

**LAXMI ORGANIC INDUSTRIES LTD**

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November 4, 2025

BSE Limited

Corporate Relationship Department,
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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
October 30, 2025, at 14.00 hours onwards	Investor & Analyst Meet to discuss performance for the quarter ended September 30, 2025, 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No Unpublished Price Sensitive Information was shared/discussed in the meeting with the investors.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 Q2FY26.

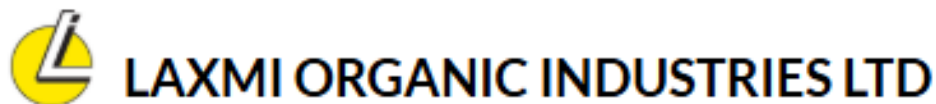
We request you to take the above on record.

For **Laxmi Organic Industries Limited**

Aniket Hirpara

Company Secretary and Compliance Officer

Encl.: A/a



“Laxmi Organic Industries Limited
Q2 and H1 FY '26 Earnings Conference Call”
October 30, 2025

E&OE - This transcript is edited for factual errors. In case of any discrepancy, the audio recording uploaded on the stock exchange on 30th October 2025 will prevail.



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

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '26 Earnings Conference Call of Laxmi Organic Industries Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

From the management, we have with us Dr. Rajan Venkatesh, MD and CEO; and Mr. Mahadeo Karnik, CFO. We will now begin the call with remarks from the management team, followed by a question-and-answer session.

Before we begin, I would like to point out that this conference call may contain certain 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 involves risks and uncertainties that are difficult to predict.

I now hand the call to Dr. Rajan Venkatesh, MD and CEO. Thank you, and over to you, sir.

Rajan Venkatesh: Thank you. So again, Namaskar to one and all. Good morning, good evening and good afternoon, depending on the time zone that you are dialing into. And also thank you for investing your time with Laxmi today.

As we go through the commentary, the topics I would like to cover is give you just broad strokes or where we are in the chemical industry. The second element is get you slightly closer to home, talk about the markets that we are serving, what are the demand signals from that, give you quick updates on where we are in our journey across the various verticals, right?

So let me start first on the global chemical industry. There, the trajectory continues to be shaped by regional dynamics, given the supply side overcapacities that we are experiencing. I think many of us who have been tracking the industry, we certainly see that there is a lot of targeted efforts towards cost optimization.

There is a lot of shutdown and/or restructuring of structurally subscale and non-competitive assets. And there are also the conversations around rerouting of supply chain linked to evolving tariffs. So that's the backdrop. So I would say it would be fair to say that the backdrop that we are operating in, in chemicals was demanding and continues to be demanding.

If you then focus on the key segments, while we are serving also other segments, but the key segments that we are currently serving - Packaging, inks and adhesives in quarter 2, the signals that we received was the demand on a quarter-on-quarter basis remains stable. In agro, it is moderate. In paints and coatings, it remains weak to moderate. And in pharmaceutical, it remained stable on a quarter-to-quarter basis.

Then coming further down, what we have also done this time around is we have given you some more insights into our investor deck on Slide 17, actually calling out how the growth journey has been for our specialty business, which is the ketene, diketene. I think it's also an important

time given that we are at an interesting cusp of also bringing up the new capacity in the ketene, diketene space. And it nicely shows our growth journey over from 2017 onwards, which has been in the range of 18% to 20%. And we today, as we speak, are somewhere having a market share close to about 8%, 9% in the diketene derivatives space.

What is also very important, and I think which is top of your minds and our minds is our fluorine setup. That is also ramping up according to the plans that we had laid out. That is we are anticipating to have revenues, which is closer to the 40% to 50% of the peak revenues that we had called out in the past.

We are also excited and we have called that out before, the contract with Hitachi Energy has been signed, and this is for the production of an eco-efficient gas used in their SF6-free high-voltage switchgear portfolio called EconiQ, which is trademarked by them. And we are also reaffirming that the capex linked to the same can be accommodated in the previously called out INR 1,100 crores that we had laid out.

