

July 29, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	REDUCE		REDUCE	
Target Price	179		172	
Sales (Rs. m)	33,191	36,474	33,602	36,945
% Chng.	(1.2)	(1.3)		
EBITDA (Rs. m)	3,397	3,944	3,692	4,307
% Chng.	(8.0)	(8.4)		
EPS (Rs.)	5.4	6.0	5.4	6.2
% Chng.	(0.3)	(2.8)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	28,650	29,854	33,191	36,474
EBITDA (Rs. m)	2,557	2,796	3,397	3,944
Margin (%)	8.9	9.4	10.2	10.8
PAT (Rs. m)	1,205	1,135	1,497	1,659
EPS (Rs.)	4.4	4.1	5.4	6.0
Gr. (%)	(7.0)	(6.3)	31.9	10.8
DPS (Rs.)	0.4	0.5	0.5	0.6
Yield (%)	0.2	0.3	0.3	0.3
RoE (%)	7.5	6.1	7.6	7.8
RoCE (%)	8.0	7.6	8.5	8.5
EV/Sales (x)	1.8	1.8	1.7	1.5
EV/EBITDA (x)	20.0	19.4	16.4	14.2
PE (x)	44.9	47.8	36.3	32.7
P/BV (x)	3.0	2.8	2.7	2.5

Key Data LAXR.BO | LXCHEM IN

52-W High / Low	Rs.326 / Rs.160
Sensex / Nifty	81,338 / 24,821
Market Cap	Rs.54bn / \$ 626m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.170.71m

Shareholding Pattern (%)

Promoter's	69.37
Foreign	1.63
Domestic Institution	4.05
Public & Others	24.94
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.6)	(8.2)	(23.9)
Relative	1.7	(13.6)	(23.8)

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Margin pressure continues

Quick Pointers:

- Peak revenue guidance of 40%-60% maintained for Fluorination segment in FY26
- Contract with Hitachi Energy to set up production of an eco-efficient gas used in it's SF6-free high-voltage switchgear, to be concluded in Q2FY26

Laxmi Organic Industries (LXCHEM) reported Q1FY26 revenue of Rs6.9bn, marking a decline both YoY and sequentially. Revenue decline of 3.5% YoY is despite 8% YoY volume growth. Essential Chemicals segment, which accounts for ~70% of overall revenue, posted modest topline growth of 4%. However, gross margins for the segment declined by 400bps YoY and 100bps QoQ, impacted by falling prices of key raw material acetic acid, which compressed spreads in ethyl acetate (constitutes 80–85% of essentials basket). Specialty Chemicals segment saw 18% YoY decline in revenue, due to the phasing out of a product contributing ~9% to the portfolio, and deferment of a few product deliveries to H2FY26. Replacement for the phased-out product is expected by Q4FY26, indicating continued pressure on specialty revenue in Q2FY26. Fluorochemicals segment is in the ramp-up phase, with the management guiding for 40–60% of its Rs2bn peak revenue potential to be achieved in FY26, and full-scale ramp-up expected by FY27. The company has announced a Rs11bn capex plan, aimed at doubling revenue by FY28. On the demand front, the Agrochemicals segment remains soft, while sub-segments such as pharmaceuticals, printing & packaging, and colors & pigments continue to exhibit stable demand trends. The stock currently trades at 33x FY27E EPS. Using SOTP valuation, we value it at Rs179 and maintain our 'Reduce' rating on the stock.

- Revenue declines due to weakness across segments:** Consolidated revenue stood at Rs6.9bn (-3.5% YoY/ -2.4% QoQ; (PLe: Rs6.9bn, Consensus: Rs6.7bn); the actual topline was in line with our estimates. Essentials segment revenue increased by 4% YoY, but declined by 1% QoQ, while Specialty segment revenue decreased by -18% YoY and -6% QoQ. Specialty segment now constitutes 30% of overall revenue vs 35% in Q1FY25 and 31% in Q4FY25, while revenue contribution from Essentials segment increased to 70% driven by 11% volume growth.
- EBITDA declines on both YoY and sequential basis:** EBITDA came in at Rs308mn, down 57% YoY and 48% QoQ (PLe: Rs517mn, Consensus: Rs559mn). EBITDA margin declined to 4.4% from 9.9% in Q1FY25 and 8.3% in Q4FY25, due to subdued ethyl acetate spreads as well as phasing out of a higher margin product.
- Concall key takeaways:** (1) The company has transitioned to the new tax regime and has also shifted its depreciation method from written down value to straight line method. (2) Agrochemicals segment continues to witness margin pressure and lower demand. (3) Acetic acid prices stand at ~Rs340/kg, compared to Rs400–450/kg during FY24 and FY25. (4) Ethanol prices are at

