

May 21, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	REDUCE		REDUCE	
Target Price	172		160	
Sales (Rs. m)	33,602	36,945	33,817	36,576
% Chng.	(0.6)	1.0		
EBITDA (Rs. m)	3,692	4,307	3,737	4,172
% Chng.	(1.2)	3.2		
EPS (Rs.)	5.8	6.6	6.0	6.9
% Chng.	(2.4)	(3.8)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	28,650	29,854	33,602	36,945
EBITDA (Rs. m)	2,557	2,796	3,692	4,307
Margin (%)	8.9	9.4	11.0	11.7
PAT (Rs. m)	1,205	1,135	1,613	1,827
EPS (Rs.)	4.4	4.1	5.8	6.6
Gr. (%)	(7.0)	(6.3)	42.1	13.3
DPS (Rs.)	0.4	0.5	0.6	0.7
Yield (%)	0.2	0.3	0.3	0.3
RoE (%)	7.5	6.1	8.1	8.6
RoCE (%)	8.0	7.6	9.7	10.1
EV/Sales (x)	1.7	1.8	1.6	1.5
EV/EBITDA (x)	19.3	18.8	14.6	12.5
PE (x)	43.4	46.3	32.6	28.8
P/BV (x)	2.9	2.8	2.6	2.4

Key Data

LAXR.BO | LXCHEM IN

52-W High / Low	Rs.326 / Rs.160
Sensex / Nifty	81,597 / 24,813
Market Cap	Rs.53bn/ \$ 614m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.162.57m

Shareholding Pattern (%)

Promoter's	69.38
Foreign	2.48
Domestic Institution	3.38
Public & Others	24.76
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.3	(22.9)	(26.1)
Relative	3.4	(27.1)	(33.0)

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Margin pressure continues

Quick Pointers:

- Volumes increased by 1% YoY in Q4FY25 and 11% YoY in FY25 across both the business units
- The company has signed LOI with Hitachi Energy to set up production of an eco-efficient gas used in Hitachi's SF6-free high-voltage switchgear portfolio

Laxmi Organic Industries (LXCHEM) reported a topline of Rs7.1bn, reflecting a decline both YoY and sequentially, primarily due to continued pricing pressure across its product segments. However, the company recorded a modest volume growth of 1% during the quarter. The Specialty Chemicals segment outperformed in FY25, with EBITDA margin improving by 200bps to 23%. However, one of the products in this segment has undergone a regulatory phase-out, which is expected to impact topline performance in the near term until the replacement product planned comes online. The Essential Chemicals segment, which contributes ~69% to the company's revenue, witnessed a sequential revenue decline of 9%. EBITDA margin for this segment fell to 3% in FY25 from 4.2% in FY24, as pricing pressure continues to impact segment profitability. Management has guided that the Fluorochemicals segment is expected to contribute 40–60% of the Rs2bn peak revenue potential in FY26, with full ramp-up expected by FY27. The company has announced a total capex of Rs11bn aimed at doubling its revenue by FY28. On the demand side, the Agrochemicals segment remains soft, whereas sub-segments such as pharmaceuticals, printing & packaging, and colors & pigments continue to show stable demand trends. The stock currently trades at 29x FY27E EPS. Using SOTP valuation, we value it at Rs172 and maintain our 'Reduce' rating on the stock.

- Revenue declined due to weakness across segments:** Consolidated revenue stood at Rs7.1bn (-10.4% YoY/ -9.7% QoQ) (PLe: Rs7.2bn, Consensus: Rs 7.7bn), the actual topline was lower than our estimates. Essentials Segment revenue decreased by 10% YoY/ 9% QoQ in Q4FY25, while it increased by 1% in FY25. Specialty segment revenue decreased by 7% YoY/11% QoQ in Q4FY25, while it increased by 14% in FY25. Specialty segment now constitutes 31% of overall revenue vs 30% in Q4FY24 & 32% in Q3FY25, the revenue contribution from the Essentials segment remained stable YoY, while increased by 1% sequentially to 69%.
- EBITDA declined on both YoY and sequential basis:** EBITDA came in at Rs590 mn, down 34.4% YoY and 21.1% QoQ (PLe: Rs539mn, Consensus: Rs620mn). EBITDA margin dropped to 8.3% from 11.4% in Q4FY24 and 9.5% in Q3FY25, mainly due to higher operating cost.
- Concall key takeaways:** (1) The company has less than 10% exposure to USA, tariff impact on Laxmi is expected to be neutral. (2) Acetic acid price decreased by 11% and Ethanol price decreased by 15% in FY25 compared to FY24. (3) Other expenses increased during FY25 due to the steep increase in freight rate. (4) The company has signed LOI with Hitachi Energy to set up

