



LAXMI ORGANIC INDUSTRIES LTD

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

November 09, 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: Presentation for Analyst / Institutional Investors' meeting for the quarter and half year ended September 30, 2022

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had informed that it will hold Investor & Analyst Meet to discuss performance for the quarter and half year ended September 30, 2022, on Wednesday, November 09, 2022, at 14:00 hours (IST).

In this regard, please see enclosed investors presentation for the aforementioned meet.

We request you to take this intimation on record.

For **Laxmi Organic Industries Limited**

Aniket Hirpara

Company Secretary and Compliance Officer

Encl.: A/a



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www.laxmi.com



Investor Presentation – Q2 FY23 | November, 2022

This presentation and the accompanying slides (the “Presentation”), have been prepared by Laxmi Organics Limited (the “Company”) solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

Certain statements in this presentation concerning our future growth prospects are forward looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The Risk and uncertainties relating to the statements include, but are not limited to, risks and uncertainties regarding fiscal policy, competition, inflationary pressures and general economic conditions affecting demand / supply and price conditions in domestic and international markets. The Company does not undertake to update any forward -looking statement that may be made from time to time by or on behalf of the Company.

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Agenda

01

Company overview

02

Strategic Overview

03

Financial Performance



Company overview

Stable, Growing & Diversified Business

AI

Acetyl
Intermediaries

- #1 in India
- Top 5 in the world
- Capacity : 2,32,000 TPA
- *Low capex, Cash cow*

SI

Specialty
Intermediaries

- #1 in India
- Very strong NPD
- High & growing contracted revenue
- *Niche applications, Higher margin*

FI

Fluoro-Specialty
Intermediaries

- USD 4.0bn GTM opportunity
- World class technology
- Customer approvals for samples
- *Diversification, customer integration, Higher Margin*