Also very exciting for us at our upcoming site at Dahej. Around the auspicious period of Diwali, we received the consent to operate from the Gujarat Pollution Control Board for Phase 1 of our synthetic organic chemicals manufacturing facility, and we have already started supplying customers from that setup.

So focus moving forward also remains to to complete the Phase 2 and also operationalize the same at the Dahej facility, which we are looking forward to do towards the end of the second half of this financial year. And then FY '27 would be the steady ramp-up that we will expect from that.

So then coming again, what is important, specifically if you talk about the quarter 2 performance, and I'll call out specialty specifically. I can also call this explained to the broader community what happened in quarter 1 and why we basically were anticipating quarter 2 to be in a similar ballpark. The 3 primary reasons.

One was an anticipated phase-out of one agrochemical product for which we supply the intermediate. Like we called out the last time around, the alternative product is mapped already. The second one is deferred deliveries to global customers, which will now happen in the second half. So in this half of the financial year, between quarter 3 and quarter 4.

And what we also have noticed, which we also did call out last time is market price moderation across the segment. So that's an important element. I would like to again restate and park with the whole audience. And also, I think what would be interesting for the audience to know is we are currently in a scheduled turnaround at our site 2, that is our specialty ketene, diketene setup.

And this turnaround is happening as we speak, and we are expected to come out of this turnaround by middle of this month -- the middle of November. We are still in October, I forget, by the middle of November. So scheduled turnaround taking place according to time and also expected to start up on that basis.

With that, I will pass it across to my colleague, Mahadeo, who will take you through a little more granularity on the financials.

Mahadeo Karnik:

Yes. Thank you, Rajan. So I will take you through the financials in brief for quarter 2. And we have called it out in quarter 1 that the EBITDA would be in the range of quarter 1, and we are happy to say that we have kind of maintained the same.

So on revenue front, our revenue declined by 9%, mainly coming from specialty, which is 20% decline, as Rajan called out. Out of this 20%, 10% was for the anticipated phase-out of the product, 7% was the market price moderations and rest was deferment of the orders to next half.

This Essentials revenue saw a decline of 5%, mainly the price linked to the feedstock. The volumes are in line with last year. In case of gross margin, the gross margin is at 33.1% versus quarter 1 of 30.8% and versus last year of 35.8%. It's mainly coming because of the product mix versus last year in Specialty Chemicals business.

Our total expenses are declining year-on-year basis by nearly 5%. That shows that we are having a lot of cost control here. And EBITDA stands at nearly INR 37 crores versus INR 74 crores last year. The EBITDA margin profile has gone down from 9.7 to 5.3. Depreciation, because of the change in methodology, has come down from INR 27 crores to INR 19 crores. Finance costs remained broadly in the same line. So post that, the PAT has declined from INR 28 crores to INR 110 crores [wrongly mentioned as INR 110 crores – actual number is INR 11 crores].

In spite of this, our cash flow from operation remains robust at INR 153 crores. And our debt-to-equity ratio is at 0.17, which is very much robust. We will get into the capex cycle and borrowing cycle in H2. And we will be in ballpark of nearly INR 400 crores to INR 500 crores of term loans by H2.

So with that, I will leave it to Tanay for further question and answer.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Jainam Ghelani from Svan Investments.

Jainam Ghelani:

Sir, my first question is, as you mentioned in your opening remarks that we have some deferred shipments to -- for the H2. So would you be able to quantify as to in terms of value of volume that how much would be?

Rajan Venkatesh:

So Jainam, thanks again for joining the call. I think we want to be a bit more coy about it. I hope you can understand because that is, I would say, a bit of competitive nature. But the call out still remains that we have (1) a phase-out of our one agrochemical intermediate. We have an alternative product mapped. And as you heard also from Mahadeo, when you saw the 20% drop in the specialty element. Mahadeo, you can give some clarity.

