if we have entered into the diketene in chemistry, how many years did we take that to scale it up to this position or the level at which we are standing today? Thank you, sir.

Harshvardhan Goenka: Again, let me talk about the cyclicality first. Yes, several businesses including our acetyl business is cyclical, and we do see cycles in that and at different heights and different lows. However, what we like to track is, did it consistently grow over time and is there continuous demand traction in that business. The last quarter we had an exceptional performance which we have not seen before, which we have clearly stated. The current quarter performance is what we call normalized margins in this business and that's the first part on the cyclicality. We don't try to control this. I don't think that is in the nature, market forces are bigger than anyone, it is just a question of how you manage it, and can you avoid at any point in time, consistently grow and maintain profitability is what the objective is. So that's on the acetyls. On the speciality front, 2011 around then is when we really started production in our speciality business. Like in FI and what we are planning, we actually had a much steeper challenge at that time. We were moving from large volume products to fairly specialized products. So, the first few years we took to understand chemistry and settling down in what we had and thereafter we saw exponential ramp up. R&D comes in usually a lot earlier and we have done the same on the FI side where R&D has already started, and we are excited by having to do something similar again on the FI side.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Ravi Goenka: Thank you very much. It's always a pleasure to be here with all our stakeholders, retail investors, finance companies, funds, etc. And it will be our endeavor to satisfy your questions in a manner and in a very transparent and honest manner as we feel. I hope that we would have satisfied you on most of your questions. If you have anything other than that, please feel free to send us your questions by mail and we will definitely answer to your questions within the statutory limitations. We look forward to again, interacting with you in the next quarter and with a more positive, hopefully discussion and we take this opportunity to wish all of you and your families a very happy Deepawali and a very prosperous new year. Good luck to all of you. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Laxmi Organic Industries Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.