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November 14, 2022

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
November 09, 2022, at 14.00 hours onwards	Investor & Analyst Meet to discuss performance for the quarter and half year ended September 30, 2022, hosted by Go India 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No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.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 Presentation for Q2 FY23.

We request you to take the above on record.

For **Laxmi Organic Industries Limited**

Aniket
Bavchand
Hirpara

Digitally signed by Aniket Bavchand Hirpara
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pseudonym=6a26e4af943276d9d3ac1bc0c5ef920ace8063f4a379fa30f60a44d3b797803f,
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Date: 2022.11.14 10:02:43 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

“Laxmi Organic Industries Limited

Q2 FY ‘23 Earnings Conference Call”

November 09, 2022

MANAGEMENT: **MR. RAVI GOENKA – CHAIRMAN AND MANAGING DIRECTOR – LAXMI ORGANIC INDUSTRIES LIMITED**
MR. SATEJ NABAR – CHIEF EXECUTIVE OFFICER – LAXMI ORGANIC INDUSTRIES LIMITED
MR. HARSHVARDHAN GOENKA - EXECUTIVE DIRECTOR OF BUSINESS DEVELOPMENT – LAXMI ORGANIC INDUSTRIES LIMITED
MS. TANUSHREE BAGRODIA – CHIEF FINANCIAL OFFICER – LAXMI ORGANIC INDUSTRIES LIMITED

ANALYST: **MS. MONALI JAIN – GO INDIA ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Laxmi Organic Industries Limited Q2 FY 2023 Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for to questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Monali Jain from Go India Advisors. Thank you, and over to you.

Monali Jain: Thank you, Mike. Good afternoon, everyone, and welcome to the Q2 and H1 FY '23 Earnings Call of Laxmi Organic Industries Limited. We have on the call Mr. Ravi Goenka, Chairman and Managing Director; Mr. Satej Nabar, Chief Executive Officer; Mr. Harshvardhan Goenka, Executive Director of Business Development and Ms. Tanushree Bagrodia, Chief Financial Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be cases in conjunction with the risk the company faces. Where I now request Mr. Ravi Goenka to take us through the financials and the business outlook subsequent to which we will open the floor for Q&A. Thank you, and over to you, sir.

Ravi Goenka: Thanks, Monali and a very good afternoon, everybody. Ladies and gentlemen, and welcome to this earnings call for the first half of the fiscal year. At the end of September, our company entered into an MOU with Welspun Corporation to purchase a 90-acre land parcel along with constructive sale structures in the hedge for a consideration of INR 130 crores. We hope to complete this entire transaction, hopefully, in this quarter itself, and this acquisition will enable future expansion of our business, while simultaneously derisking our operational footprint, and both of these steps are key to our five-year vision of growth and consolidation of the specialty chemicals business.

Towards the end of the first half of FY 2023, we received a court order approving the merger of our subsidiary, Yellowstone Chemicals Private Limited into Laxmi Organic Industries. As per the order, the merger is effective 2nd of October 2021. This has resulted in recasting the past results to reflect the merger thus enabling a fair comparison. In the last quarter of this financial year, the company undertook a 21-day planned shutdown for maintenance at both our units at Mahad. Since the flood jet impacted us last year, we were unable to take the annual maintenance work given the paramount importance.

And given the paramount importance to health and safety, we decided to take the same in the last quarter. Inventory to the extent possible for this was stopped. I'm very pleased to report that not only was the maintenance were completed successfully, but we are also able to integrate two new manufacturing facilities that we have capitalized in the first half of this fiscal. Today, both the units are running smoothly. Let me give you a brief overview on the business before we discuss the results.

Starting with our asset in business in quarter 2 of financial year 2023, this segment saw both demand and price pressures. While the price impact was very well anticipated and factored, the global recessionary environment, coupled with the euro currency movement impacted our customers, leading to a far lower demand than we had thought of. In the last quarter of this financial year, the transportation and the energy costs, including coal, significantly increased year-on-year, impacting both our business segments. As we have entered the second month of quarter 3, 2023, we see some green shoots in the segment and some relief coming in from European prices, reduction in freight and the stability in the currency rates.

During the quarter and the first half, the AI segment contributed approximately 65% to the top line. The contribution of this segment to the margins reduced considerably in Q2, while for the half year FY 2023, it was about 35%. We continue to maintain our strategy of maintaining our market position in this segment and only investing to the extent of debottlenecking. Coming to the SI of the Specialty Intermediates segment.