But Jainam, I would require your respect that we cannot be more granular on that topic. But we can assure that we are also very, very clear with our customers. This is something that will manifest in this second half.

- Jainam Ghelani:** Okay. But sir, would you be able to quantify that what was the revenue drop due to the products that we lost, the agrochemical product that got take down?
- Mahadeo Karnik:** That earlier what we called out was nearly 10% of our specialty business.
- Jainam Ghelani:** Okay. So can we expect that by end of Q4 or so like by March '26 or Q1 FY '27, we can revert back to our margins of specialty in the range of 22% to 25%?
- Rajan Venkatesh:** So I think few things will happen. One is we will have the Dahej setup that we would like to sort of complete mechanical completion by the end of this financial year. So we will have one element as we move into FY '27 ramping up from there. And we also, as we have called out, we have an alternative product mapped for this phased-out agrochemical intermediate. And I think that both will help us to pivot in the right direction.
- Jainam Ghelani:** And sir, since you mentioned that there is overcapacity globally for ethyl acetate, are we foreseeing any global shutdowns in any geography and whether that could improve the spreads going ahead?
- Rajan Venkatesh:** So I think we've discussed in the past calls, so we do see certain capacities coming offline. One specific one was Sipchem in the Middle East, a 100,000 tonne capacity that has come offline. This is something we called out in the previous quarter. And I think at the current spreads, we will certainly, in our estimate, continue to see players who are in quarter 2, quarter 3 and even quarter 4 of the cost curve facing the heat. That is our anticipation, but I'm not at privy to tell you how much capacity could come offline.
- Moderator:** The next question comes from the line of Dhaval Shah from Girik Capital.
- Dhaval Shah:** So first of all, very happy to see the disclosure levels regarding the bifurcation of revenues, the Slide 17, which you mentioned. So my question is on the Spec Chem side. So just to cross check, so the EBITDA margin which you have done in the Spec Chem for Q2 is 8.6%. Is the calculation right?
- Mahadeo Karnik:** Yes, you are correct.
- Dhaval Shah:** So now -- so we did INR 950 crores last year in Spec Chem. And with this, the new product which is mapped, so will you be able to make up for the loss and end on a flat note for Spec Chem for FY '26?
- Rajan Venkatesh:** So Dhaval, the way we are steering this business because one needs to be always a little bit cautious about looking at a quarter in lens. What we have done and even if you have seen our past performance, we have been in our specialty vertical anywhere between the 20% to 25%. So in FY '25, we ended at about 24% of EBITDA. In FY '24, we were at 23%, 24%. So I think it's a point-in-time story.
- Clearly, the focus remains already into the second half that we are improving the churn rate coming closer to where we have landed in the past. And more importantly, with the Dahej

capacity coming up, we will be globally number 3 with the diketene derivatives, and that is something we will continue to leverage upon with a clear focus that we are in that zone. That's what we will work very diligently to land into.

Dhaval Shah: And just to reiterate the timelines for various projects which are coming onstream?

Rajan Venkatesh: Sorry, can you just repeat that, Dhaval?

Dhaval Shah: So the timelines for the projects which are coming on stream, the Dahej and the expansion which we are doing in...

Rajan Venkatesh: So I understood your question. First is the fluorination project, which is happening in Lote, that is already taking -- has taken good shape and we are ramping up. So FY '26 is the first year of ramp-up. And as I called-out, we anticipate to be closer to the 40% to 50% of the peak revenues in this financial year for that project.

What else is happening at our Lote facility is the Hitachi collaboration, the Vayu given that we have the contract now signed, done and dusted. We are also in a capex execution mode there, and we expect that plant to come up by quarter 2 of the next financial year. And what will also happen at our Lote facility is our world-scale ethyl acetate, which we have called out, which should come up by quarter 4 of this financial year.