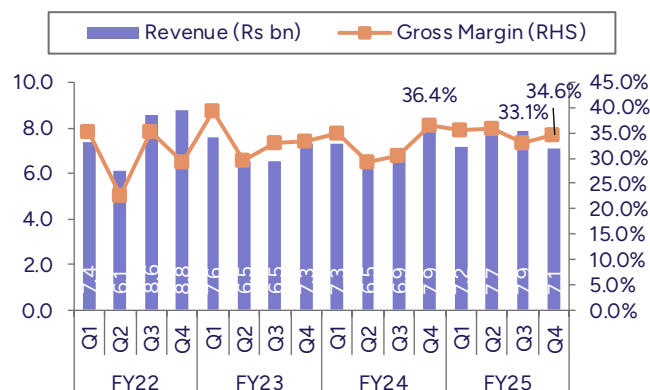
production of an eco-efficient gas used in Hitachi's SF6-free high-voltage switchgear portfolio; this product is currently sourced from China. **(5)** Total volumes increased by 11% YoY in FY25, while for Q4FY25 volume increased by 1%. **(6)** Company has received EC and the factory license for its Dahej facility. **(7)** Average Ethyl acetate long term spread over Ethanol and acetic acid were \$225, currently they are \$140-\$150. **(8)** Ethyl acetate is 80-85% of essentials revenue, aim is to reduce it to 65% by FY28. **(13)** One of the products is undergoing a regulatory phase-out in specialty portfolio, a substitute has been lined up, but there will be an interim impact on the topline due to this transition. **(14)** From Q4FY25, Fluorochemicals segment started contributing to topline, 40%-60% of peak revenue expected in FY26 and peak revenue by FY27.

Exhibit 1: Q4FY25 Result Overview – Consolidated (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	7,097	7,921	(10.4)	7,267	(2.3)	7,863	-9.7	29,854	28,650	4.2
Gross Profit	2,458	2,881	(14.7)	2,348	4.7	2,604	-5.6	10,378	9,403	10.4
Margin (%)	34.6	36.4		32.3		33.1		34.8	32.8	
EBITDA	590	900	(34.4)	539	9.5	748	-21.1	2,796	2,557	9.4
Margin (%)	8.3	11.4		7.4		9.5		9.4	8.9	
Other Income	11.0	79.0	(86.1)	67.9	(83.9)	56.3	-80.5	253.6	282.3	(10.2)
Depreciation	395	306	29.3	322	22.5	312	26.7	1,240	1,066	16.4
EBIT	195	594	(67.2)	216	(9.9)	436	-55.3	1,556	1,491	4.4
Interest	73	-6	(1,261.2)	43.5		22	240.1	205	65	212.3
PBT before exceptional items	132	680	(80.5)	241	(45.0)	471	-71.9	1,605	1,708	(6.0)
Total Tax	-85	237	(136.0)	88	(197.1)	177	-148.0	470	503	(6.4)
ETR (%)	-64.3	-64.3		36.5		37.7				
Adj. PAT	218	443	(50.9)	153	42.3	293	-25.8	1,135	1,205	(5.8)
Exceptional Items	0	0		0		0		0	0	
PAT	218	443	(50.9)	153	42.3	293	-25.8	1,135	1,205	(5.8)