While the AI business has faced significant headwinds, our SI business robustness can be seen. We entered this business in 2010. And over the last two years, we have scaled it up through capacity addition and by introducing new products through focused R&D. Our technology can cater to a complete range of derivatives with application across multiple sectors. And today, our basket of 40 to 45 products is much deeper than the six to eight products that came with the acquisition.

The last quarter and the half year, this segment contributed to 35% of the revenue, albeit its contribution to the margin for the first half was 65%. The maintenance shutdown altered the product mix leading to a lower contribution margin this quarter versus the previous quarter. Phase 1 of our second large SI plant was capitalized in quarter 2, and we are keenly looking forward to the production commencing in quarter 3, 2024, along with plant commission in quarter 1, the two plants should start showing the performance in full force by quarter 4 of this fiscal.

Our strategy in this segment has been to provide for import substitution domestically, and that has given us the market leadership in India. Globally, we have been able to make significant inroads with varied customers, gain market share and with the strong and sticky customer relationships, we are now honored to be long-term suppliers to some of the world's leading brands across industries. These customer associations are also helping lay the foundation for our upcoming FI segment as global sourcing strategies for large companies are changing. We remain focused on investing to strengthen this trajectory of the SI business journey.

I will now give an update on the FI segment. As you are aware, we entered the flooring segment through the acquisition of Miteni assets in Italy. These assets are being relocated to their new home in Lote Parshuram in Maharashtra. The works on the site are in full swing and in line with our discussions. We are confident of commissioning the plant in this fiscal and to that extent are ensuring that the customer and supply contracts are secured in the cases where discussions were ongoing and not closed.

This acquisition catapults Laxmi into a highly specialized area and gives us access to technology, equipment and a library of more than 100 products, including products in R&D, 14 patents, reach registrations and many formulations. Miteni generated revenues of over EUR 25 million with contributions in the early term. Our strategy in this segment is to work with our existing customers and fulfill their requirements of FI products, thereby ensuring that we establish ourselves as a reliable supplier of AI, SI and FI products. It will also enable us to start working with customers on fulfilling their requirement, which requires technological expertise of both these segments or platforms. Simultaneously, we aim to reestablish market share with the earlier customers of Miteni as much as possible.

Let me briefly discuss the financial performance for the last period. In quarter 2, the consolidated income for the company was INR 655 crores, which was down 14% quarter-on-quarter, largely driven by the lower volumes. In the same period, the inventory of the company decreased by INR 48 crores which, while having an adverse impact on the P&L has had a positive impact on the cash flow. The cost control efforts have led to a reduction in the other expenses. The profit for this quarter stood at about INR 9 crores.

For the first half of the fiscal, the revenue grew by 4%, which is largely because this fiscal, the factories operated for a longer period than last year, which witnessed the floods for more than 65 to 70 days in July 2021. A -- in the first half, cash generated from operations stood at approximately INR 75 crores, which is a 4.5 times increase from the INR 16 crores figure in the same period last fiscal. This is also an improvement over the full year number of FY '22, which was at INR 102 crores.

This instills confidence that we are on the right track, maintaining strict vigil on inventory and receivables while continuing to buy locally. We believe our company is on the right track and is in the right strategy. Before I open the floor for questions, I would like to discuss the chemical sector outlook. I believe the Indian chemical sector is poised for a capex super cycle and is already benefiting from the global turmoil caused by the energy crisis in Europe. EU for the first time ever, has turned a net importer for chemicals and struggling to compete in the global markets where chemical businesses are more favorable.

All this gives India an opportunity in a company like ours to scale up and increase our footprint to become a respectable and a sustainable specialty chemical company in the coming years. And it is to this end that we acquired a large land parcel at the Dahej to set up our new capexs for new businesses. Thank you very much. And with this, I would like to open the floor for questions. Thank you.

Moderator: We have the first question from the line of Gautam Gosar from Perpetuity Ventures.

Gautam Gosar: Hi. Thank you for taking my questions, I have two questions. Firstly, on the acetic acid prices. So there has been a declining trend in the acetic acid prices. So is there any lag in the pass-through? And secondly, can you highlight about the new products in pipeline and AI? And have you seen any new customer addition during the quarter. Also, if you could speak on the competitive landscape for us? And do we have any plans to launch an initiative new chemistries within AI to compete with the peers? Thanks to these are my two questions.