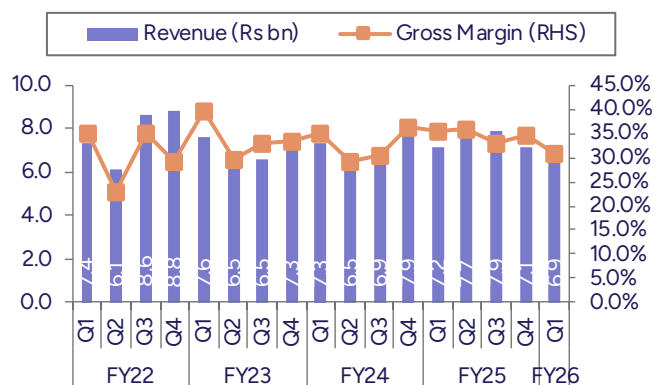
Rs690/kg, vs. Rs840/kg in FY24, and Rs720/kg in FY25. **(5)** Ethyl acetate spreads, which were in the range of \$140–150/t over the past few quarters, have started to decline due to oversupply of raw materials. However, demand for the product has remained stable. **(6)** Spreads for ethyl acetate, which constitutes 80%–85% of essentials basket, are at \$120/t, with long-term average have been at \$220–225/t (spreads have gone down till \$100/t in past). **(7)** Specialty segment topline is expected to be impacted in Q2FY26 as well. **(8)** Fluorochemicals segment in ramp-up phase, with 40–60% of peak revenue expected in FY26; the company is targeting \$2.5bn TAM in fluorination, focusing on electrochemical fluorination.

Exhibit 1: Q1FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	6,929	7,182	(3.5)	6,888	0.6	7,097	-2.4	33,191	29,854	11.2
Gross Profit	2,136	2,551	(16.3)	2,234	(4.4)	2,458	-13.1	11,577	10,378	11.6
Margin (%)	30.8	35.5		32.4		34.6		34.9	34.8	
EBITDA	308	712	(56.8)	517	(40.5)	590	-47.9	3,397	2,796	21.5
Margin (%)	4.4	9.9		7.5		8.3		10.2	9.4	
Other Income	55.1	119.8	(54.0)	72.9	(24.5)	11.0	402.5	304.3	253.6	20.0
Depreciation	171	259	(33.7)	401	(57.3)	395	-56.6	1,441	1,240	16.2
EBIT	136	453	(70.0)	116	17.5	195	-30.2	1,957	1,556	25.7
Interest	49	33	48.3	33.8		73	-32.9	152	205	(25.8)
PBT before exceptional items	142	540	(73.7)	155	(8.4)	132	7.2	2,109	1,605	31.4
Total Tax	-72	196	(136.7)	56	(229.7)	-85	-15.5	612	470	30.1
ETR (%)	-50.7	-50.7		35.8		-64.3				
Adj. PAT	214	344	(37.8)	99	115.3	218	-1.7	1,497	1,135	31.9
Exceptional Items	0	0		0		0		0	0	
PAT	214	344	(37.8)	99	115.3	218	-1.7	1,497	1,135	31.9