Diversified End Use Applications



Pharmaceuticals



Paints & Coatings



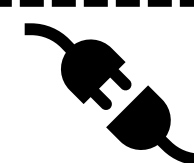
Dyes & Pigments



Agrochemical



Flavour & Fragrance



Electronics

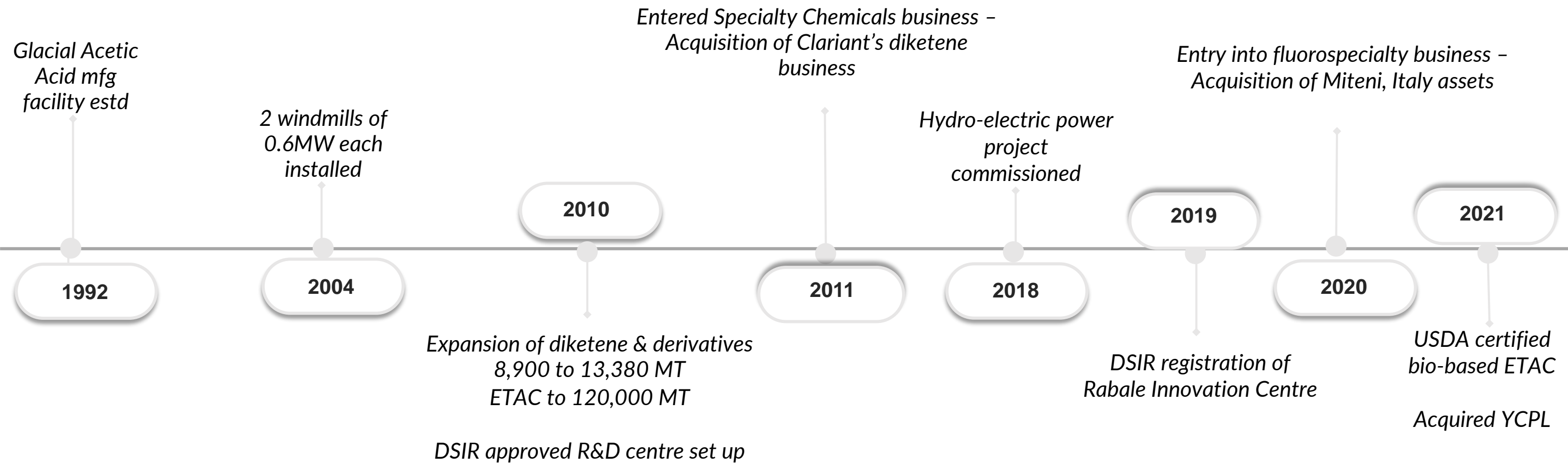


Automobile

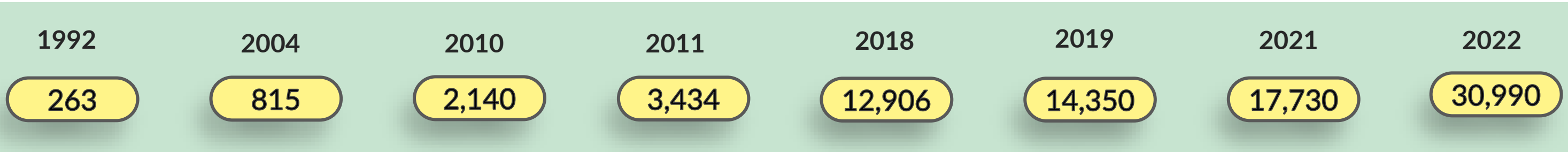
Opportunities



The Journey So Far



REVENUE (Rs Mn)