Management: Sure. I'm happy to take the half share -- regarding acetic acid I said, yes, it has been showing a declining trend. And you will see that acetic acid, and ethyl acetate over time, moving tandem. We have shared some details on our investor deck as well, but will show you the trend lines. The way we purchased acetic acid is over about a 45- to 60-day period of inventory. So indeed, there is a lag in the pass-through and this reverses when the trend line reverses as well.

Regarding new customers for and new products in the AI segment, our strategy as Laxmi is to actually debottleneck and maintain market share in our acetyl intermediate space. And most of – or 90% of our capex are going towards our SI and FI segment. That is something that we are focusing and targeting on. We have a fairly robust pipeline of products in SI and FI and we'll deploy these capex with time, which is why we have bought and invested in a large piece of land as we're seeing big demands for these new products and some of the existing products as well.

Gautam Gosar: And on the peers, like what do you see on the competition side?

Management: So I'm not sure what you're alluding to, could you be more specific.

Gautam Gosar: Like the peers in the space.

Management: Yes. So, there are peers in this space in the segments that we operate. We have leadership position in the segments that we operate. But of course, there are peers who we play along with...

Gautam Gosar: No, I was majorly coming from the flouro space ...

Moderator: We have the next question from the line of Ankur Periwal from Axis Capital.

Ankur Periwal: Good evening. Thank you for taking my question. First, but on the SI side. So while on a year-on-year basis, the numbers have been pretty good because of the low base as well. There is a dip on a Q-on-Q basis. Is there any seasonality, which impacts there? Or how should one look at it?

Harsh Goenka: So no real seasonality Ankur. SI, while some segments were impacted more than others, because of our large basket, we've been able to switch the product mix a bit, and that's what resulted in a slight difference in the overall contribution margin of the SI, but nothing significant with regards to that primary impact on SI is because of volumes, which is fairly planned because of the annual shutdown.

Ankur Periwal: And when you said some segments we're seeing probably some demand issue. Is this more in the international market versus domestic because of some demand destruction, etcetera?

Harsh Goenka: So Ankur, and the thing we chatted about this earlier, we are seeing markets of international and domestic merge, and it's more got to do with which industry you're serving, primarily because either our customers are also exporting or there are shares going – everyone is interrelated in some way. So the pigment industry, in particular, and the pharma industry, in particular, started to experience some slowdown, but we were able to manage by going slightly more aggressive on the other segments.

Ankur Periwal: And your thoughts in terms of medium term, we did mention that AI is seeing some bit of green shoots starting Q3. In SI also, is there a similar outlook there? And because there will be an incremental contribution from the new projects as well, which will be coming in the second half. So put all together, how your growth outlook on the FI side? Not from a near-term perspective, but more from a two, three year perspective?

Harsh Goenka: So I think, Ankur, our SI business, we continue to remain very bullish and strong on. There are -- Europe has thrown up more opportunities as well. We are seeing ourselves becoming more and more active in various markets and various segments and which is why they need to grow this and create a path to grow this business. And that's what we are doing. That's what we're investing in, and we keep on churning new products and new business from this segment, and you will see those investments coming up as time goes on.

Ankur Periwal: And Harsh, just if you could remind what sort of product approval cycle is this is the time deploy let's say, are entering a newer geography or maybe a new customer?

Harsh Goenka: I can't generalize it, Ankur, but it can be as long as a year to as short as six months. And depending on the complexity, some molecules take even longer, how close they are to be active plays an important role.

Ankur Periwal: And the new land parcels, which you also highlighted in the opening remarks, any immediate plans to build capacities over there, whether it is for FI or SI or it is more on need basis and maybe we'll take a call over the medium term.

Harsh Goenka: No. We have crystallized our plans for the new land. We will be informing everyone, I think, maybe in the next quarter as once we are -- once we have it approved with the board. So our plans are fairly crystallized and so you will hear about that.

Ankur Periwal: And just lastly, on the overhead side, if I'm not on this expense of this increase in the overheads is largely because of the power and fuel cost and some bit of logistics, which should normalize going ahead in the coming quarters?

Harsh Goenka: Yes. So power and transportation have played the largest impact in that line item that you see. So coal costs, as you've seen and tracked all industries as well as transportation is what has impacted us. And time will go on, I think Q3 is still experiencing some part of that, but it is normalizing in this quarter. It's starting to normalize in this quarter.