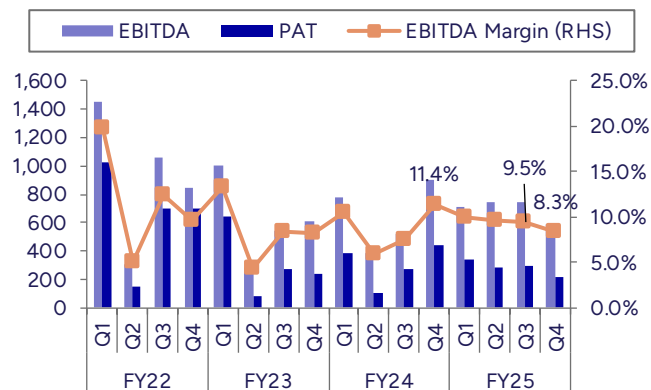
Source: Company, PL

Exhibit 2: Revenue declined due to price erosion



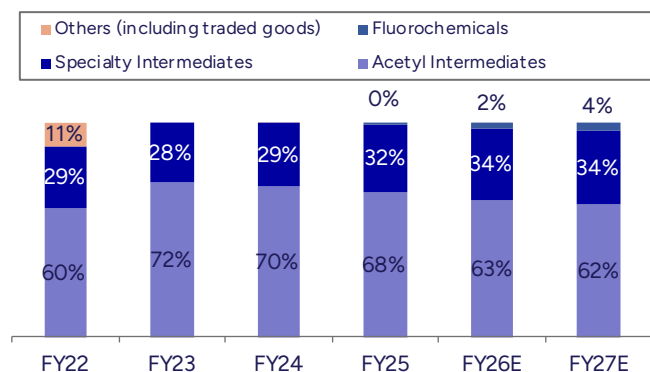
Source: Company, PL

Exhibit 3: EBITDA margin declined by 120bps QoQ



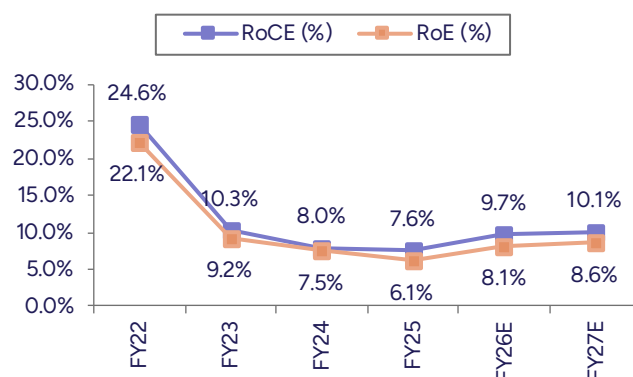
Source: Company, PL

Exhibit 4: Fluorochemical to contribute ~Rs0.7bn in FY26



Source: Company, PL

Exhibit 5: Return ratios to reach 9-10%



Source: Company, PL

Exhibit 6: Quarterly Segmental performance

Consolidated Revenue	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Essentials Segment	4,898	5,457	-10%	5,384	-9%	20,364	20,195	1%
Specialty Intermediates	2,199	2,363	-7%	2,480	-11%	9,491	8,355	14%
Total	7,097	7,820	-9%	7,864	-10%	29,855	28,550	5%

Revenue mix (%)

Essentials Segment	69%	70%	68%	68%	71%
Specialty Intermediates	31%	30%	32%	32%	29%
Total	100%	100%	100%	100%	100%

Source: Company, PL

Exhibit 7: Valuation – SOTP-based TP at Rs 172; Maintain Frating

Enterprise Value (Rs mn)	FY27 EV/EBITDA (x)	Per Share
Specialty Intermediates	13	146
Fluorochemicals	12	9
Acetyl Intermediates	6	21
Enterprise Value		177
Less: Net Debt and Investments		(0.38)
Fair Value / Target Price (Rs)		172

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	28,650	29,854	33,602	36,945
YoY gr. (%)	2.6	4.2	12.6	9.9
Cost of Goods Sold	19,248	19,476	21,650	23,603
Gross Profit	9,403	10,378	11,953	13,342
Margin (%)	32.8	34.8	35.6	36.1
Employee Cost	1,479	1,465	1,611	1,724
Other Expenses	5,367	6,117	6,650	7,311
EBITDA	2,557	2,796	3,692	4,307
YoY gr. (%)	7.0	9.4	32.0	16.7
Margin (%)	8.9	9.4	11.0	11.7
Depreciation and Amortization	1,066	1,240	1,441	1,739
EBIT	1,491	1,556	2,251	2,568
Margin (%)	5.2	5.2	6.7	7.0
Net Interest	65	205	135	162
Other Income	282	254	292	321
Profit Before Tax	1,708	1,605	2,407	2,727
Margin (%)	6.0	5.4	7.2	7.4
Total Tax	503	470	794	900
Effective tax rate (%)	29.4	29.3	33.0	33.0
Profit after tax	1,205	1,135	1,613	1,827
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,205	1,135	1,613	1,827
YoY gr. (%)	(3.3)	(5.8)	42.1	13.3
Margin (%)	4.2	3.8	4.8	4.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,205	1,135	1,613	1,827
YoY gr. (%)	(3.3)	(5.8)	42.1	13.3
Margin (%)	4.2	3.8	4.8	4.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,205	1,135	1,613	1,827
Equity Shares O/s (m)	276	277	277	277
EPS (Rs)	4.4	4.1	5.8	6.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	12,941	17,059	24,043	27,043
Tangibles	12,916	17,033	24,018	27,018
Intangibles	26	26	26	26
Acc: Dep / Amortization	4,187	5,427	6,868	8,607
Tangibles	4,169	5,409	6,850	8,589
Intangibles	18	18	18	18
Net fixed assets	8,755	11,632	17,175	18,436
Tangibles	8,747	11,624	17,168	18,429
Intangibles	8	8	8	8
Capital Work In Progress	4,442	3,984	1,000	1,000
Goodwill	33	33	33	33
Non-Current Investments	99	118	118	118
Net Deferred tax assets	(283)	(316)	(316)	(316)
Other Non-Current Assets	172	550	550	550
Current Assets				
Investments	1,231	1,454	1,454	1,454
Inventories	2,833	3,780	4,254	4,678
Trade receivables	5,834	5,379	6,055	6,657
Cash & Bank Balance	3,171	1,183	1,391	1,055
Other Current Assets	1,262	2,046	2,303	2,532
Total Assets	28,272	30,446	34,654	36,863
Equity				
Equity Share Capital	552	554	554	554
Other Equity	17,425	18,513	19,964	21,609
Total Networth	17,976	19,067	20,518	22,163
Non-Current Liabilities				
Long Term borrowings	972	425	3,000	2,500
Provisions	61	62	62	62
Other non current liabilities	64	27	27	27
Current Liabilities				
ST Debt / Current of LT Debt	385	2,107	1,231	1,354
Trade payables	7,621	6,972	7,847	8,627
Other current liabilities	905	1,446	1,627	1,789
Total Equity & Liabilities	28,272	30,446	34,654	36,863