Technology & Sustainability at the foundation of the business



Strategic overview

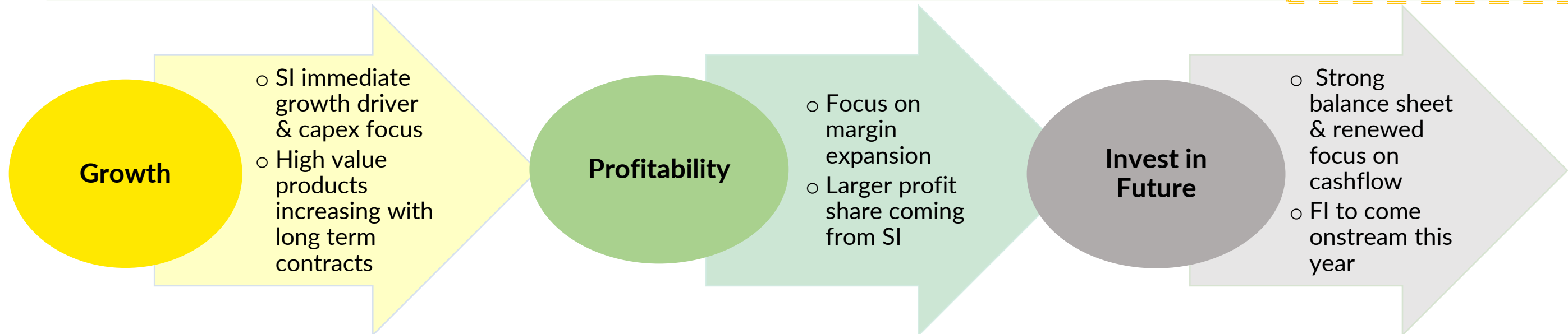


Consolidating Growth & Building for Future

Consolidating AI + Growing SI

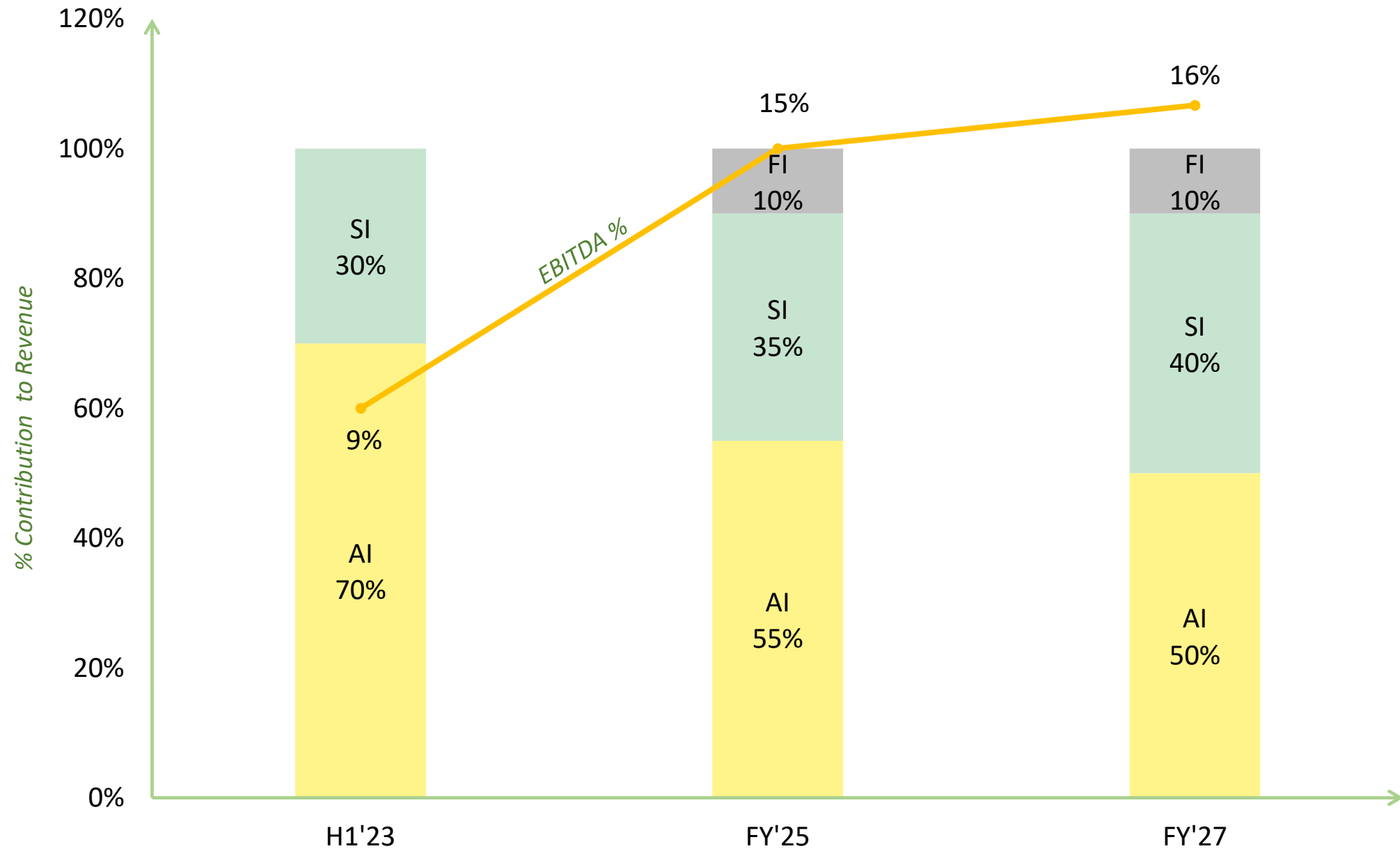
Consolidating SI + Growing FI

Particulars	FY11-FY14	FY15-FY18	FY19-FY22	FY23 H1
AI Revenue Contribution	77%	63%	60%	70%
SI Revenue Contribution	23%	37%	40%	30%
EBITDA CAGR (%)	4%	22%	31%	~75% of the margin has come from the SI segment
Average p.a. Capex (INR Cr)	46.7	49.3	62.3	135crs capitalized towards SI business
Average PAT % in period				5.2%
Average D/E (x)	1.06	0.66	0.12	0.18





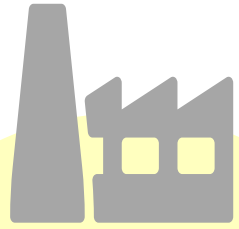
The Journey Ahead



The next 5 years the margin expansion will come from SI & FI businesses, contributing ca. 70% to the profitability

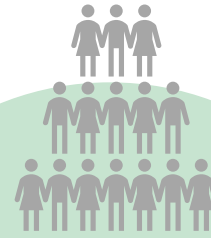


Key Growth Levers in Place



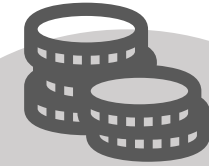
INFRASTRUCTURE

- **Well Invested Infrastructure**
- Mega site for AI; no expansion required
- Backward integrated plant focused capex in SI
- FI plant is a flexi plant
- Future de-risking through expansion to a 92acre site in Dahej which comes with civil structure



CUSTOMERS

- **Diversified customer base** across geographies and industries
- Forward integration with overlap of AI and SI customers
- Future readiness with existing customers for new FI products plus Miteni customers to come



STRONG BALANCE SHEET

- **Responsible growth**
- Prudent leverage - D/E ratio at peak levels to be <0.5
- Improving cash flows
- Rigor on working capital

