

October 30, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		REDUCE	
Target Price	192		199	
Sales (Rs. m)	36,134	42,446	36,134	42,266
% Chng.	-	0.4		
EBITDA (Rs. m)	3,219	3,872	3,182	3,745
% Chng.	1.2	3.4		
EPS (Rs.)	6.2	7.7	6.4	7.6
% Chng.	(3.7)	0.8		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	29,854	32,489	36,134	42,446
EBITDA (Rs. m)	2,796	2,365	3,219	3,872
Margin (%)	9.4	7.3	8.9	9.1
PAT (Rs. m)	1,135	1,302	1,706	2,135
EPS (Rs.)	4.1	4.7	6.2	7.7
Gr. (%)	(6.3)	14.7	31.0	25.2
DPS (Rs.)	0.5	0.5	0.6	0.8
Yield (%)	0.3	0.2	0.3	0.4
RoE (%)	6.1	6.6	8.1	9.4
RoCE (%)	7.6	6.4	8.1	9.4
EV/Sales (x)	1.8	1.8	1.6	1.4
EV/EBITDA (x)	19.6	24.5	18.1	15.1
PE (x)	48.3	42.1	32.2	25.7
P/BV (x)	2.9	2.7	2.5	2.3

Key Data

LAXR.BO | LXCHEM IN

52-W High / Low	Rs.284 / Rs.160
Sensex / Nifty	84,404 / 25,878
Market Cap	Rs.55bn / \$ 619m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.361.2m

Shareholding Pattern (%)

Promoter's	69.35
Foreign	1.60
Domestic Institution	3.20
Public & Others	25.85
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.2)	13.2	(26.6)
Relative	(8.9)	7.6	(30.5)

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Margin pressure persists amid lower spreads

Quick Pointers:

- Hitachi contract to entail a capex of Rs750mn and is expected to generate an asset turnover of 1.2x
- Production of acetaldehyde commenced at the Dahej facility during the quarter

LXCHEM reported Q2FY26 revenue of Rs6.9bn, down 9.3% YoY but up 1% QoQ. The Essential Chemicals segment, contributing 74% of total revenue, declined 5% YoY. EBITDAM for the segment stood at 1.9% declined by 320bps YoY, impacted by falling prices of key raw material acetic acid, which compressed spreads in ethyl acetate (constitutes 80–85% of essentials basket). The Specialty Chemicals segment posted a 20% YoY revenue decline, impacted by the phase-out of a product contributing ~10% of the portfolio and the deferment of certain product deliveries to H2FY26. A replacement product for the phased-out product is expected to launch by Q4FY26, implying continued pressure on specialty revenues in Q3FY26. The Fluorochemicals segment remains in its ramp-up phase, with management guiding for 40–60% of its Rs2 bn peak revenue potential to be achieved in FY26. On the demand side, the Agrochemicals segment remains subdued, while sub-segments such as pharmaceuticals, printing & packaging, and colors & pigments continue to show stable trends. With ethyl acetate spreads likely to remain under pressure in the near term, we maintain a cautious view on the stock and retain our Reduce rating. The stock currently trades at 29x Sep'27E EPS. Using SOTP-based valuation, we arrive at a target price of Rs192.

- **Revenue impact due to feedstock prices softness and key product phase-out:** Consolidated revenue stood at Rs6.9bn (-9.3% YoY/ 1% QoQ; PLe: Rs6.9bn, Consensus: Rs6.9bn). Essentials and Specialty segment revenue declined 5% and 20% YoY respectively. H1FY26 revenue was at Rs13.9bn, decreased by 6.5% YoY. Gross profit margin was at 33.1% (vs 35.8% in Q2FY25 and 30.8% in Q1FY26), which decreased by 270 bps YoY due to lower spreads of ethyl acetate.
- **EBITDAM declines by 440bps YoY:** EBITDA stood at Rs371mn, down 50% YoY but up 20% QoQ (PLe: Rs335mn; Consensus: Rs368mn). EBITDA margin came in at 5.3% (vs 9.7% in Q2FY25 and 4.4% in Q1FY26), declined YoY largely due to adverse product mix in specialty and muted spreads in ethyl acetate. Reported PAT declined by 60.9% YoY and 48.5% QoQ to Rs110mn, impacted by a higher tax rate due to remeasurement of deferred tax liabilities. PAT margin stood at 2%, compared to 4% in Q2FY25 and 3% in Q1FY26.
- **Concall key takeaways:** (1) Phase 1 of the Dahej synthetic organic chemicals project has received consent to operate. (2) Phase 2 of the Dahej project is expected to be mechanically completed by Q4FY26. (3) Ethyl Acetate capacity expansion of 70ktpa is targeted to be operational by Q4FY26. (4) The Fluorochemicals segment is expected to achieve 40–50% of its peak revenue by FY26. (5) In the Essentials segment, revenue declined due to lower