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	1,708	1,605	2,407	2,727
Add. Depreciation	1,066	1,240	1,441	1,739
Add. Interest	63	205	135	162
Less Financial Other Income	282	254	292	321
Add. Other	63	(58)	(292)	(321)
Op. profit before WC changes	2,900	2,992	3,692	4,307
Net Changes-WC	3,086	(1,657)	(391)	(349)
Direct tax	(371)	(255)	(787)	(893)
Net cash from Op. activities	5,616	1,080	2,514	3,065
Capital expenditures	(2,475)	(3,940)	(4,000)	(3,000)
Interest / Dividend Income	128	70	292	321
Others	(2,548)	1,195	-	-
Net Cash from Invst. activities	(4,895)	(2,676)	(3,708)	(2,679)
Issue of share cap. / premium	2,676	100	-	-
Debt changes	(2,612)	1,174	1,699	(378)
Dividend paid	(133)	(166)	(161)	(183)
Interest paid	(217)	(181)	(135)	(162)
Others	(132)	(27)	-	-
Net cash from Fin. activities	(419)	901	1,403	(722)
Net change in cash	302	(695)	209	(336)
Free Cash Flow	3,139	(2,862)	(1,486)	65

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	4.4	4.1	5.8	6.6
CEPS	8.2	8.6	11.0	12.9
BVPS	65.2	68.8	74.1	80.0
FCF	11.4	(10.3)	(5.4)	0.2
DPS	0.4	0.5	0.6	0.7
Return Ratio(%)				
RoCE	8.0	7.6	9.7	10.1
ROIC	6.7	6.5	7.4	7.6
RoE	7.5	6.1	8.1	8.6
Balance Sheet				
Net Debt : Equity (x)	(0.2)	0.0	0.1	0.1
Net Working Capital (Days)	13	27	27	27
Valuation(x)				
PER	43.4	46.3	32.6	28.8
P/B	2.9	2.8	2.6	2.4
P/CEPS	23.0	22.1	17.2	14.7
EV/EBITDA	19.3	18.8	14.6	12.5
EV/Sales	1.7	1.8	1.6	1.5
Dividend Yield (%)	0.2	0.3	0.3	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	7,182	7,713	7,863	7,097
YoY gr. (%)	(2.1)	18.2	13.4	(10.4)
Raw Material Expenses	4,630	4,948	5,259	4,639
Gross Profit	2,551	2,765	2,604	2,458
Margin (%)	35.5	35.8	33.1	34.6
EBITDA	712	747	748	590
YoY gr. (%)	(7.9)	91.8	45.0	(34.4)
Margin (%)	9.9	9.7	9.5	8.3
Depreciation / Depletion	259	275	312	395
EBIT	453	472	436	195
Margin (%)	6.3	6.1	5.5	2.7
Net Interest	33	76	22	73
Other Income	120	67	56	11
Profit before Tax	540	462	471	132
Margin (%)	7.5	6.0	6.0	1.9
Total Tax	196	181	177	(85)
Effective tax rate (%)	36.3	39.1	37.7	(64.3)
Profit after Tax	344	282	293	218
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	344	282	293	218
YoY gr. (%)	(10.3)	162.7	7.8	(50.9)
Margin (%)	4.8	3.7	3.7	3.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	344	282	293	218
YoY gr. (%)	(10.3)	162.7	7.8	(50.9)
Margin (%)	4.8	3.7	3.7	3.1
Other Comprehensive Income	3	-	3	(3)
Total Comprehensive Income	347	281	296	215
Avg. Shares O/s (m)	276	277	277	277
EPS (Rs)	1.2	1.0	1.1	0.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Reduce	160	169
2	23-Jan-25	Hold	237	226
3	08-Jan-25	Reduce	213	230
4	31-Oct-24	Reduce	240	270
5	05-Oct-24	Sell	218	276
6	29-Jul-24	Sell	206	257
7	04-Jul-24	Sell	206	264
8	24-May-24	Sell	206	257

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,930	4,176
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	321	410
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	172	184
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	292	321
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,882	1,765

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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