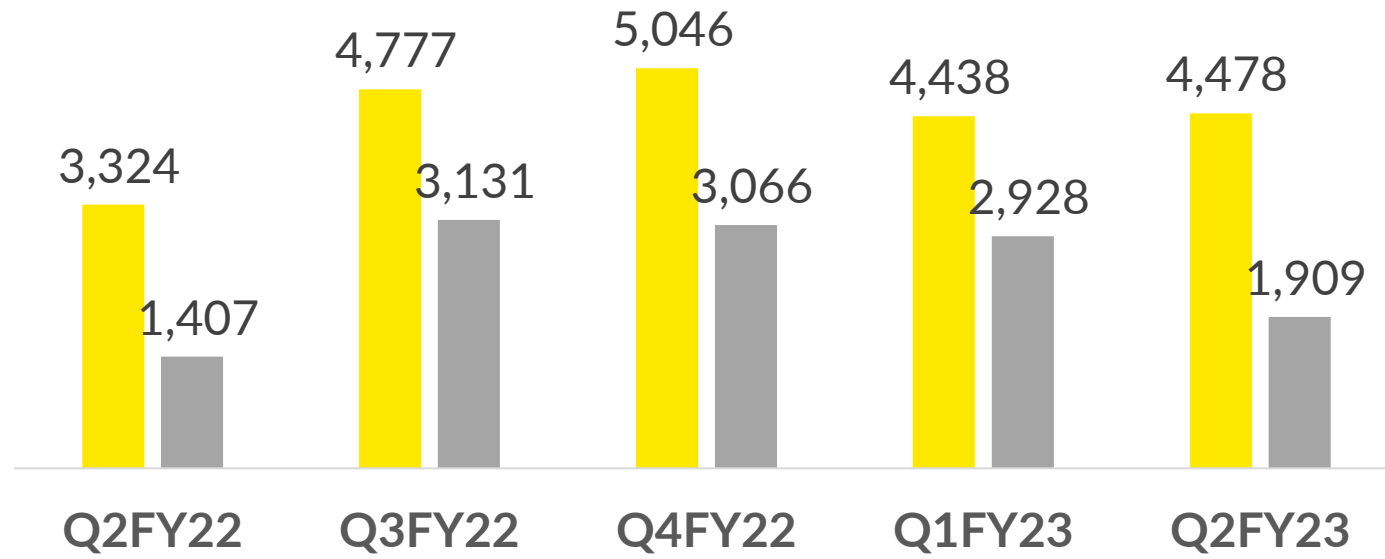


De-risked Business Model

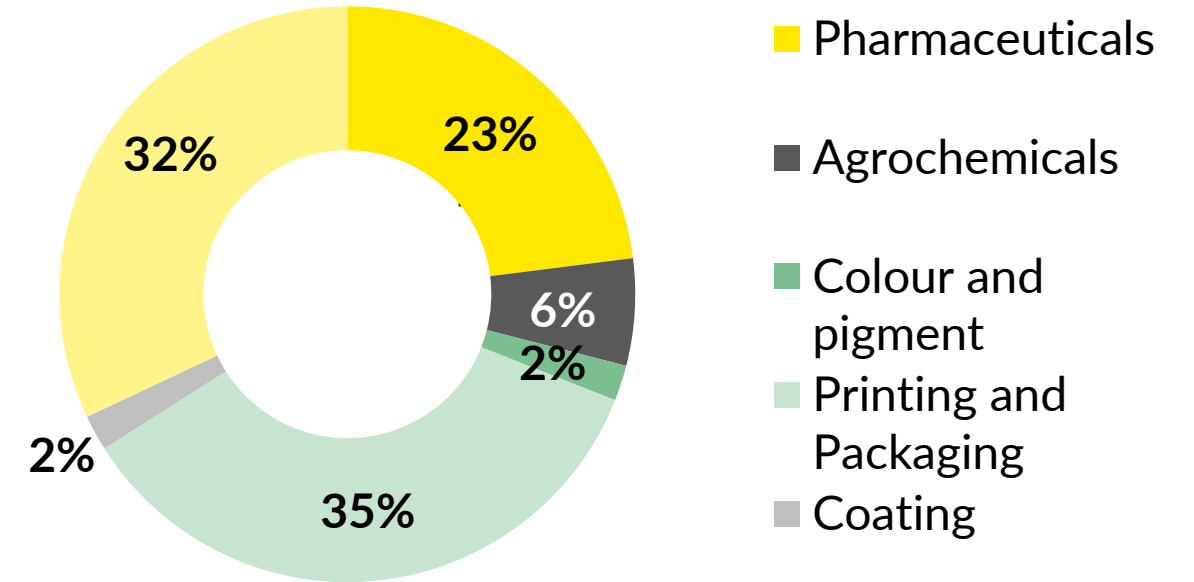
Robust Export Share

(INR Mn)