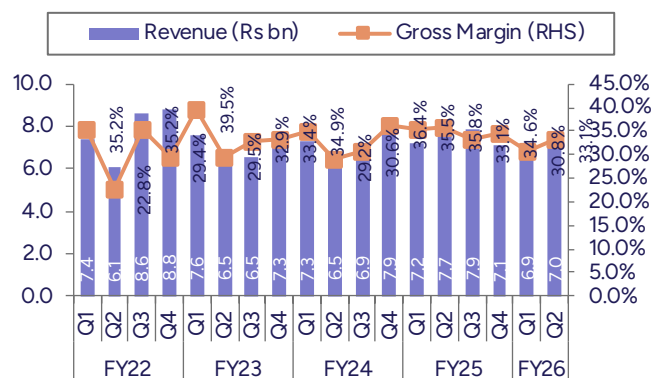
feedstock prices and weaker spreads. **(6)** Volumes in the Essentials segment remained stable during the quarter. **(7)** Global overcapacity in Ethyl Acetate continues to weigh on spreads, which averaged USD90–100/tn. **(8)** Acetaldehyde plant production at Dahej commenced during the quarter. **(9)** In the Specialty segment, Laxmi holds a global market share of 8–9% in diketene and ketene. **(10)** Phase-out of an agrochemical intermediate and deferment of product deliveries impacted Specialty revenues. **(11)** A contract with Hitachi Energy has been signed to produce SF₆ gas; the plant (capex Rs750mn, capacity 60mtpa) is expected to be commissioned by Q2FY27 with an asset turnover of 1.2x.

Exhibit 1: Q2FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	6,997	7,713	(9.3)	6,985	0.2	6,929	1.0	13,927	14,894	(6.5)
Gross Profit	2,318	2,765	(16.1)	2,152	7.7	2,136	8.6	4,454	5,316	(16.2)
Margin (%)	33.1	35.8		30.8		30.8		32%	36%	
EBITDA	371	747	(50.4)	335	10.7	308	20.6	678	1,459	(53.5)
Margin (%)	5.3	9.7		4.8		4.4		5%	10%	
Other Income	39.3	66.5	(40.9)	66.6	(40.9)	55.1	-28.6	94.4	186.3	(49.3)
Depreciation	198	275	(27.8)	179	10.7	171	15.6	370	533	(30.7)
EBIT	173	472	(63.5)	156	10.7	136	26.9	309	926	(66.7)
Interest	57	76	(25.4)	37.8		49	15.7	106	110	(3.1)
PBT before exceptional items	155	462	(66.5)	185	(16.1)	142	9.2	297	1,002	(70.4)
Total Tax	45	181	(75.2)	47	(3.6)	-72	-162.3	-27	377	(107.2)
ETR (%)	28.9	28.9		25.2		-50.7		-9%	38%	
Adj. PAT	110	282	(60.9)	138	(20.2)	214	-48.5	324	625	(48.2)
Exceptional Items	0	0		0		0		0	0	
PAT	110	282	(60.9)	138	(20.2)	214	-48.5	324	625	(48.2)

