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August 2, 2024

BSE Limited
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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
July 29, 2024, at 14.30 hours onwards	Investor & Analyst Meet to discuss performance for the quarter ended June 30, 2024 hosted by Strategic Growth Advisors	Conference Call through dial-in

No Unpublished Price Sensitive Information was shared / discussed in the meeting with the investors.

Further, please see enclosed the transcript of the Investor Call for Q1FY25.

We request you to take the above on record.

For **Laxmi Organic Industries Limited**

ANIKET BAVCHANDBHAI HIRPARA
Digitally signed by ANIKET BAVCHANDBHAI HIRPARA
Date: 2024.08.02 16:34:39 +05'30'

Aniket Hirpara
Company Secretary and Compliance Officer

Encl.: A/a

“Laxmi Organic Industries Limited
Q1 FY'25 Earnings Conference Call”
July 29, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th July 2024 will prevail.

MANAGEMENT: **DR. RAJAN VENKATESH – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – LAXMI ORGANIC INDUSTRIES LIMITED**

MR. HARSHVARDHAN GOENKA – EXECUTIVE DIRECTOR – LAXMI ORGANIC INDUSTRIES LIMITED

MS. TANUSHREE BAGRODIA – CHIEF FINANCIAL OFFICER – LAXMI ORGANIC INDUSTRIES LIMITED

MODERATOR: **MR. NISHANT DUDHORIA – STRATEGIC GROWTH ADVISORS (INVESTOR RELATION ADVISORS)**

Moderator: Ladies and gentlemen, good day, and welcome to Laxmi Organic Industries Limited Q1 FY'25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishant Dudhoria, IR Representative. Thank you, and over to you, sir.

Nishant Dudhoria: Good afternoon, everyone, and thank you for joining us on the Q1 FY'25 Earnings Conference Call for Laxmi Organic Industries Limited. We have with us on the call Mr. Harsh Goenka, Executive Director; Dr. Rajan Venkatesh, MD and CEO; and Ms. Tanushree Bagrodia, the CFO. The company has uploaded its financial results and investor presentation on company's website and stock exchanges, I hope everybody had an opportunity to go through the same. We will begin the call with opening commentary by the management followed by Q&A session.

Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I would now like to invite Mr. Rajan Venkatesh, the MD and CEO for Laxmi Organic Industries Limited, to give his opening remarks. Thank you, and over to you, Rajan.

Rajan Venkatesh: Thank you. Namaskaram from my side and a very, very good afternoon. Today, we said, let's mix it up. We've been talking over the last 12 months with you guys about the way we have been actually panning our strategy. So we said we will divide today's call in two buckets. The first bucket is we will give you a little more granularity and what you have been seeking of us on our financial numbers from FY'24 to FY'28. We have uploaded the presentation so you can also please refer to that.

And secondly, we will also obviously provide you more granularity and reflections of our Q1 performance. So let's get the ball rolling. So now I'm referring to the slide deck. So please also refer to that at your computer or iPad or whatever device you're using. Why do we believe we are geared to win?

I think Laxmi's strength on gear to win is, I would say, based on two key elements. One is our leadership, cost and technology leadership, market leadership, we are top 3 in essentials, excluding China and top 5 in specialties globally, and we are the partner of choice for our customers. What are we leveraging? We are leveraging that we've absorbed and scaled up best-in-class technologies in the past.

We have an unleveraged balance sheet which keeps us ready to invest. We have large brownfield sites, which are open for capex. You guys know the sites I'm referring to, Lote and Dahej. We have a credible Board and an experienced management team, which is steering this company and also, as importantly, we have a very strong integrated safety and EHS program, which keeps us in good stead.

So linked to that, what are our ambitions? We will continue to use technology and cost leadership to grow and diversify the product portfolio. We aspire and have the ambition to be top 5 in all the segments globally that we are active in, and we will continue to have 20% of revenues impacting our Specialties P&L from products launched in the last five years.

Now if you move to Slide 17. This is also a familiar slide, differentiated financial steering. In Essentials, we have different technology platforms as compared to Specialties and the targeted financial KPIs for Essentials is we will, for every dollar invested, we will focus on asset turns 3 to 5, EBITDA margins of 8% to 12% and for our Specialties segment, for every dollar invested asset turns of 1 to 2 and EBITDA margins of 20% to 25%, which then ensures that at an enterprise level, we will deliver a ROCE of 20%.