■ Domestic ■ Export

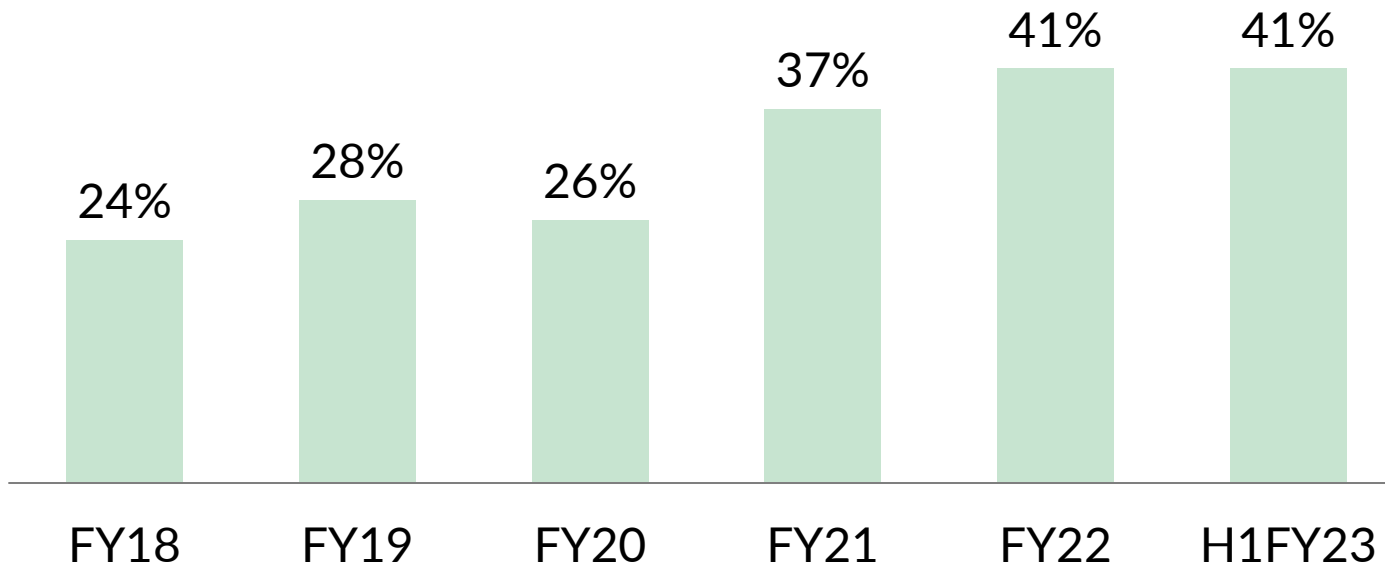


Diversified Industry Base

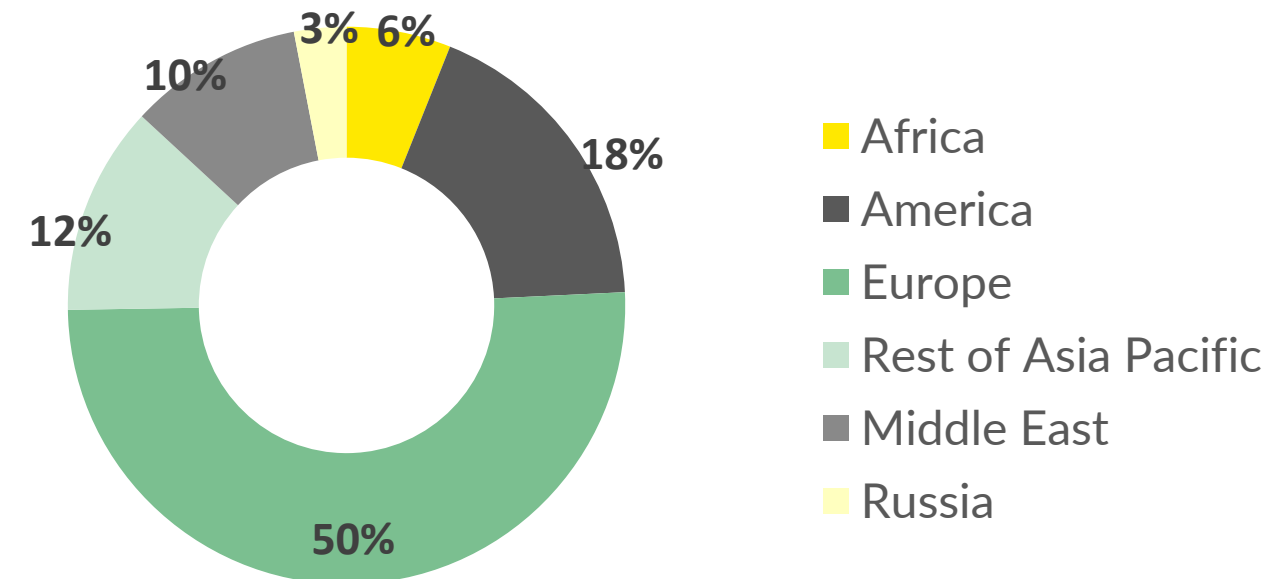


Contribution from top 10 customers

% of revenue from top 10 customers



Low Dependence on a Single Export Market



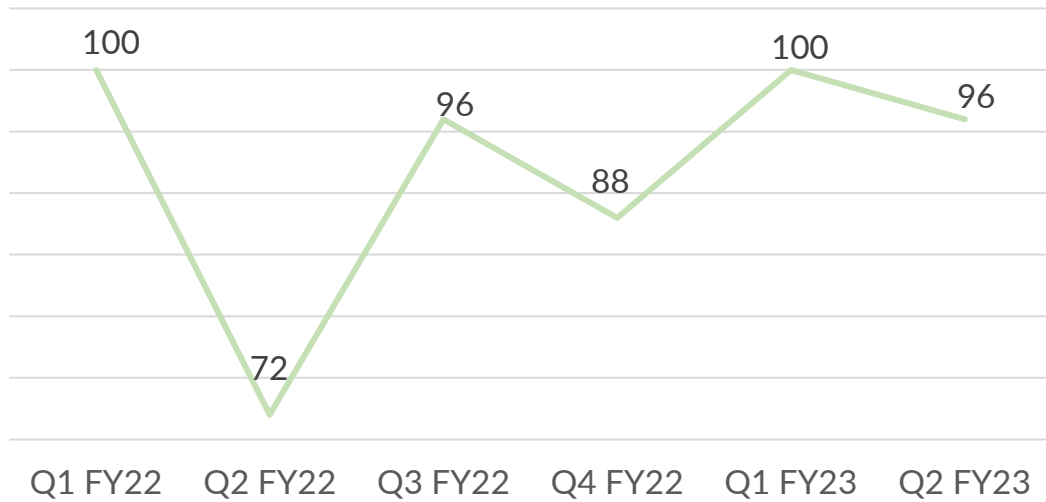


Financial Performance

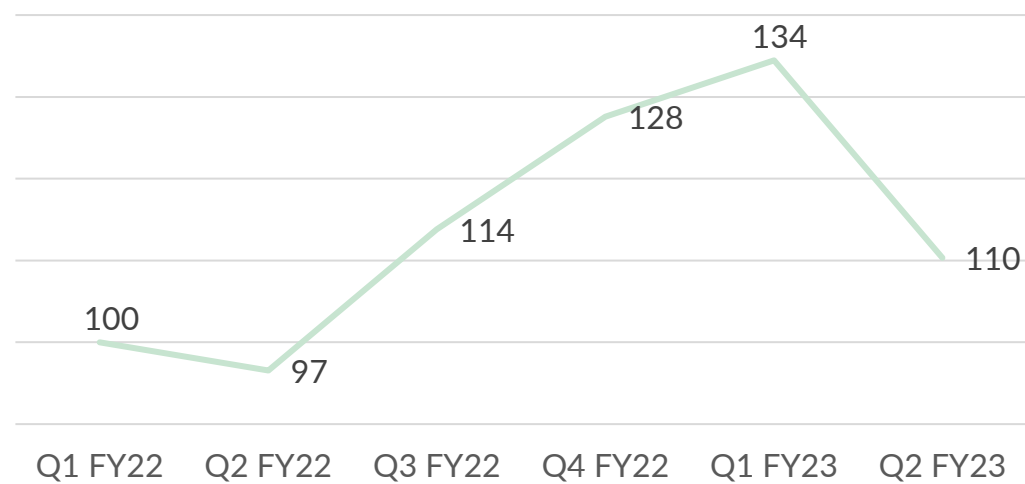


Key Developments Q2 FY23- SI

Product Mix Optimisation - Rebased



SI Contribution Margin Growth - Rebased