Ankur Periwal: Sure. And no onetime right, because of the maintenance shutdown, etcetera. There's no onetime cost in this...

Harsh Goenka: No.

Moderator: We have the next question from the line of Amar Mourya from AlfAccurate Advisors.

Amar Mourya: A couple of questions from my side. Number one is in specialty business, I believe your export has done well, but domestic business was either flat or kind of a neutral growth or zero growth kind of thing. So any specific reason for that?

Harsh Goenka: Yes. Very much, Amar. As mentioned to you, the pigment industry, not just in India, but globally, is facing some headwinds. The pigment and Pharma, both of these, you will see them in the Pharma results as well for the entire industry, and we are impacted by that.

Amar Mourya: So -- because that is the big chunk of our business. So how do we see is going to shape up going forward?

Harsh Goenka: So Amar we, because of our portfolio size, we've been able to shift the product mix and still be able to service other industries and other customers. So while some industries might face issues, I think the other industries will help us balance out this volatility in the SI business.

Amar Mourya: And sir, the contributions from the new plant, if you can give us what would be the utilization in this particular quarter on the plant?

Harsh Goenka: So are we -- so think of it this way, we had about a 21-day shutdown over the entire period. So that's the rough utilization that you can take to make your assumptions.

Amar Mourya: Or looking think different basically this piece of new plant, which has come up, I think we have invested something around INR 100 crores, that INR 150 crores overall for the Phase I and Phase II. So basically, I wanted to understand at a peak is it like time kind of use turnover ratio for the overall site?

Harsh Goenka: Actually, I get where you are coming from I think the new plants that we've invested in are going to be more margin accreditive than revenue accreditive, because the derivatives of our existing products. So you will see the impact more on margin than revenue. Therefore, the terms may not be as either the profitability will be.

Amar Mourya: So in terms of the payback, normally, is it like three years kind of a payback period, in that case?

Harsh Goenka: Yes. Most investments that we look at, especially on a Brownfield basis should be at that limit or better.

Amar Mourya: And secondly, sir, the FI business which as you indicated that things are on the track. So just to understand a little bit more in detail, like and in this plant, which we are importing from Miteni or imported from Miteni is basically a four year. And then the plant was basically closed there as well for the four years. And obviously, the customer base, who are buying from the Miteni alternative sources -- and now we are importing that plant stabilizing it and then getting those inquires. So I'm just trying to understand if you can give us some more colour on this, that how we are basically building this whole pipeline and stabilization of the plant. And I mean, how fast we can basically start the business...

Harsh Goenka: I think I get where you're coming from, Amar. So you're fully right, the plant was shut for a prolonged period COVID didn't help us, but the supply chain obviously shift. And we expected that when we went in with this acquisition, we expected the supply chains to shift and no customer will wait up for Miteni to restart. So -- but what we saw is that Miteni has about 100 product basket that they have produced in their life.

So among the 100 products, after customer conversations, we have boiled it down to 10 to 12 products that we're going to be starting off with. All of these products have been either produced at our kilo lab scale and are at various stages of qualification with the customers. And so we're fairly confident that while all the products may not come back, we are able to churn the product mix and able to still recover the overall business that Miteni was getting...

Amar Mourya: So I think, sir, that at peak they use to do $250 million kind of revenue right...

Harsh Goenka: No, not 250, 25 million.

Amar Mourya: So, INR 25 million...

Harsh Goenka: 25 million to 30 million. But yes, that's definitely the aspiration.

Amar Mourya: But then in year one, at least, we can be the half of what they will be?

Harsh Goenka: I won't comment on that, but I think we are -- principally, the way we are looking at it is you have a strong base that is being built up with the small size of business, which will be more like building blocks and forming the core. Thereby, what we have done with what we have managed to do with the SI business is what we will look to do with the FI business as well as we see adequate opportunity to grow in various intermediates in the FI space.

Amar Mourya: And whatever products we are making for today, we don't have any domestic contribution today?

Harsh Goenka: That's right.

Moderator: We have the next question from the line of Chetan Thacker from ASK Investment.

Chetan Thacker: Hi, I have just two questions. One was on the AI bid. Is there any onetime inventory impact there in terms of profitability?

Harsh Goenka: Yes, exactly Chetan. So it's more to do with you're carrying a higher stock raw materials, and then you got a falling price which impacts the quarter.

Chetan Thacker: And this will normalize by Q4?