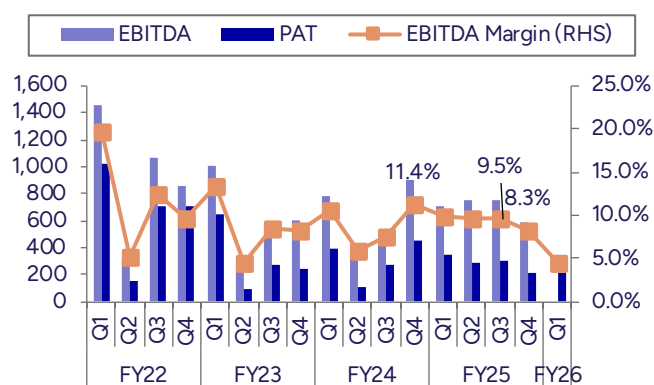
Source: Company, PL

Exhibit 2: Revenue declines due to lower spreads



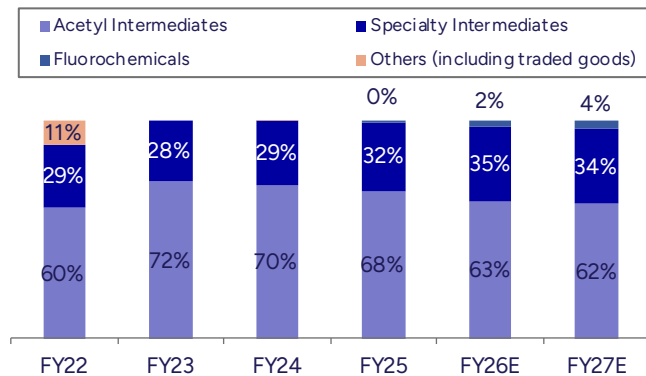
Source: Company, PL

Exhibit 3: EBITDA margin declines by 550bps YoY



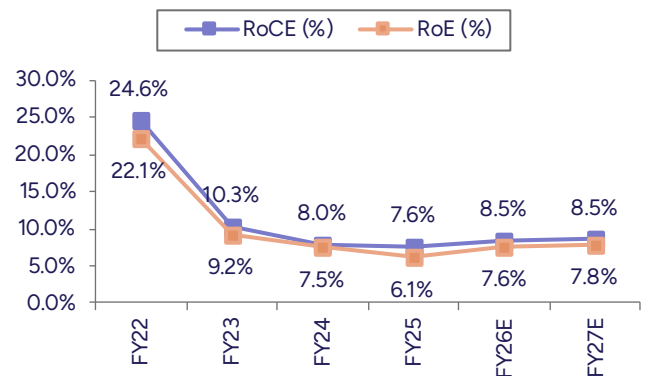
Source: Company, PL

Exhibit 4: Fluorochemicals to contribute ~Rs0.7bn in FY26E



Source: Company, PL

Exhibit 5: Return ratios to reach 8-9%



Source: Company, PL

Exhibit 6: Quarterly segmental performance

Consolidated Revenue	Q1FY26	Q1FY25	YoY gr.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Essentials Segment	4,858	4,659	4%	4,898	-1%	20,413	20,413	2%
Specialty Intermediates	2,071	2,523	-18%	2,199	-6%	11,544	9,442	22%
Fluorochemicals	-	-	-	-	-	740	-	-
Total	6,929	7,182	-4%	7,097	-2%	33,191	29,855	11%

Revenue mix (%)	Q1FY26	Q1FY25	Q4FY25	FY26E	FY25
Essentials Segment	70%	65%	69%	63%	68%
Specialty Intermediates	30%	35%	31%	35%	32%
Fluorochemicals	-	-	-	2%	-
Total	100%	100%	100%	100%	100%

Source: Company, PL

Exhibit 7: Valuation – SOTP-based TP at Rs179; maintain 'Reduce' rating

Enterprise Value (Rs mn)	FY27 EV/EBITDA (x)	Per Share
Specialty Intermediates	15	155
Fluorochemicals	13	10
Acetyl Intermediates	6	19
Enterprise Value		184
Less: Net Debt and Investments		(0.38)
Fair Value / Target Price (Rs)		179

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	28,650	29,854	33,191	36,474
YoY gr. (%)	2.6	4.2	11.2	9.9
Cost of Goods Sold	19,248	19,476	21,614	23,588
Gross Profit	9,403	10,378	11,577	12,886
Margin (%)	32.8	34.8	34.9	35.3
Employee Cost	1,479	1,465	1,611	1,724
Other Expenses	5,367	6,117	6,569	7,218
EBITDA	2,557	2,796	3,397	3,944
YoY gr. (%)	7.0	9.4	21.5	16.1
Margin (%)	8.9	9.4	10.2	10.8
Depreciation and Amortization	1,066	1,240	1,441	1,790
EBIT	1,491	1,556	1,957	2,153
Margin (%)	5.2	5.2	5.9	5.9
Net Interest	65	205	152	181
Other Income	282	254	304	365
Profit Before Tax	1,708	1,605	2,109	2,337
Margin (%)	6.0	5.4	6.4	6.4
Total Tax	503	470	612	678
Effective tax rate (%)	29.4	29.3	29.0	29.0
Profit after tax	1,205	1,135	1,497	1,659
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,205	1,135	1,497	1,659
YoY gr. (%)	(3.3)	(5.8)	31.9	10.8
Margin (%)	4.2	3.8	4.5	4.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,205	1,135	1,497	1,659
YoY gr. (%)	(3.3)	(5.8)	31.9	10.8
Margin (%)	4.2	3.8	4.5	4.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,205	1,135	1,497	1,659
Equity Shares O/s (m)	276	277	277	277
EPS (Rs)	4.4	4.1	5.4	6.0

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	8,658
Tangibles	4,169	5,409	6,850	8,640
Intangibles	18	18	18	18
Net fixed assets	8,755	11,632	17,175	18,385
Tangibles	8,747	11,624	17,168	18,377
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	4,202	4,618
Trade receivables	5,834	5,379	5,981	6,572
Cash & Bank Balance	3,171	1,183	1,314	883
Other Current Assets	1,262	2,046	2,275	2,500
Total Assets	28,272	30,446	34,419	36,458
Equity				
Equity Share Capital	552	554	554	554
Other Equity	17,425	18,513	19,860	21,354
Total Networth	17,976	19,067	20,414	21,908
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	1,216	1,336
Trade payables	7,621	6,972	7,751	8,517
Other current liabilities	905	1,446	1,607	1,766
Total Equity & Liabilities	28,272	30,446	34,419	36,458