Specialty Intermediaries – Market Overview

- While demand softness remained due to inflationary pressures, the Company maintained its market leadership position and increased market share in some products and segments
- There is an increasing global interest to consider India as a consistent supplier to ensure supply chain security (not just China +1)
- The Company's brand and product value has strengthened

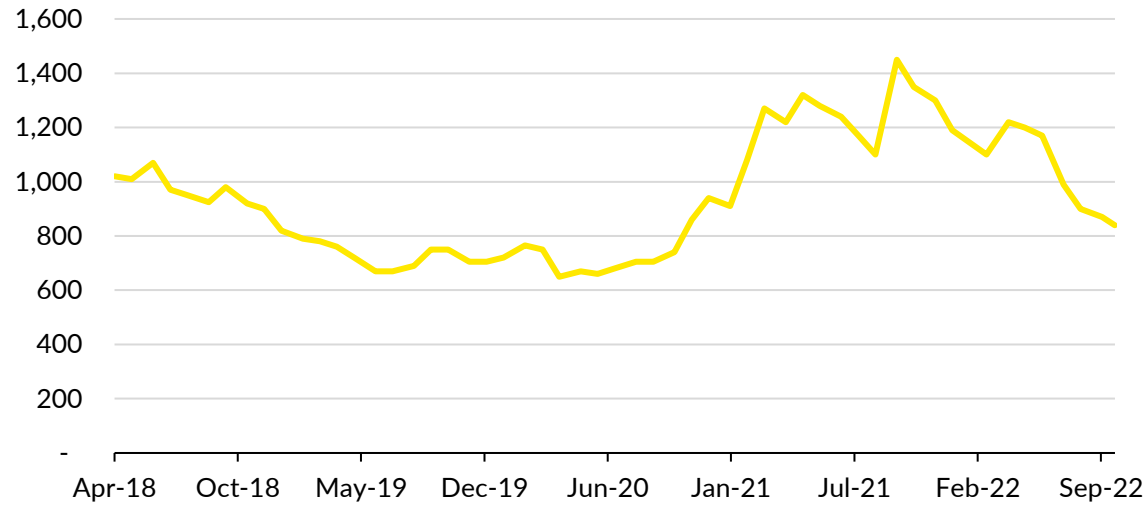
Specialty Intermediaries – Business Performance