Harsh Goenka: That's right.

Chetan Thacker: And on the SI page, I just wanted to understand, is just this maintenance shutdown and inferior mix which is impacting profitability and Q3 should again normalize or that will also get pushed out to Q4?

Harsh Goenka: No. So you're seeing -- we are seeing signs of that normalize a little bit sooner than the AI business. Pharma segment, I think, is still experiencing some difficulty, but there are signs of recovery. The pigment segment might take a little bit longer, but we do expect within the next three to four months, both of these segments have showed in the first signs of recovering again.

Chetan Thacker: So Q4 technically should be in line with what has been more medium-term kind of trajectory in terms of profitability and...

Harsh Goenka: Correct.

Moderator: We have the next question from the line of Anurag Patil from Roha Asset Managers.

Anurag Patil: Sir, in terms of core specialty capex, as you suggested around EUR 25 million to EUR 30 million tax revenue is possible and around INR 400 crores of capex as announced. If we consider the comparable margins to other Purocompanies, how IRRs are coming dearly single digit or the low double digits. So just wanted to understand, am I missing something here?

Harsh Goenka: No, we are not missing something. It's very true that IRRs for the initial phase will be lower because we've had to invest heavily in the basic infrastructure to establish this plant. And we had some additional costs associated with COVID of maintaining a plant in Europe, which was not producing or could not move. So that was the issue which this asset faced. However, all other capex, which will come up on this will attract industry parity margins and IRRs that you are usually used to.

Anurag Patil: And sir, for this land parcel, how much you have spent?

Harsh Goenka: So we bought about a 90-acre land, and we have spent INR 130 crores. That's the agreement that we have come into Welspun with. And this comes with some basic infrastructure as it was in an existing operating plant with a different industry.

Moderator: Thank you. We have the next question from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: My question is basically on the AI side, how we are seeing this acetic acid prices currently and the lower prices is predominantly, because of oversupply situation or lower demand side? And going forward, I mean, which is what will be the dynamics where we can see some uptick in that side?

And secondly, if you could update on the acetic acid business at how currently we are performing there post this matting? And given the -- as you are mentioning, slowdown in the pharma side, -- so how we should look this business to shape up in the next two, three quarters?

Harsh Goenka: So the first part, acetic acid, I think it's a very large market globally. It's difficult for several people to predict, and we don't even try to predict it. We base our business model agnostic of where the prices of acetic acid move. And we have to move along with that and we buy and sell at all points. So I hope that's able to give you a perspective there.

On the diketene business, I think the pigment business and the pharma business continue to remain slightly soft. We are seeing green shoots of them coming out of their own troubles and increasing capacity utilization of our customers. We think that will be fully up by the end of this quarter. And that's when you'll see back to the realization that was earlier. But even then, the business continues to remain robust and strong because we have been able to shift the product mix and leverage on the portfolio offerings that we have for various industries.

Moderator: We have the next question from the line of Niraj Thacker.

Niraj Thacker: Sir, I have two questions. One is regarding this... Since you are being in an expansion mode, so how much cash we are generating and are we expecting to take some debt in future for our future expansion?

Tanushree Bagrodia: Hi Niraj, Tanushree here. So Niraj, the company today is completely unleveraged. If you see our balance sheet and the debt equity is about 0.18. We did take about INR 25 crores of long-term debt at the end of Q1. And the 0.18 debt-to-equity comes in after having taken the INR 25 crores of long-term debt. There is enough room for us to take that. Having said that, -- you will also see that our cash flow from operations in this half has improved.

It's at about close to INR 75 crores, about 4.5 times a quarter it falls in the previous year same period, right? So the company continues to generate cash. And the capex is not going to be a onetime expense. So we will keep using internal accruals as we get, and we will take some debt, but we will be prudent in our borrowings. And at this point in time, we don't envisage our debt equity of going above 0.5 times.

Moderator: We have the next question from the line of Anand Sharma from AB Capital.

Anand Sharma: Just wanted to understand about the new product pipeline FI given that we already have around 50% of market share there. So I just wanted to understand what is the mix, what is the next direction that we are doing in terms of expanding it. So I just wanted to understand any major scope for further increasing market share over there?

Management: So I think Anand, though you've got adequate opportunity in domestic and international markets in some of the areas you're already serving. So that remains a strategy, but there are various areas that we are not yet part of and there is space to grow, and there are new areas upcoming too. The SI segment, as we continue to see it as a basket of more than 10 to 12 chemistries. So the addressable market is fairly large and that gives us adequate opportunity to have new products in this basket continuously...