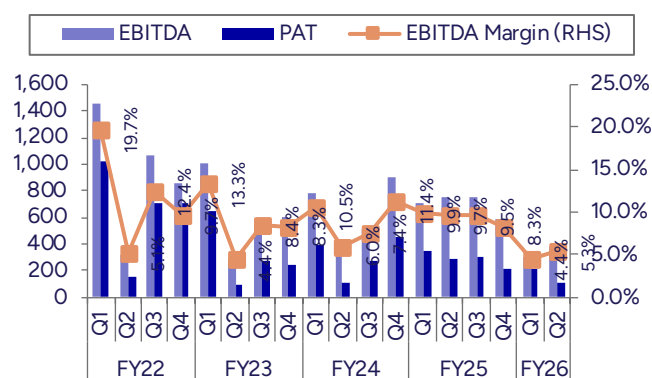
Source: Company, PL

Exhibit 2: Revenue impacted due lower spreads and feedstock prices



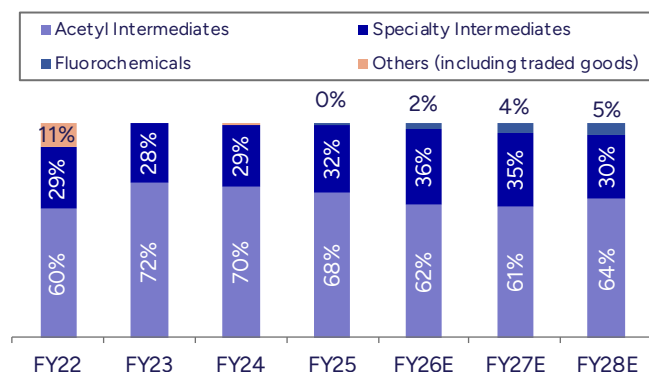
Source: Company, PL

Exhibit 3: EBITDA margin declined by 440bpsYoY



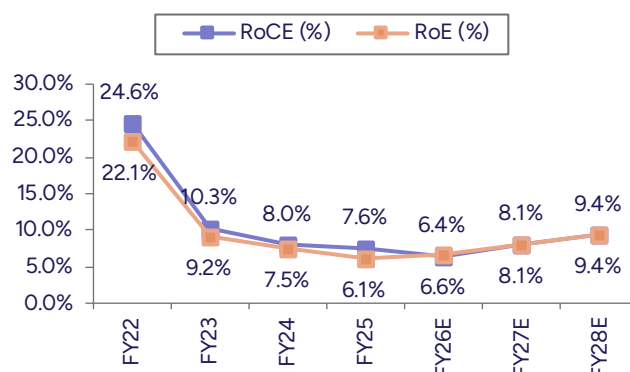
Source: Company, PL

Exhibit 4: Fluorochemical to start contributing from FY26E



Source: Company, PL

Exhibit 5: Return ratios to be around 8-9%



Source: Company, PL

Exhibit 6: Quarterly segmental performance

Consolidated Revenue	Q2FY26	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Essentials Segment	5,166	5,432	-4.9%	4,858	6.3%	10,024	10,091	-0.7%
Specialty Intermediates	1,831	2,280	-19.7%	2,071	-11.6%	3,902	4,803	-18.8%
Total	6,997	7,712	-9.3%	6,929	1.0%	13,926	14,894	-6.5%
Revenue mix (%)								
Essentials Segment	73.8%	70.4%		70.1%		72.0%	67.8%	
Specialty Intermediates	26.2%	29.6%		29.9%		28.0%	32.2%	
Total	100%	100%		100%		100%	100%	
EBITDA								
Essentials Segment	95.6	276.3	(0.7)	94.2	0.0	189.8	481.5	(0.6)
Specialty Intermediates	150.6	470.5	(0.7)	337.6	(0.6)	488.2	977.5	(0.5)
Total	246	747	-67%	432	-43%	678	1459	-54%
EBITDA mix								
Essentials Segment	38.8%	37.0%		21.8%		28.0%	33.0%	
Specialty Intermediates	61.2%	63.0%		78.2%		72.0%	67.0%	
Total	100%	100%		100%		100%	100%	
EBITDA Margin								
Essentials Segment	1.9%	5.1%		1.9%		1.9%	4.8%	
Specialty Intermediates	8.2%	20.6%		16.3%		12.5%	20.4%	
Overall Margins	3.5%	9.7%		6.2%		4.9%	9.8%	

Source: Company, PL

Exhibit 7: Valuation – SOTP-based TP at Rs 192; Upgrade to Reduce rating

Enterprise Value (Rs mn): Avg of FY27/FY28	EV/EBITDA (x)	Per Share
Specialty Intermediates	19	167
Fluorochemicals	13	12
Acetyl Intermediates	6	19
Enterprise Value		197
Less: Net Debt and Investments (FY26/FY27)		(5)
Fair Value / Target Price (Rs)		192