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	1,708	1,605	2,109	2,337
Add. Depreciation	1,066	1,240	1,441	1,790
Add. Interest	63	205	152	181
Less Financial Other Income	282	254	304	365
Add. Other	63	(58)	(304)	(365)
Op. profit before WC changes	2,900	2,992	3,397	3,944
Net Changes-WC	3,086	(1,657)	(348)	(342)
Direct tax	(371)	(255)	(605)	(671)
Net cash from Op. activities	5,616	1,080	2,445	2,930
Capital expenditures	(2,475)	(3,940)	(4,000)	(3,000)
Interest / Dividend Income	128	70	304	365
Others	(2,548)	1,195	-	-
Net Cash from Invst. activities	(4,895)	(2,676)	(3,696)	(2,635)
Issue of share cap. / premium	2,676	100	-	-
Debt changes	(2,612)	1,174	1,684	(380)
Dividend paid	(133)	(166)	(150)	(166)
Interest paid	(217)	(181)	(152)	(181)
Others	(132)	(27)	-	-
Net cash from Fin. activities	(419)	901	1,383	(727)
Net change in cash	302	(695)	132	(432)
Free Cash Flow	3,139	(2,862)	(1,555)	(70)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	4.4	4.1	5.4	6.0
CEPS	8.2	8.6	10.6	12.5
BVPS	65.2	68.8	73.7	79.1
FCF	11.4	(10.3)	(5.6)	(0.3)
DPS	0.4	0.5	0.5	0.6
Return Ratio(%)				
RoCE	8.0	7.6	8.5	8.5
ROIC	6.7	6.5	6.8	6.8
RoE	7.5	6.1	7.6	7.8
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	44.9	47.8	36.3	32.7
P/B	3.0	2.8	2.7	2.5
P/CEPS	23.8	22.9	18.5	15.7
EV/EBITDA	20.0	19.4	16.4	14.2
EV/Sales	1.8	1.8	1.7	1.5
Dividend Yield (%)	0.2	0.3	0.3	0.3

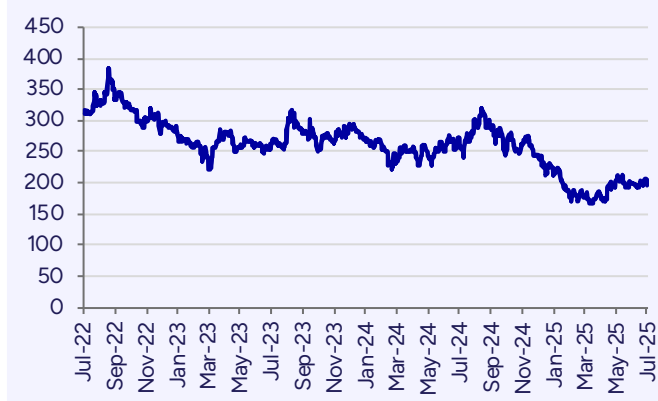
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	7,713	7,863	7,097	6,929
YoY gr. (%)	18.2	13.4	(10.4)	(3.5)
Raw Material Expenses	4,948	5,259	4,639	4,794
Gross Profit	2,765	2,604	2,458	2,136
Margin (%)	35.8	33.1	34.6	30.8
EBITDA	747	748	590	308
YoY gr. (%)	91.8	45.0	(34.4)	(56.8)
Margin (%)	9.7	9.5	8.3	4.4
Depreciation / Depletion	275	312	395	171
EBIT	472	436	195	136
Margin (%)	6.1	5.5	2.7	2.0
Net Interest	76	22	73	49
Other Income	67	56	11	55
Profit before Tax	462	471	132	142
Margin (%)	6.0	6.0	1.9	2.0
Total Tax	181	177	(85)	(72)
Effective tax rate (%)	39.1	37.7	(64.3)	(50.7)
Profit after Tax	282	293	218	214
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	282	293	218	214
YoY gr. (%)	162.7	7.8	(50.9)	(37.8)
Margin (%)	3.7	3.7	3.1	3.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	282	293	218	214
YoY gr. (%)	162.7	7.8	(50.9)	(37.8)
Margin (%)	3.7	3.7	3.1	3.1
Other Comprehensive Income	-	3	(3)	(1)
Total Comprehensive Income	281	296	215	213
Avg. Shares O/s (m)	277	277	277	277
EPS (Rs)	1.0	1.1	0.8	0.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Reduce	172	197
2	21-May-25	Reduce	172	190
3	08-Apr-25	Reduce	160	169
4	23-Jan-25	Hold	237	226
5	08-Jan-25	Reduce	213	230
6	31-Oct-24	Reduce	240	270
7	05-Oct-24	Sell	218	276

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	184	191
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	172	197
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,161	4,933
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

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

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