If you look at changing gears at our Dahej facility, the Phase 1 has come online. The CTU has been achieved, and we are already starting to supply customers from there. This first phase of investment is actually backed by a long-term supply agreement with one key large customer who has a downstream complex in Gujarat. And the Phase 2 is anticipated to be mechanically completed by quarter 4 of this financial year.

Dhaval Shah: And anything you would like to share regarding the semiconductor product, which we are working upon under our fluorination -- electrochemical fluorination chemistry?

Rajan Venkatesh: Still early days. I think we are taking good shape. The electrochemical fluorination as a technology platform has started firing for us. And I think that is what I would like to park it with. And over the next quarters, we will continue to build our strength into that.

Dhaval Shah: And sir, what were the spreads for the quarter you would like to share?

Rajan Venkatesh: The spreads were not too different from what we had experienced in the quarter 1. So I think it was similarly in that ballpark. So as I was calling it out, bottom of the bottoms somewhere in that range of \$90 to \$100, specifically for ethyl acetate.

Moderator: The next question comes from the line of Manish Bhadane from B&K Securities.

Manish Bhadane: If I look at your presentation, you have given the export revenue breakup. So in that if I see that in Europe, it contributed around 23% in the first half of FY '25 and now it's around 39%. So are you seeing any sort of demand coming from Europe?

- Rajan Venkatesh:** So again, Manish, thank you for that question. So first and foremost, like we have also shared in the past, Europe as an area is going through a lot of change. So in my opening commentary, when I talked about shutdowns and restructuring, wherein we have seen structurally, I would say, subscale or non-competitive assets, a lot of that is happening in Europe.
- I would say we are double-clicking our capability in Europe because we already have tank operations in Antwerp and Genova for our key products like ethyl acetate. I would not say we are seeing a rebound, let me keep it in perspective.
- If you see this chart, we are seeing maybe certain other geographies where our exposure has slightly reduced from a point-in-time lens, and that is where you are seeing the European pie being slightly larger. But that being said, our focus remains to expand our presence in Europe.
- Moderator:** The next question comes from the line of Nitesh Dhoot from Anand Rath Institutional Equity.
- Nitesh Dhoot:** Sir, so my first question is on the fluorochemical revenues. So you've indicated that it's likely to be about INR 80-odd crores in FY '26. Would it be possible to share how much have we done in H1 so far?
- Rajan Venkatesh:** So Nitesh, at this point of time, the focus still remains exactly like you called out. We want to land up close to about INR 80 crores. At this point of time, we don't break it down. We're gradually ramping up, but we have a great line of sight to be at that INR 80 crores that we have lined up for this financial year.
- Nitesh Dhoot:** All right. So no change to the outlook there, right?
- Rajan Venkatesh:** No change to the outlook for FY '26.
- Nitesh Dhoot:** Sir, second one is on the capex figure. So H1, if I look at the capitalization number is about INR 300-odd crores, the commercialization that is. So presentation says that you commissioned the acetaldehyde plant. I missed your initial comments on the capex. So what else did you commission in H1? Can you give the breakup there?
- Mahadeo Karnik:** So part of the Lote plant also got capitalized in quarter 1. And in quarter 2, we capitalized the acetaldehyde plant in Dahej.
- Nitesh Dhoot:** Sure. And can you give the breakup? I mean the amount? I mean how much was it for acetaldehyde?
- Mahadeo Karnik:** INR 10 crores.
- Nitesh Dhoot:** All right. Sir, just the last one on the Hitachi project. I mean, any update there on the proposed capacity by when is it likely to commission?
- Rajan Venkatesh:** So we stand with what we had communicated in the past. This is a 60 metric tonne capacity that we are setting up. Capex is INR 75 crores and mechanical completion is anticipated by quarter 2 of the next financial year.