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	29,854	32,489	36,134	42,446
YoY gr. (%)	4.2	8.8	11.2	17.5
Cost of Goods Sold	19,476	22,021	23,852	27,980
Gross Profit	10,378	10,468	12,283	14,467
Margin (%)	34.8	32.2	34.0	34.1
Employee Cost	1,465	1,670	1,837	2,020
Other Expenses	6,117	6,433	7,227	8,574
EBITDA	2,796	2,365	3,219	3,872
YoY gr. (%)	9.4	(15.4)	36.1	20.3
Margin (%)	9.4	7.3	8.9	9.1
Depreciation and Amortization	1,240	843	1,053	1,153
EBIT	1,556	1,522	2,166	2,719
Margin (%)	5.2	4.7	6.0	6.4
Net Interest	205	246	293	311
Other Income	254	256	259	261
Profit Before Tax	1,605	1,532	2,132	2,669
Margin (%)	5.4	4.7	5.9	6.3
Total Tax	470	230	426	534
Effective tax rate (%)	29.3	15.0	20.0	20.0
Profit after tax	1,135	1,302	1,706	2,135
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,135	1,302	1,706	2,135
YoY gr. (%)	(5.8)	14.7	31.0	25.2
Margin (%)	3.8	4.0	4.7	5.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,135	1,302	1,706	2,135
YoY gr. (%)	(5.8)	14.7	31.0	25.2
Margin (%)	3.8	4.0	4.7	5.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,135	1,302	1,706	2,135
Equity Shares O/s (m)	277	277	277	277
EPS (Rs)	4.1	4.7	6.2	7.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	17,059	25,043	27,543	30,043
Tangibles	17,033	25,018	27,518	30,018
Intangibles	26	26	26	26
Acc: Dep / Amortization	5,427	6,270	7,323	8,477
Tangibles	5,409	6,252	7,305	8,459
Intangibles	18	18	18	18
Net fixed assets	11,632	18,773	20,220	21,567
Tangibles	11,624	18,765	20,212	21,559
Intangibles	8	8	8	8
Capital Work In Progress	3,984	1,000	1,000	1,000
Goodwill	33	33	33	33
Non-Current Investments	118	118	118	118
Net Deferred tax assets	(316)	(316)	(316)	(316)
Other Non-Current Assets	550	550	550	550
Current Assets				
Investments	1,454	1,454	1,454	1,454
Inventories	3,780	4,113	4,575	5,374
Trade receivables	5,379	5,854	6,511	7,648
Cash & Bank Balance	1,183	1,067	1,151	1,457
Other Current Assets	2,046	2,227	2,476	2,909
Total Assets	30,446	35,500	38,431	42,509
Equity				
Equity Share Capital	554	554	554	554
Other Equity	18,513	19,685	21,220	23,141
Total Networth	19,067	20,239	21,774	23,695
Non-Current Liabilities				
Long Term borrowings	425	2,300	2,500	2,700
Provisions	62	62	62	62
Other non current liabilities	27	27	27	27
Current Liabilities				
ST Debt / Current of LT Debt	2,107	3,371	3,539	3,716
Trade payables	6,972	7,587	8,438	9,912
Other current liabilities	1,446	1,573	1,750	2,056
Total Equity & Liabilities	30,446	35,500	38,431	42,509

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,605	1,532	2,132	2,669
Add. Depreciation	1,240	843	1,053	1,153
Add. Interest	205	246	293	311
Less Financial Other Income	254	256	259	261
Add. Other	(58)	(256)	(259)	(261)
Op. profit before WC changes	2,992	2,365	3,219	3,872
Net Changes-WC	(1,657)	(275)	(380)	(658)
Direct tax	(255)	(225)	(419)	(521)
Net cash from Op. activities	1,080	1,866	2,420	2,693
Capital expenditures	(3,940)	(5,000)	(2,500)	(2,500)
Interest / Dividend Income	70	256	259	261
Others	1,195	-	-	-
Net Cash from Invst. activities	(2,676)	(4,744)	(2,241)	(2,239)
Issue of share cap. / premium	100	-	-	-
Debt changes	1,174	3,139	369	377
Dividend paid	(166)	(130)	(171)	(214)
Interest paid	(181)	(246)	(293)	(311)
Others	(27)	-	-	-
Net cash from Fin. activities	901	2,763	(95)	(148)
Net change in cash	(695)	(115)	84	306
Free Cash Flow	(2,862)	(3,134)	(80)	193