We have also shared in the past across multiple cycles, if you refer to that slide, we have delivered ROCE of 20%. So that's what gives us the confidence, the ambition and the energy to go beyond.

Now referring to Slide 18. What we are calling out are the key highlights and our ambition moving ahead, linked to what I shared. So key highlights, our investment is about INR11,000 million or INR1,100 crores. With this, basically, this is from a period of FY'24 to FY'28. That's the line of sight and with this happening, we basically have the ambition to double the revenues from where we closed on FY'24, triple our EBITDA and as importantly, increase and double our ROCE from the 10% where we closed out in FY'24 to 20% in FY'28.

Now if you go closer, Essentials, the strategy in Essentials and our right to win. The 2 key words I want to leave you with, go deeper, go broader. In our existing portfolio, we want to retain market share, grow exports and by continuously focusing on operational excellence, double-clicking on the range of portfolios where we are already strong in.

At the same time, we are focusing on portfolio expansion. By that, derisking of the business of the existing portfolio and also as importantly, being future-ready with bio-based products. How do we watch our right to win. Strategic locations close to customers, Mahad, everybody knows that the genesis of Laxmi and we are very proud of that. Now with Dahej coming up, certainly, that provides us a very, very interesting platform also for Essentials, as we have called out before, to serve Gujarat and the North markets.

Cost leadership through scale, be it raw materials, be it logistics or operational efficiencies, the commodity business management, which is close to Laxmi's heart with more than 35 years of experience and under the current guidance of Mr. Jitendra Agarwal, who I guess some of you know or you will come to know sooner rather than later, extending our existing right-to-win, differentiated customer experience versus competition, import substitute a lot of the existing and also new portfolios, we are trying to make Bharat as an Aatmanirbhar Bharat, and really wean away India from imports and by providing economy of scale and obviously double clicking on multiple synergies.

So what would that imply. For our Essentials basket, we are looking at a capex of INR5,500 million, which is INR550 crores. This is in the period of FY'25 to FY'26. It's a 2-year period. The first tranche is about INR350 crores, and between then the second tranche between FY'26 to FY'28, a 3-year period of INR200 crores. The ambition is clearly to double the revenues that we have achieved versus an FY'24 basis and do a 3x of EBITDA on that basis.

Again, how do we achieve this, expand and diversify product portfolio what I called out, which then enables us to do this. Volumes sold at the same time will be 1.75x from a base of 234 kt that we achieved in FY'24. This is again something we have done in the past, which then gives us the confidence as we move ahead that we can certainly duplicate and continue on our ambitions for ourselves and more importantly, for our customers.

So second big bucket is our specialties. The 5D strategy here is to expand and optimize in our existing portfolio by growing market share, focusing on global customers, and improving cost leadership. And also in the specialties enter new segments, obviously, fluoro is top of everybody's mind, including us, and also, as importantly, having 20% sales from new products.

What is our right to win here, cost competitiveness, and we have done excellent global cost benchmarking, which gives us the confidence and hence, we are also doubling our capability in the Ketene, Diketene space at Dahej reliable, safe and large-scale flexible operations and differentiated customer experience.

And if you talk about the customized solution provider and value chain integration, technical capabilities, offerings which encompasses a large customer and product basket and world-class piloting and scale up infrastructure with especially the Dahej side, which has come our way, which provides us.

Then if you start looking at the numbers part, this is Slide 22. What we see is we will have the incremental capex spend across the next two years, that is FY'25 and FY'26 of INR400 crores and between FY'26 to FY'28 of INR150 crores.

And with that, the ambition remains to double our revenues in top line and also on the EBITDA to be 2.5x of EBITDA. That basically maintains an asset turn as a specialty of 1x to 2x, that's the important takeaway.

Now for Essentials, what I would like to also call out is the margins that we have assumed in Essentials is the current bottom of the cycle margins. So this is certainly the upside. We are parking for investors and as we go in this journey.

And also for specialties, what we have not considered in the baseline is the new product pipeline, which will certainly come at an incremental capex to what we have stated here and certainly would be at the higher spectrum of our asset turn and profitability.