- Moderator:** The next question comes from the line of Harsh Shah from Axis Capital.
- Harsh Shah:** Sir, you mentioned that you have already started supplying to one of the customers from the Phase 1 of the Dahej plant. So just wanted to know what kind of commitment do you have? What kind of -- what portion of the capacity is already tied up with that customer? That is my first question.
- Rajan Venkatesh:** So Harsh, we have a multiyear contract with the customer, and the majority of the capacity has been lined up contractually with our customer.
- Harsh Shah:** All right. And sir, second question on the Essentials volumes. So in this quarter, the commentary which Mahadeo gave the Essential volumes are largely steady. So have we reached the full capacity utilization there or there's still headroom to increase the volumes from the existing capacity?
- Rajan Venkatesh:** If you have been sort of tracking us, we've been diligently building on our operational excellence journey, churning out more from our existing asset base. And I think that remains the key focus. While we've had seen big jumps in the previous years, we are at this point where you'll not see double-digit jumps, but we will continue to sort of juice out our assets because we believe we are in a good cost position, and that is what we are leveraging.
- That -- then the other lens is the new capacity which is coming up, which is ascribed to our Essentials business, the Phase 1 at Dahej. And also, as I called out, the world-scale ethyl acetate, which should be mechanically complete by quarter 4 of this financial year, that would all aid us into the next financial year.
- Harsh Shah:** And sir, just a follow-up on the first question. So the contract which you have signed with the customer, so is there a set-up arrangement or the volumes are evenly distributed across years?
- Rajan Venkatesh:** Can you just come -- can you just repeat your question, Harsh?
- Harsh Shah:** So the long-term contract which you have signed with the customer. So there, there is a step-up arrangement, so volumes will gradually increase over the years or they are evenly distributed across that contract tenure?
- Rajan Venkatesh:** It will gradually increase. But the customer has already set up his manufacturing facility. So that's why it's a good timing.
- Moderator:** The next question comes from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** First question is on the incentive. So on Slide 25, we have given the bifurcated adjusted EBITDA. But if I look at the reported numbers, it seems that there is no line item below the EBITDA, which has this incentive income. So how there is a difference between the reported 371 million EBITDA and over and above the incentive income economy?

- Mahadeo Karnik:** So let me clarify. The GST incentive is part of INR 371 million EBITDA as we are eligible for this site, the incentive as per Maharashtra government's incentive scheme. We have considered it as sales and revenue from operations.
- Rohit Nagraj:** So just clarification, there is another number...
- Moderator:** I'm sorry to interrupt you, Mr. Rohit, but can you please use a handset while speaking?
- Rohit Nagraj:** Yes. There is another element, 23 million which is there. So what is that for then?
- Mahadeo Karnik:** So that's the GST incentive, 23 million. That's the number...
- Rohit Nagraj:** Okay. Second question is in terms of the capex plan. So out of the total INR 1,100 crores, where are we currently? And how are we planning in terms of FY '26 and FY '27 capex number? And what are the time lines for each of the projects for commissioning?
- Rajan Venkatesh:** So I think the midpoint of expenditure on the capex is going to happen in this financial year, Rohit. As I called out, the start-up timelines, Phase 1 at Dahej has already happened as we called it out. The Phase 2 of Dahej mechanical completion is anticipated by quarter 4 of this financial year. At our Lote facility, basically, the ramp-up that is happening.
- The world-scale ethyl acetate is anticipated mechanical completion in quarter 4 of this financial year. And for the Vayu project, which is the partnership with Hitachi, basically, the capex execution has started, and we are anticipating by quarter 2 of the next financial year, mechanical completion for this.
- Rohit Nagraj:** Sure. It means that for -- by FY '26 end, we will have about INR 550 crores of the capex completed, and then FY '27 and '28, the rest of the INR 550 crores will come in. Is that assumption, right?
- Mahadeo Karnik:** So as per my estimate, it should be around INR 800 crores capitalization in by FY '26 and rest should happen in FY '27.
- Rajan Venkatesh:** A big chunk of the capex, Rohit, is for our Dahej facility. And since that is going to get mechanical completed by quarter 4, so that's where a majority of the capex is being focused upon.
- Moderator:** The next question comes from the line of Aatur from ICICI Prudential Mutual Fund.
- Aatur:** Yes. Sir, just wanted to check the incentive, which you mentioned is basically any period that you can highlight for what period will be eligible for that?
- Mahadeo Karnik:** So it is as per the incentive scheme of the government so it's for the earlier periods. That is what I can disclose currently.
- Aatur:** So basically, next quarter onwards, there will be no similar kind of...