Anand Sharma: Certainly, I wanted to understand about the case that we are doing in SI. So what is the expected outcome that you are planning over there in terms of what are the sales and margins expected over there in the near to medium term?

Management: So you're talking about the capex in SI, right? If I heard you Yes.

Anand Sharma: FI, yes.

Management: FI business, we stated it in our opening remarks as well. Miteni would do about EUR 25 million business in Europe, and they had fairly healthy contribution margins. You could call this contribution margins similar to what you would see with many other peer set companies in the fluorospace. We will have a slightly, we will start with the basket of products that I would call them building blocks. In a way, they are not basic building blocks, but a little bit more advanced than that, but yet not where we want to take the business to eventually. And those will be at a slightly lower margin but then eventually catch up with new capex that we will be doing in the business.

Moderator: We have the next question from the line of Amar Mourya from AlfAccurate Advisors.

Amar Mourya: Thanks. For the opportunity again. In terms of the SI business, I mean we were the only player in the country, I mean, for some last, let's say, before one year back. So like, sir, do you feel that we were less aggressive. That is why we have given entry to one more competitor into that?

Management: Well, there are two ways to look at it. I think our strategy on SI was to, as we stated when we went public, Amar was to get into certain large contract molecules go international and consolidate on local. We've done all three of that. Industry attractiveness, I think, speaks for itself and you're attracting new entrants. We are new entrants in the SI business, as you have seen that as an attractive investment opportunity as well. So yes, it can be viewed that we could have been more aggressive, but I think our strategy has been to do a little bit more lateral work when you go into an alternate segment. We'll also focus on certain things only in the FI segment.

Amar Mourya: And secondly, sir, in the new land which we had acquired, obviously, we want to disclose the detail probably in the coming quarters. But is that idea is to do the extension of the current line of business or this could be a very different set of business from what you are doing currently?

Management: So I think Amar, our strategy is stated out where we will invest in businesses which are SI and FI like. 90% of our capex will go on that. Now which molecule or which product I'm not able to give clarity on that. But those are the kinds of businesses which will we will be putting up at our new head side.

Moderator: We have the next question from the line of Jinesh Delibera from Individual Investor.

Jinesh Delibera: The current quarter margins were around 4%, 4.5%. As management highlighted that the new plant will be more margin accretive. So what is the management guidance for margin near future? And during last year, we had a flood in our plans. So as have you received insurance claim for the semi last call also, it highlighted, was highlighted that the spending? And will it have P&L effect or balance sheet effect?

Management: Sure. So Jinesh, we don't give any guidance as of now. But I think we have alluded if you can see in the call to several things, and I'm sure you can figure out where we're trying to head out. Regarding insurance, we have not yet received the claim. We are working actively with the insurance company to get this and unlock the cash that has been blocked for some of the insurance repairs that we have conducted. And that is there in our accounts as well.

Jinesh Delibera: And the new land parcel that we are purchasing, so it will be financed through equity or debt? How will it be financed ratio? What will be the ratio?

Tanushree Bagrodia: So Jinesh, as I said, the company has been producing cash. Our cash flow from operations is improving. So for the purchase of the land parcel, we will be utilizing internal accruals.

Jinesh Delibera: Yes. Thank you.

Moderator: We have the next question from the line of Meet Vora from Axis Capital.

Meet Vora: Just wanted to reconcile on the revenue contribution from AI and SI for H1. So is it 65:35 is it 70:30?

Tanushree Bagrodia: The revenue contribution for the first half is 65:35 for the quarter, it is 70:30.

Meet Vora: For the quarter, it is 70:30. On the presentation on Slide 8, we have written 70:30 for H1.

Tanushree Bagrodia: That's a typo, thank you for pointing that out. We will correct that.

Meet Vora: Sure. And regarding the EBITDA contribution, so we have retain 75% of the margin has come from SI segment. So is it absolute I mean 70% of EBITDA has come from AI side?

Tanushree Bagrodia: No. So I think the way, so okay, what this slide is actually trying to say Meet, is while we were talking about the EBITDA CAGR, right? What we are trying to show is that how the as the SI revenue contribution has been going up from 23% to 40%. Your EBITDA CAGR has gone from 4% to 31%. Now obviously, for one half, I don't have a CAGR. So here, I think what we are trying to say is and we'll reword this, thanks for pointing this out. What we are saying is that this time, the actual margin contribution from SI has been higher than it has been on the AI side, and it's on the contribution margin versus the EBITDA margin.