So again, what I would like to summarize on a financial basis on our future between FY'24 to FY'28 with a capex spend of INR1,100 crores, we will be doubling our top line and tripling our EBITDA. What remains a conservative view on margins on Essentials and the entire new business pipeline has a potential upside on specialties.

So that's the element of the strategy that we have in play, and we are executing as we speak. Some of you also had a privilege to visit our Lote site, and it was our privilege to have you there.

Let me then give you a short update on the ongoing projects at Dahej and also Lote. These are slides numbers 25 and 26. The capex update at Dahej, we have received the inorganic EC in May, in early May, we did our Bhoomi Pooja on a very auspicious day, which I will always remember, I think all my life, which I'm thankful for the team that we made that happen on the 10th of May on Akshaya Tritiya, we received more importantly also the organic CTE in 20th of June, we had a very important milestone of public hearing on 18th of July. We started with the civil foundation work at Dahej and the weighbridge and calibration and ready for operations. So that gives you a status update on our Dahej piece.

When it comes down to our Lote project, this -- again, this is Slide #26 that I'm referring to gives you sort of a more chronological timeline, and so in quarter 3 FY'20, we had the acquisition. I think everybody is familiar with this. Everybody is also unfortunately familiar with the COVID period and the implications it had on our project.

But I think it's important to call out in quarter 2, we started land development of FY'21 at Lote. We set up the Kilo Lab at Mahad, which enabled us to familiarize with the Miteni process technology.

In quarter 1 of FY'22, we started the civil and structural work. In quarter 3 of FY'23, the equipment arrived from Italy. In quarter 1 of FY'24, utilities and powers were commissioned. In quarter 1 of FY'24, pilot plant and Kilo Lab was commissioned. In quarter 2 of FY'24, we had the first product dispatch. And in quarter 4 of FY'24, which was the commitment we gave you guys was mechanical completion of the key assets happened, which then enabled us already in quarter 1 of this financial year to submit samples.

Let me give you also a little more clarity on that. We actually sampled 10 products to about 20 customers ranging between global and domestic across an industry range of agro, pharma, coatings, pigments and electronic materials. We have already received 6 products approved by 8 customers, and this basically provides an excellent line of sight to more than 70% of our peak revenues that we estimate from this site. So that, again, gives you, I would say, the ongoing activities.

Let me just briefly comment on quarter 1 my commentary and obviously, Tanushree is far more capable to take us through the numbers. So quarter 1 on a stand-alone basis, I believe, and reflecting back, we are happy to report a comparable sequential performance and a growth year-on-year in quarter 1, taking out one-off effects in quarter 4.

And despite a scheduled plant turnaround for Essentials, which reduced the volume output, the performance was positively impacted by our operational excellence drive. You already saw that in the last financial year, we grew volumes 20% in certain part of our segments and the product mix in specialty certainly was a key driver in our quarter 1 performance.

Key assets I spoke about are Lote and the status on Dahej. With that, I can assure you, we remain committed to geared to win and geared for growth to create long-term value for all our stakeholders.

With that, I'll pass it across to Tanushree to take you through the quarter 1 financial performance in more granularity.

Tanushree Bagrodia: Thank you, Rajan. Good afternoon, ladies and gentlemen. Thank you for joining us this afternoon and as Rajan mentioned, the operational journey that we started in financial year 2024 continues to yield strong results for Laxmi organic Industries.

At site 1, again, as Rajan mentioned, we took an annual maintenance shutdown in quarter 1 of FY2025and despite that the essentials volume grew by 7% year-on-year. On a quarterly basis, we had lower volumes and lower realizations in this business, which did impact profitability. However, a majority of this impact was arrested by the improved operational efficiency.

The specialties business saw a robust performance with revenue growing approximately 10%, both year-on-year and quarter-on-quarter and with an improved product mix, the contribution was also higher proportionately both quarter-on-quarter and year-on-year.

As we had mentioned in our Q4 financial year 2024 call, we had settled a claim on the loss of profit with the insurance company on accounts of the floods at site 1 in July 2021. This loss profit increased our EBITDA by roughly INR10 crores.

To ensure that we are focusing on the business operations, all the EBITDA and PBT numbers and comparisons mentioned by me on this call for quarter 4 FY'24 are net of this INR10 crores impact. For completeness, the presentation highlights the total EBITDA numbers.