- Mahadeo Karnik:** So it's a yearly affair. We will have to apply yearly to the government and then we get those incentives. So it will not be quarterly, but for sure, yearly.
- Rajan Venkatesh:** But Aatur, to your point, the majority has got baked in, in quarter 2, if that's the direction of your question.
- Moderator:** The next question comes from the line of Yash Mehta from Malabar Investments.
- Yash Mehta:** I had one clarification on the incentive side. The number is INR 234 million which is the GST incentive, but the EBITDA for that is INR 23 million. I am trying to understand why is there such a large drop between what is coming in as incentive and what is getting recognized as EBITDA because I believe this is an additional line item that drops directly to the EBITDA?
- Mahadeo Karnik:** Let me clarify, Yash. We have kept that in income from operation, the GST, which is INR 234 million. So it flows down to adjusted EBITDA. What you are seeing at INR 23 million, that's a onetime expenditure of the Symphony project that is there in quarter 2. So the numbers are INR 23 million and INR 234 million that's why I think there is some confusion. Let me again clarify, INR 234 million is part of our operating P&L.
- Yash Mehta:** Okay. And 23 is -- sorry, if you can repeat what that what that is?
- Mahadeo Karnik:** INR 23 million was the Symphony project for the supply chain transformation that we are getting into, which we have incurred for this quarter.
- Yash Mehta:** No, I understood.
- Rajan Venkatesh:** Previous quarter also...
- Yash Mehta:** And sir, the other is the INR 230 crores specialty revenue in last year in 2Q FY '25 versus today INR 183, one element of the bridge there is that almost 10% of the revenues were impacted because of the agrochemical products being phased out, which is a one-time number. Here, there are two, three other moving parts.
- So you would have included the GST incentive of INR 23 crores, INR 24 crores in the specialty revenue. That kind of takes care of the drop. But the additional drop is coming despite the increase in fluorine chemicals project. I'm trying to understand the bridge in the fall and what all factors have influenced the decline?
- Rajan Venkatesh:** So I think, Yash, it's a specific, very granular question. We are happy to clarify that. Why don't we take this as a follow-up, and then we can sort of get into that level of granularity that you're seeking. Let me just again clarify apart from what you called out, the agrochemical phase out, there are 2 other elements that is the deferred deliveries, which we also called out in quarter 1, which will now happen in the quarter between quarter 3, quarter 4 of this financial year. And also is the market price moderation that we have also seen to a certain extent in our specialty portfolio, given that feedstock prices have significantly reduced.