Meet Vora: Sure. And so what is the EBITDA breakup for Q2 or H1 between AI and SI?

Tanushree Bagrodia: So Meet, why don't we connect on a call and I help you reconcile all the number.

Moderator: We have the next question from the line of Chintan Patel from Sato Capital Markets.

Chintan Patel: Sir, can you quantify the spread for the Ethyl Acetate, how much it is down or up sequentially and year-over-year?

Management: We are not sharing that data exactly on every quarter. But to give you an idea, the AI business operates in high single digits to low double-digit EBITDA spread over a prolonged period of time. Of course, you've got some quarters that are higher and some quarters that are lower.

Chintan Patel: Sir, in the first half, how is the spread? Is it higher as compared to the last year or it was lower?

Management: No. It's been lower, and that's reflected in the results, Chintan.

Chintan Patel: And sir, can you quantify the payback period for the Miteni acquisition?

Management: So the Miteni acquisition, while the initial phase will have a longer payback because as I already mentioned earlier, we're looking at this as a platform play. So as we get into more-and-more derivatives, which will have the standardized IRR that we expect from all businesses, you will see that catch up in its payback.

Moderator: We have the next question from the line of Mahesh Shah an individual investor.

Mahesh Shah: Yes. Sir, I have only one question. I have at the -- last three or four years of annual report and balance sheet, then I found that there is some flood has flood issue at Mahad plant. And because of heavy rain or flooding, all time, there is some problem to waiting for 20, 21 days, sometime 45 days to stop the work for due to flood.

Management: Yes, Mahesh. That is true. Is there was a question around that?

Mahesh Shah: Sir, I have only one that if every year or after one year, two year, that flood issue, then we had to pay risk of the -- for the business that -- and it caused the revenue and effect the profits of the company. So I just want to, any solution about that shift or shift of plant or any other that we can avoid that issue of flood and heavy rain.

Management: No, I think, so very valid point, Mahesh. I think we don't, again, we can't control rain. So there are three controllables that we have. The first is that we moved stocks to a warehouse outside of the Mahad region. So we are not stocking our products there. So to at lease ensure short-term continuity to our customers. The second point, we have spent significant money to flood proof our site to the extent possible. This does not mean that we will be able to operate in a flood, but this means that we can restart a lot faster if a flood were to affect us and in a safe manner. And the third is getting third site outside of the region, which we have also done in this current quarter, and we have announced that we will be having another site at location at Dahej.

Moderator: We have the next question from the line of Amar Mourya from AlfAccurate Advisors.

Amar Mourya: Just Slide No. 18, the contribution to profit basically contribution to top line and contribution to profit, is this a contribution or is this a growth?

Tanushree Bagrodia: The split. So when we say, when we are talking about 70:30 on Slide 18 for top line, this is what we are saying. INR 100 was my top line INR 70 comes from AI and INR 30 comes from the SI business.

Amar Mourya: That's correct. What about the contribution to profit?

Tanushree Bagrodia: Same thing.

Amar Mourya: Same thing, right?

Tanushree Bagrodia: Yes.

Amar Mourya: INR 100, INR 100 EBITDA, INR 67 from the SI and INR 33 from the AI, correct?

Tanushree Bagrodia: Yes.

Amar Mourya: Perfect. Right? This is for a first half.

Tanushree Bagrodia: 70:30 for the quarter, half is 65, 35.

Amar Mourya: 65:35, where is that number?

Tanushree Bagrodia: That number is not there. That number was in MD's opening remarks and that's what I'm reconciling for you. The numbers on Slide 18 for Q2 FY 2023. Not for first half FY 2023.

Amar Mourya: Okay. So this is for Q2 itself. That's it.

Moderator: That was the last question. I would now like to hand it over to the management for closing comments.

Management: Thank you very much, and thanks, everyone, for your patience and for being on this call. And it will be a pleasure to answer to any of your queries offline, feel free to touch with us by mail or phone, I'm happy to clarify all your questions. We are looking forward to a sustainable, long-term respected companies, specialty chemicals. Thank you for everything.

Moderator: Thank you. On behalf of Go India Advisors that concludes this conference. Thank you for joining us, and you may now disconnect your lines.