On a stand-alone basis, the company generated a revenue of INR729.6 crores, which is 4% higher year-on-year and 10% lower quarter-on-quarter. The quarter-on-quarter impact, as I mentioned, is largely due to the annual maintenance shutdown taken at site 1 and the lower realizations in the Essentials business.

The operating EBITDA at INR82 crores is about 10% higher year-on-year and about INR2 crores higher quarter-on-quarter. Overall, the stand-alone EBITDA of INR94 crores, is 15% higher year-on-year and flat quarter-on-quarter. The PBT at INR70 crores is almost 30% higher year-on-year and INR2 crores higher quarter-on-quarter.

The PAT at INR46 crores is 22% higher year-on-year and 15% lower quarter-on-quarter. The PAT numbers used for calculating the difference in Q4 are gross of the LOP impact. On a consolidated basis, the top line of INR730.1 crores for the quarter is flat year-on-year, driven by lower sales in Europe. The sales is lower, 9% quarter-on-quarter, impacted largely by the annual maintenance shutdown and the lower realizations in Essentials business.

Gross margin at a consolidated level is 2% higher year-on-year, and flat quarter-on-quarter, largely driven by the operational efficiency. The operating EBITDA at INR71 crores is 8% lower year-on-year largely driven by the operating costs of YFCPL, the Lote project, which have now started to flow-through since quarter 2 FY'24.

Quarter-on-quarter, the operating EBITDA is down 11%, impacted by the lower sales. The PBT at INR50 crores is 3% down year-on-year, driven by the capitalization at YFCPL and about INR4 crores down quarter-on-quarter, impacted by the lower sales. PAT at INR34 crores is 10% lower Y-o-Y and 23% lower quarter-on-quarter.

The PAT numbers used for calculating the difference are gross of the LOP impact in quarter 4 2024. The cash flow from operations at a consolidated level stands at approximately INR80 crores, this is largely because the payable days have seen a reduction as large imports happened in Q4, larger than what we see there by the larger proportion of the benefit was accrued to us in the previous quarter.

The INR absolute values of debtors and inventory has seen an improvement quarter-on-quarter, while the lower sales base has slightly increased the days outstanding. The overall operating net working capital for Q1 FY'25 is in line with the average net operating working capital for FY'24.

Lastly, as the Board had approved the merger of YFCPL into LOIL, we would like to inform the investors that the admission notice for the merger was filed with NCLT in July 2024.

With this, I hand over to Nishant.

Nishant Dudhoria: We will now begin with the Q&A session.

Moderator: Our first question is from the line of Rajvi Shah from Bright Securities.

Rajvi Shah: So I had two questions. The first one is can you highlight why the depreciation is lower Q-on-Q on a consolidated basis?

Tanushree Bagrodia: Rajvi, Tanushree here. The depreciation is lower because there was a change in the useful life of the assets that's taken to compute the depreciation.

Rajvi Shah: I had one more question, that is what is the total investment in setting up data analytics? And could you please give more clarity on the impact on how much efficiency has been improved due to this vis-à-vis previous quarter?

Rajan Venkatesh: So Rajvi, Rajan here. I think it's not a big capex that we incurred on data analytics. So it's nothing to shout home about, but I think it is really because a lot of our systems today are already linked to DCS. So the question was not setting up new DCS' systems, it's really pooling with a core bunch of colleagues, a very few handful normally like you have in the centre of excellences and really gleaming out the learnings.

Now how has that paid out? We've called out already in the last financial year, this really impacted our volume output from existing asset bases by almost 20%, Tanushree, correct me if I'm wrong, with incremental or no capex. And that's the journey also we charter what you also heard from Tanushree in our quarter 1, where despite a turnaround that we had a scheduled turnaround, our volume base was in a good state. Tanushree, anything to add to that?

Tanushree Bagrodia: Yes. I think Rajvi, Rajan is absolutely right. We've increased volumes roughly 20% for the company, and that's at absolutely almost zero capex. I also think the operational efficiency program has ensured that we continue to carry on our journey on cost leadership across both the business units. And that's why, like I said, despite lower realizations and lower volumes, the profitability could be protected.