- Yash Mehta:** Got it. So the factors that are -- so the question is the factors that are affecting larger part of the decline seem to be onetime related to this quarter rather than the next 2 quarters?
- Rajan Venkatesh:** Yes, apart from the agro, which is the one-off. The other thing on the market price moderation, I think that will accompany us depending on how the feedstocks are developing. But the deferred deliveries is something which will recover in the second half.
- Yash Mehta:** All right, sir. And just to clarify, I'll take that offline, but just two clarifications on the specialty revenue number, sir. One is that the fluorine ramp-up, which is like INR20 crores per quarter, that would be kind of built into the specialty revenue and you will have the GST incentive also built into the specialty revenue. Is that a fair assumption?
- Mahadeo Karnik:** You are correct. But we will share with you the quantification.
- Yash Mehta:** All right. And one last question, sir, if you can divide the EBITDA of -- I missed the opening remarks, if you can just help me with the EBITDA for Essentials and Specialty business.
- Mahadeo Karnik:** EBITDA for Essentials business is 2% and for specialty, it is 8.2% for the quarter.
- Moderator:** The next question comes from the line of Darshan Garg from Tiger Assets Private Limited.
- Darshan Garg:** Sir, wanted to know related to the SF6 replacement, so what is the opportunity size for us?
- Rajan Venkatesh:** Darshan, thanks for the question. Let me just call out what we have stated. Fundamentally, the first wave is 60 metric tonnes that we will be establishing. That is the alternative for the SF6. The capex for that is INR 75 crores. And this asset should be mechanically complete by quarter 2 of the next financial.
- Discussing with customers, we do see this as an interesting opportunity to support their growth, and Hitachi is our current partner and the primary partner in this journey. The technology is very much Laxmi's technology. So there is no exclusivity, and we can continue to also grow. That's the way we would view it, Darshan. At this point of time, happy to take up specifics thereafter.
- Darshan Garg:** Sir, do you have any approx number in your mind for the opportunity?
- Rajan Venkatesh:** Yes, we do, but I think it will also depend on how -- certainly, we see this as one of our growth engines also moving ahead. But at this point of time, we are very much led by what the customers are saying and how this would kick in. We certainly see the regulatory framework in different regions also being a catalyst in this change.
- Darshan Garg:** Okay. Fair enough. Secondly, sir, since most of the SF6 replacement materials are imported from China, so what is the price difference between our domestically produced material and imported one?
- Rajan Venkatesh:** So at this point of time, we are -- as we called out, right, we have partnered with Hitachi, and we are basically serving Hitachi's requirements outside of India. So this is not a domestic play. We will certainly support Hitachi. In fact, with our announcement, Hitachi has also succeeded

in getting its first order for the EconiQ grade from Power Grid domestically. But a big chunk of the volumes that is being discussed with them are for the export markets.

Moderator: The next question comes from the line of Saumil Shah from Paras Investments.

Saumil Shah: Sir, I would like to know what is our current capacity utilization for Specialty, Essentials and Fluorochem, if you can bifurcate and give us.

Rajan Venkatesh: So the reason why we are expanding our capacity in all is because we are very well utilized, Saumil. So our utilization, as we have been calling it out for our Essentials business has been upward of 90% to 95%, and that is where the expansions are happening in our Essentials basket.

In our Specialty baskets in the diketene derivatives also, we are fully utilized. And hence, we are doubling our capability, and we will be then globally top 3 producers of the ketene, diketene derivatives. And our fluorination is we are ramping up, so we still have a journey to traverse there. Fundamentally, in the course of this financial year, we want to be closer to about 40% to 50% of the peak revenues that we are able to get out from that asset base.

Saumil Shah: So sir, if we are seeing that in Essentials, we are about 90% to 95% utilization, then why are we not able to increase our EBITDA? I mean, if we are at full capacity, isn't it possible to increase the EBITDA margin?

Rajan Venkatesh: So I think there's a correlation is also linked to specific margin. So if you look at the spreads, right, it's not simply me pushing more volumes. If you were to think about it the other way around, if I had capped my capacity, say, 100,000 tonnes, and if the margin spreads had come down, in fact, I would have been facing a much lower overall EBITDA realization.

The fact that with our operational excellence journey, we have been able to churn more from our existing setup. And also given our cost position, we are able to place these products competitively in the market is where we are leveraging both this value and volume. So that's the game we are playing, and you will certainly see it playing this out.

So while we are talking a point in time, if you look back at history, where the spreads have been higher, then we have been able to leverage that. When today, the spreads are lower, we are very clear we are in the top quartile in the cost curve, and that is what we are leveraging.

Saumil Shah: Okay. So is it fair to assume that once the capacity increases, the Essentials margins can also go up?