- Product mix and contribution margin variance is a result of lower volumes due to the planned annual maintenance shut down
- The first phase of the second plant in this business was capitalized in the said quarter and will commence production in Q3 FY23
- The contribution margin and the sales were in line with the Company's internal estimates

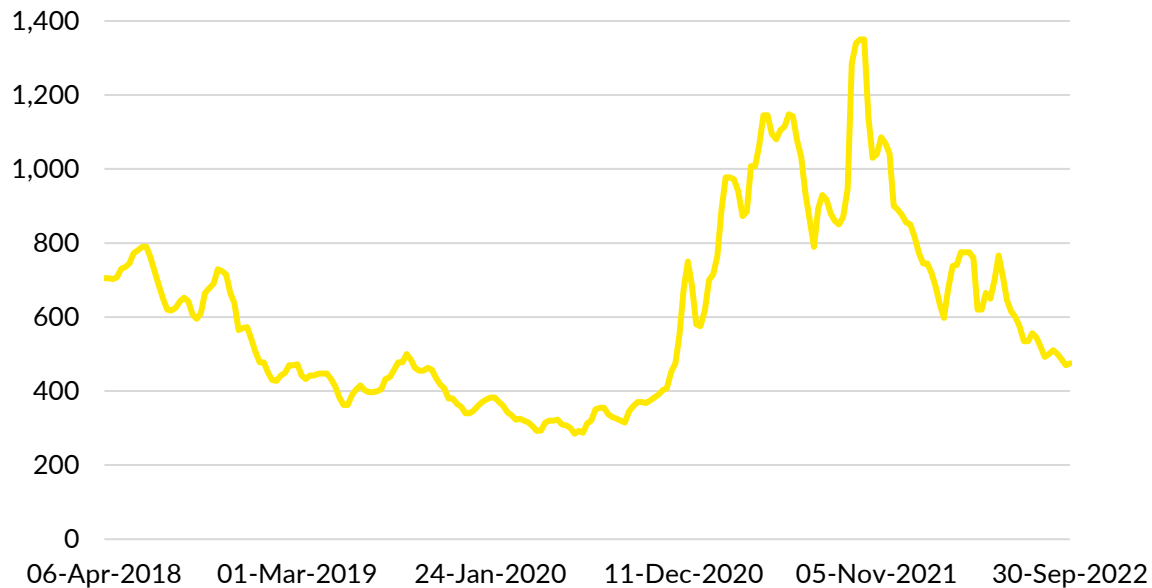


Key Developments Q2 FY23- AI

ETAC FOB (USD/t)



AA FOB (USD/t)



Acetyls Intermediary – Market Overview

- ETAC prices globally saw softening in Q2
- European demand saw a steep fall with the recessionary environment and currency moves becoming more stark
- We continue to maintain our market share in the AI business

Acetyls Intermediary – Business Overview

- Volumes reduced in Q2 FY23 vs Q1 FY23 given the lower demand and pricing scenario
- Careful planning was done to ensure FG stock is optimal and RM inventory is purchased locally given the INR depreciation
- The business remains strong to be able to withstand the cycle



Business Overview

- Two main projects in SI segment are on track
 - First plant commissioned in Q1 and has commenced production
 - Second plant phase 1 capitalized and production to start in Q3 FY23
- FI plant is on stream and production will commence in Q4 FY23
- Growth and business de-risking remain the focal areas

Supply Chain Overview

- Continued focus on responsible domestic and global sourcing has ensured cash, inventory and supply chain optimisation
- Customer demand on SI is on the growth path with FI contracts also coming into fold
- Demand for the products remains strong from existing customer base