Moderator: The next question is from the line of Harsh Shah from Axis Capital.

Harsh Shah: My first question was regarding the Essentials segment. So you outlined that you'll be incurring capex of around INR550 crores. So just wanted to -- you'll also be expanding the portfolio there. So I just wanted to know how many products we are planning to launch through this new capex and how many of them we have already cracked through in a pilot stage or at lab stage, this was my first question.

Rajan Venkatesh: Harsh, so my first task is fair question. I hope you can provide us some leniency that there is some confidentiality we would like to maintain with the new product portfolio, what would be fair to say already in the last financial year, we did launch a new product into the Indian market, which was an import substitute, and we are building good market share on that.

And there are other things that Laxmi, by the way, in the past, has produced, which we'll be double clicking on and there will be new parts of that portfolio. But for now, we would like to keep that a bit confidential and would seek your understanding for the same.

Harsh Shah: Sure. And sir, just a follow-up on this. So would the new products which you are planning to launch in Essentials, would this be margin accretive? Or would it be a similar margin of your existing portfolio?

Rajan Venkatesh: As I said, we've taken a very, I would say, conservative view. So we have not sort of blown out the margins for the new products, but we believe there is some juice in that and that's something we also pass for the investors in good faith.

Harsh Shah: And sir, second question was on the specialty front. So while I understand there was some margin compression in Essentials segment as there was a shutdown. But in specialty, there is slight margin compression on Y-o-Y as well as on a Q-on-Q basis. So just wanted to understand whether this is a bit of pricing pressure or whether the prices of certain key raw materials have gone up?

Rajan Venkatesh: So first and foremost, let me take the raw material element. I think margin pressure in specialties is not something we have called out. In fact, what we have actually been able to leverage is the portfolio mix in our Specialty segment, which has actually performed better. So quarter 4 of last year was a strong year for specialties.

And if you look at the history, even over the last 4 years, I think our specialty contribution to the Laxmi business has actually dramatically improved. So we were at what, top line in that in FY'21, about INR300 crores, INR350 crores and we closed out last year in the numbers that we shared. And we were able to do that by actually maintaining the EBITDA margins in the range of 20% to 25% consistently, right?

And raw materials here, acetic acid is one key building block, that has not dramatically changed, if you see from quarter 4 to quarter 1. In fact, acetic acid prices given the supply-demand dynamics continue to be low in that range of about $400 per metric ton at the lower end.

And by the way, I want to also call out which I did is also, this is the basis of which we are also looking at forward looking. So we are -- we see the upside on this being potentially higher than the downside. Tanushree, you want to add?

Tanushree Bagrodia: Yes. Harsh, just one quick clarification. Quarter-on-quarter, like I said, you've got to take into account the INR10 crores impact that we had in Q4 due to LOP. Once we remove that, the operating EBITDA on a stand-alone basis has gone up by INR2 crores. So specialties has seen actually a very robust quarter.

Harsh Shah: And sir, are we facing any margin pressure in our specialty portfolio or prices are broadly stable right now?

Rajan Venkatesh: I would like to say prices are stable overall, but I think the nature of the beast is essentials, as we have shared in the past is more prone to the supply/demand dynamics when it comes down to the raw materials and also in the finished goods.

Specialty is always a topic of performance in the final product for our customers. our landscape is a global landscape, we serve 50% domestically and 50% is exported, and we are in a much larger range of industries.

So specialty is what we will see is, depending on the industries. For example, in the first calendar year of any year, you would see coatings as sort of having a stronger pickup. And in the second part of the calendar year, you would see the demand pickup from coating not as prevalent. So those are the dynamics rather than only talking about the margin pressure from competition. I hope that helps.

Harsh Shah: Yes. And then I have another question in specialties. So you outlined around INR550 crores of capex in specialty as well. And currently, if I'm not wrong, we have a portfolio in pipeline, we have around 11 products in specialty, out of which around 50% is in fluorination. So going ahead with this new incremental capex of INR550 crores, this pipeline will increase significantly, and if you could just clarify how many new products we are planning to launch in specialty segment?

Rajan Venkatesh: Certainly, I think you've caught us in the right question. So what we have shared now in our ambition is we have said the new business development pipeline is not baked in. And I think we have a very robust new business development pipeline, but we are being a bit coy about it.