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	4.1	4.7	6.2	7.7
CEPS	8.6	7.7	10.0	11.9
BVPS	68.8	73.1	78.6	85.5
FCF	(10.3)	(11.3)	(0.3)	0.7
DPS	0.5	0.5	0.6	0.8
Return Ratio(%)				
RoCE	7.6	6.4	8.1	9.4
ROIC	6.5	6.1	7.1	8.3
RoE	6.1	6.6	8.1	9.4
Balance Sheet				
Net Debt : Equity (x)	0.0	0.2	0.2	0.1
Net Working Capital (Days)	27	27	27	27
Valuation(x)				
PER	48.3	42.1	32.2	25.7
P/B	2.9	2.7	2.5	2.3
P/CEPS	23.1	25.6	19.9	16.7
EV/EBITDA	19.6	24.5	18.1	15.1
EV/Sales	1.8	1.8	1.6	1.4
Dividend Yield (%)	0.3	0.2	0.3	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	7,863	7,097	6,929	6,997
YoY gr. (%)	13.4	(10.4)	(3.5)	(9.3)
Raw Material Expenses	5,259	4,639	4,794	4,679
Gross Profit	2,604	2,458	2,136	2,318
Margin (%)	33.1	34.6	30.8	33.1
EBITDA	748	590	308	371
YoY gr. (%)	45.0	(34.4)	(56.8)	(50.4)
Margin (%)	9.5	8.3	4.4	5.3
Depreciation / Depletion	312	395	171	198
EBIT	436	195	136	173
Margin (%)	5.5	2.7	2.0	2.5
Net Interest	22	73	49	57
Other Income	56	11	55	39
Profit before Tax	471	132	142	155
Margin (%)	6.0	1.9	2.0	2.2
Total Tax	177	(85)	(72)	45
Effective tax rate (%)	37.7	(64.3)	(50.7)	28.9
Profit after Tax	293	218	214	110
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	293	218	214	110
YoY gr. (%)	7.8	(50.9)	(37.8)	(60.9)
Margin (%)	3.7	3.1	3.1	1.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	293	218	214	110
YoY gr. (%)	7.8	(50.9)	(37.8)	(60.9)
Margin (%)	3.7	3.1	3.1	1.6
Other Comprehensive Income	3	(3)	(1)	(2)
Total Comprehensive Income	296	215	213	109
Avg. Shares O/s (m)	277	277	277	277
EPS (Rs)	1.1	0.8	0.8	0.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Reduce	199	215
2	29-Jul-25	Reduce	179	196
3	07-Jul-25	Reduce	172	197
4	21-May-25	Reduce	172	190
5	08-Apr-25	Reduce	160	169
6	23-Jan-25	Hold	237	226
7	08-Jan-25	Reduce	213	230
8	31-Oct-24	Reduce	240	270

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	395	377
2	Bharat Petroleum Corporation	Hold	347	342
3	Bharti Airtel	Accumulate	2,090	1,930
4	Clean Science and Technology	Hold	1,111	1,068
5	Deepak Nitrite	Hold	1,924	1,844
6	Fine Organic Industries	BUY	5,571	4,651
7	GAIL (India)	Accumulate	199	177
8	Gujarat Fluorochemicals	Hold	3,742	3,643
9	Gujarat Gas	Hold	442	436
10	Gujarat State Petronet	Accumulate	339	325
11	Hindustan Petroleum Corporation	Accumulate	458	446
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	192	209
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	199	215
16	Mahanagar Gas	BUY	1,471	1,281
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	5,196	4,568
19	NOCIL	Hold	187	181
20	Oil & Natural Gas Corporation	BUY	278	244
21	Oil India	BUY	525	415
22	Petronet LNG	Hold	290	279
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,946	1,690

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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We/I, Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II, Mr. Tejas Kadam- BCom Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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