Rajan Venkatesh: It will not be only margin story. It is the consolidated, what we would say consolidated CCM1. So it is a specific margin multiplied by my volume. So as my throughput in my volumes into the market increases, then my consolidated margin will certainly increase.

Saumil Shah: Okay. Okay. And sir, if you have to look at our fluorochem business, so as we have guided 40% to 60% of peak revenues, so that is about INR 80 crores, INR 100 crores for this year and maybe

INR200 crores for next year. So isn't this too less, I mean, too miniscule compared to our total revenues? So are we not planning to expand this fluorochem business?

Rajan Venkatesh: So Saumil, your question is spot on. But again, just dialing back, right, what we have always said is we acquired that asset for its technology. And we said that, that asset that we acquired will be only able to generate up to this INR 200 crores of revenue. And this is also what was in the ballpark of peak revenues that the previous owner of this asset was able to generate based on their product mix.

So you are correct. If you then see the follow-up we have done, the partnership with Hitachi and the investment, and we certainly have plans thereafter to also, over a period of time, expand our fluorination vertical. So you're correct in saying INR 200 crores is miniscule as compared to the larger piece, but ambition remains much larger also in fluorination for us, building on our first successes.

Saumil Shah: Because, sir, honestly, as a shareholder, everyone were too gung-ho when you -- I mean, when we had guided that we are entering into fluorochem business. But I think since last 2, 3, 4 years also, I mean, we are still targeting INR 200 crores by FY '27. So just from the shareholder perspective, I was asking this.

Rajan Venkatesh: No, fair enough, Saumil and it is a fair ask, and I think it's a correct ask. But we have also been very, very transparent, Saumil, how that journey has traversed, what have been our reflection. And most importantly, today, we are coming out of that journey and looking certainly forward for growth. And the testimony with the Hitachi partnership is one such success that we have garnered.

Saumil Shah: Okay. So I mean, any more capex for fluorochem would be post FY '27, nothing in next 1, 1.5 years?

Rajan Venkatesh: Apart from the one we have just called out for the SF6 replacement, which we have been now basically by being prudent in the capex layout, we are able to accommodate that. Any expansion, we will come back to the street with clarity. But my primary focus and my management team's focus is we are spending capex here and now, and we want to leverage that capex and deliver growth for our shareholders and customers.

Saumil Shah: Okay. So this Hitachi revenue, whatever we are seeing would be within this INR 200 crores or it would be over and above?

Rajan Venkatesh: This would be on top of that.

Saumil Shah: And sir, we are not guiding anything on the revenue front? What would be that number?

Rajan Venkatesh: So we have said, again, the capex is about INR 75 crores and asset turn is about 1.2.

Moderator: As there are no further questions, I now hand the call over to the management for closing remarks.

Rajan Venkatesh: Thank you again. Thank you all for investing your time with Laxmi Organic. Let me just again conclude with my reflections, repeating some of the elements that I started with. The global chemical industry backdrop remains very demanding, and this is shaped by regional dynamics given the overall supply side overcapacities.

The industry continues to be marked by targeted efforts towards cost optimization and restructuring of structurally subscale and non-competitive assets. We spoke about the demand signals from our customers and key segments.

We spoke about the specialties, the performance into quarter 2 and how we are also lining up, especially if you talk about specialties into quarter 3, the success we've had with the fluorination setup and also with our road map at the new capex at our Dahej facility.

I would say with the demanding global chemical industry backdrop as Laxmi, we continue our focus on productivity, commercial excellence, execution excellence, cost discipline, and you saw that in the numbers when Mahadeo explained it and growth projects.

Cash flow from operations is a very important metric that we are steering. And there, we have also done very positively as compared to the similar time previous year. So as Team Laxmi, we remain geared to win and geared for growth. And I remain deeply grateful to all members of Team Laxmi and its stakeholders for their continued engagement. Thank you.

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