So I think as for the colleagues who visited our site in Lote, we have about 6 to 7 block fields that we can actually fill up. So we can accommodate a capex of up to INR500 crores in Lote, and certainly, Dahej, lets our ambition go even wilder. So that's the line of sight, which is not yet baked in, but we will certainly share more details as things become more crystal clear inthe near future. That's the ambition to the specialties. That's what I want to talk with you.

Moderator: The next question is from the line of Pradeep Rawat from Yogya Capital.

Pradeep Rawat: Yes. So my first question is regarding the demand outlook for specific segments. So how do you see the demand dynamics from the die and agrochemical end markets?

Rajan Venkatesh: So again, if you look at the slide deck, the agro market constitutes at an enterprise level to about only 13% to 14%. So it's -- I think that's what keeps us in a good stead that we, as a portfolio, end portfolio customer portfolio, we are very well diversified.

So now asking your specific question, I think if I see quarter-on-quarter, pharma, I don't think anything has dramatically changed in the demand dynamics for pharma.

Agro continues to be subdued, and we hear it from our customers that especially on the generic part, they are facing -- continue to face a lot more headwinds from the Chinese competitors of -- type of Bayer, a BASF or Syngenta, that's what we continue to hear. Again, not dramatically different quarter-on-quarter.

When we look at our entire segments of pigments, which is an important element for our specialty portfolio, with some of the reorganizations and call outs that has happened in the European manufacturing site, we are seeing certain upsides in the domestic play for this, which we are tapping into.

And when we talk about the coating industry and the industrial formulators as a whole, we are seeing demand continue to grow at a good pace. So we don't see any downsides there. Hopefully, that gives you a flavour on the industries broadly that we are serving. And by the way, we are increasing the number of industries that we are serving with the breadth of the portfolio that we are expanding into.

Pradeep Rawat: Yes. Great. And my next question is regarding our current capacity utilization. So what is our current capacity utilization in both the businesses, commodity and specialized both?

Rajan Venkatesh: So again, let me tackle it in a different lens. For the specialty, the way both the business head, Mr. Virag Shah, with Mr. Prashant Patil, who heads our manufacturing, the way they steer it is because these are batch plants, multiple flexibilities, multipurpose. So it's not the topic of, do I need to sweat the asset to 100%. That's not the lens. It is what is the flexibility I can build in to create the product portfolio that our, (a), customers require and then provides the EBITDA directions financially that we are striving for.

So asset utilization, the fact that we are doubling our capability with Dahej for Ketene, Diketene already tells you that we have enough and more room to grow, which we are currently not able to do from our existing base at Mahad.

On Essentials, slightly different lens. Essentials as because these are continuous operations, obviously, the focus remains and there are multiple lines. So the way the operations colleagues with the business colleagues are steering it, we are taking out inefficiencies, and we are then basically running the assets flat out in the ones where we are very, very efficient.

And you have seen that really delivering for us already in last financial year, and I remain confident you will see this delivering for us also in this financial year.

Moderator: The next question is from the line of Raj Mehta from JM Financial.

Raj Mehta: So my question was how many new products are developed in the last one or two years? And what is the revenue contribution from these new products?

Rajan Venkatesh: So I think we have in our slide deck, we also show we do call that out, at least we called it out in the last slide deck. So already in the last financial year, more than 20% of our revenues for specialties was contributed by new products, which were launched in the last 5 years.

And that's why we felt that remains a very ambitious goal that we continue to take for ourselves and we will also double down by investing 2% of our specialty revenues into R&D with the same objective, and this by the way, is best-in-class. You look at a 3M, you look at BASF. This is a best-in-class that top companies, and that's our ambition also look for and steer by.

Raj Mehta: Okay. Got it. And I had one more question, sir. So what is the niche in fluoro business? And what sort of competition are you likely to face from domestic and international players? And India seems very crowded market. So what's our thought on that?

Rajan Venkatesh: So I think, again, fluoro, what we have always stated is we are very clear what we will not do, right? The fluoro, larger strategic relevant market, depending on the report you look at, it gives you a market size of $25 billion. This encompasses the fluoro intermediate. This has the fluorosurfactant, refrigerant gases, fluoropolymers. So we are very clear. We are not going to participate in refrigerant gases, fluorosurfactants, fluoropolymers, that's not our core.