SI business maintains the uptrend in demand, product mix and margin expansion



Financial Highlights: Q2FY23

	SALES (INR Mn)	EBITDA (INR Mn)	PAT (INR Mn)	EPS (INR)
Q2'FY23	₹ 6,522	₹ 286	₹ 86	₹ 0.32
YOY:	+ 7%	- 7%	- 87%	- 37%
QOQ:	- 14%	- 72%	- 41%	+ 13%
Q2'FY22	₹ 6,081	₹ 309	₹ 644	₹ 0.55
Q1'FY23	₹ 7,566	₹ 1,004	₹ 146	₹ 2.44

SI business remains to be a strong contributor to the EBITDA



Financial Highlights: H1FY23

	SALES (INR Mn)	EBITDA (INR Mn)	CFO/ EBITDA	PAT (INR Mn)	EPS (INR)
H1'FY23 YOY: + 5%	₹ 14,088	₹ 1,290 -27%	55%	₹ 731 - 38%	₹ 2.76 - 38%
H1'FY22	₹ 13,444	₹ 1,761	9%	₹ 1,169	₹ 4.43
FY'22	₹ 30,842	₹ 3,676	27%	₹ 2,575	₹ 9.76

Cash flow from operations have strengthened given the supply chain & working capital optimisations



Business Unit Overview

AI business

Contribution to Top-line

70%

Contribution to Profits

33%

Exports

31%

SI business

Contribution to Top-line

30%

Contribution to Profits

67%

Exports

39%

SI business continues to be the focus for future investments and growth

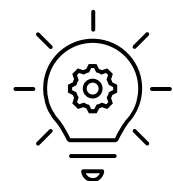


Quarterly Performance – Consolidated Results

<i>Particulars</i>	<i>INR Mn</i>							
	<i>Q2 FY23</i>	<i>Q1 FY23</i>	<i>QoQ (%)</i>	<i>Q2 FY22</i>	<i>YoY (%)</i>	<i>H1 FY23</i>	<i>H1 FY23</i>	<i>YoY (%)</i>
Revenue from Operations	6,522	7,566	-14%	6,081	7%	14,088	13,444	5%
Cost of Materials	3,317	4,179	-21%	3,288	1%	7,496	7,070	6%
Gross Profits	3,205	3,387	-5%	2,793	15%	6,592	6,375	3%
Gross Margin (%)	49%	45%	445 bps	46%	285 bps	47%	47%	(86) bps
Employee Cost	294	284	4%	285	3%	578	587	-1%
Other Expenses	2,625	2,099	25%	2,200	19%	4,724	4,026	17%
EBITDA	286	1004	-71%	309	-7%	1290	1761	-27%
EBITDA Margins	4%	13%	(870) bps	5%	(130) bps	9%	13%	(432) bps
Depreciation	170	136	25%	113	51%	306	221	38%
EBIT	116	868	-87%	196	-41%	985	1540	-36%
EBIT Margin (%)	2%	11%	(951) bps	3%	(207) bps	7%	11%	(485) bps
Other Income	29	21	35%	67	-57%	50	110	-55%
Interest	44	24	81%	11	303%	68	39	74%
PBT	101	865	-88%	252	-60%	966	1611	-40%
Tax	15	221	-93%	106	-86%	236	442	-47%
ETR (%)	15	26		42		24	27	
PAT	86	644	-87%	146	-41%	731	1169	-37%
EPS	0.32	2.42	-87%	0.54	-42%	2.73	4.36	-37%



Delivering Shared Value to all Stakeholders



INNOVATION

- To create a culture of innovation where failure is the first step to success
- Two DSIR-certified research and development (R&D) centres are dedicated to new product development and process improvements.



CUSTOMER CENTRICITY

- Always on the lookout for customer-specific and market-driven emerging chemistries.
- Excellent track record of delivering quality solutions to global clients
- Aim to improve the lives of our customers through reliability, agility, empathy and quality



INTERGRITY

- Proud partner of many well established and well-respected global industry leaders across a wide range of industries.
- The Company operates in the AI and SI verticals, where backward and forward integration synergies have been achieved



SUSTAINABILTY

- Signatories to Responsible Care- *a voluntary commitment by the global chemical industry to achieve excellence in environmental, health and safety performance.*
- All of the plants are state-of-the-art and comply with relevant ISO accreditations.

“We aim to establish ourselves as a leader in Speciality Intermediates and become the growth partner of choice to global Life Sciences, Crop Sciences and Pigments companies.”

THANK YOU

For further information, please get in touch with:

Monali Jain
monali@GoIndiaadvisors.com
M:+91 7597304020

Aniket Hirpara
aniket.hirpara@laxmi.com
M:+91 7666830913