So we have really boiled this strategic relevant market down for us and our product portfolio to about $2.5 billion. And of that $2.5 billion, what gives us the right to win, let's keep it in perspective. One is we bring best-in-class technology from Miteni, and this has been double clicked by many customers that we have spoken to. They are very, very eager that we get started.

And that's what I also called out. So the product that we have already now 10 products, this is basically supplied to a range of 10 samples supplied to 20 customers, global plus domestic gives you, I would say, the reception that we are receiving from a customer's lens, and as you can imagine, which is the most important, of which already we have got 6 products approved by 8 of the customers.

thirdly, what we have also called out in the past, is the pie of $2.5 billion is still a large pie and we have something called electrochemical fluorination that we are the first in the India ecosystem, which Miteni had which we have bought down into our setup here, which is also a differentiator. But again, that being said, the pie is large enough. There is room in our lens for all to co-exist and each company finds its niche to compete in and serve its customer profile. So that's what gives us the confidence.

Moderator: The next question is from the line of Yug Modi from AP Capital.

Yug Modi: I just had a couple of questions. Sir, on Dahej capex, any status update from previous quarter on awaited approvals and in which year do we expect to commercialize the production?

Rajan Venkatesh: So let me take you through, and I think we called it out. I think we have had a very positive update on the Dahej, especially from the regulatory lens of getting approvals, and that's what I called out. So basically, the key milestone, again, calling out inorganic EC has been received. We have received the organic CTE. We have started the civil foundation work at Dahej. Now when will the plant start-up, maybe Tanushree, you can give some colour to it.

Tanushree Bagrodia: So we expect the revenues from Dahej to start flowing in FY'26. And then, of course, the peak of these revenues will be achieved in FY'28. But the revenues should start flowing in FY'26.

Yug Modi: Sir, could you please suggest how much percentage of capacity has increased from addition of Dahej facility and by which years?

Rajan Venkatesh: So on the ketene, diketene, again, as we said, capacity for me on specialty is basically we'll be doubling our capability for ketene, diketene. And also what you can really see what we have called out in the slide deck from an asset base for the Essentials from the 240 kt, there again, we will be increasing our capacity by 1.75x, but this is not only at Dahej, this is across all our sites, including Dahej.

Yug Modi: And lastly, did you see any near term or near-term outlook on how demand and supply are shaping out for our products and do we still see higher competition from China?

Rajan Venkatesh: So let me keep that in perspective. In Essentials, if you look at name-plate capacities, China has enough and more ETAC to flood the whole world, but we don't see a kilo of ethyl acetate coming into India. So that's what gives us the right to continue to exist, win and expand ourselves. And by the way, we are also exporting -- 30% of our Essentials portfolio is exported to Europe.

When it comes down to the specialty space, when it comes to Ketene, Diketene, we continue to compete. In fact, we also garner revenues from China for some part of our specialty portfolio, we are serving Chinese customers in China.

So I think that's what gives us the robustness that we are cash cost competitive and enables us to expand our market share. We have consciously taken that across pharma, agro, pigment solutions and industrial solutions. We are well hedged, and we have enough and more room to grow. So that's what gives us the confidence. I hope that answers your question.

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

Rajan Venkatesh: So thank you again for your questions. So let me just leave you again with the top things I would like you to take home with apart from all that you heard with the INR1,100 crores capex laid out between FY'24 to [inaudible 0:41:52] *(we have added the closing commentary for clarity)* FY 28, we basically have the ambition to double the revenues from FY'24, triple our EBITDA and as importantly, increase and double our ROCE from the 10% in FY'24 to 20% in FY'28.

In essential we will go deeper, go broader with focus on portfolio expansion. We want to retain market share, grow exports and continuously focus on operational excellence and be future-ready with bio-based products.

For specialties we plan to expand and optimize our existing portfolio by growing market share, focusing on global customers, and improving cost leadership. We will enter new segments, obviously, fluoro is at top priority and Dahej will help to double our capacities for Ketene and Diketene products. This will be our right to win, with excellent management team, global cost benchmarking, acing operational excellence gives us the confidence to succeed and remain Geard for Growth and Geared to Win..

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