Laxmi Organics Industries Ltd.

DEVEN CHOKSEY RESEARCH

Result Update **– Q1FY27** || Current Market Price – **INR 181** || Target Price – **INR 187** || Upside – **3.3%** || Date: 31st July 2026

Laxmi Organics Industries Ltd – Q1FY27

Q1FY27 Results Highlights

- **Revenue:** The company reported revenue of INR 9,683 Mn, up 39.7% YoY and 31.7% QoQ, driven by strong volume growth and improved realizations across the portfolio. Exports contributed 35% of total revenue.
- **Gross Margin:** Gross profit margin expanded to 37.5%, compared with 30.8% in Q1FY26 and 33.6% in Q4FY26, mainly aided by higher inventory gains and favourable work-in-progress (WIP) movements.
- **EBITDA:** EBITDA stood at INR 1,143 Mn, registering a robust 272% YoY and 113% QoQ growth. EBITDA margin improved to 11.8%, expanding by 730 bps YoY and 450 bps QoQ, supported by higher realizations, favourable product mix, procurement efficiencies and operating leverage. Ethyl Acetate spreads reached a 12-year high of around USD 215/tonne during the quarter, supporting strong profitability in the Essentials business. However, management indicated that spreads have started moderating since May and are expected to normalize further as geopolitical disruptions ease. Meanwhile, Specialty Chemicals operating margins declined from around 24% in the previous year to nearly 13%, primarily due to higher input costs and product mix.
- **PAT:** Profit after tax (PAT) came in at INR 677 Mn, with PAT margin improving to 7.0%, reflecting an expansion of 3.91% YoY and 4.06% QoQ, primarily driven by stronger operating profitability and better realizations.

Business Segment Performance: The Essential Chemicals segment reported revenue of INR 7,265 Mn, registering 50% YoY growth, while the Specialty Chemicals segment reported revenue of INR 2,418 Mn, up 17% YoY. Specialty Chemicals contributed 28% of total EBITDA, with the remaining 72% contributed by the Essentials business.

Valuation and Outlook

- Management indicated that raw material costs in the Specialty Chemicals business have started to increase. The company expects the Fluorochemicals business to achieve full ramp-up during FY27, while the newly commissioned Ethyl Acetate capacity at Lote is expected to support incremental volume growth. In addition, Dahej Phase II remains on track for commissioning, with commercial contributions expected from Q4FY27, followed by a gradual ramp-up through FY28.
- With channel inventories across global pharmaceutical and agrochemical customers gradually normalizing, demand recovery, improved capacity utilization, and operating leverage are expected to support earnings growth over the next two years.
- The commercialization of the Dahej Fluor specialties platform, expansion of diketene derivatives, and the new Ethyl Acetate capacity provide multiple growth levers from FY28 onwards. Along with an improving product mix and the ramp-up of new capacities, these initiatives are expected to drive EBITDA margin expansion.
- **We expect the company to deliver a Revenue/EBITDA/PAT CAGR of 19%/53%/62% over FY26–FY28, driven by the ramp-up of the Dahej Phase II project, improving specialty chemicals mix, and normalization in end-market demand. The stock is currently trading at 24x FY28E EPS. We assign a target multiple of 25x FY28E EPS (+1 SD), implying a target price of INR 187. However, given the upside of 3.3% from the current market price, we change our rating to HOLD.**

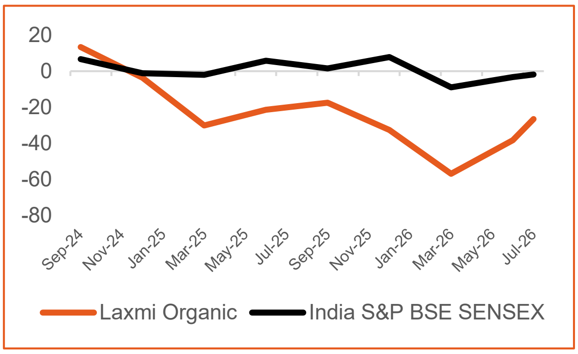
Key Risks

Key risks to the business include prolonged weakness in specialty chemical demand, slower-than-expected ramp-up of new projects, and continued volatility in key raw material spreads such as Ethyl Acetate and acetic acid. Any delay in recovery of the high-margin specialty segment or further pressure on realizations could impact profitability.

Particulars	
CMP	181
Market Cap (Cr)	5,022
Free Float Market Cap (Cr)	1,525
52 Week High / Low	241 / 107
Avg Daily Vol (1yr) shares	13,16,334
No. of Shares (Cr.)	27.7

Key Financials	FY26	FY27E	FY28E
Revenue	28,467	34,451	40,308
EBITDA	1,714	3,249	4,031
EBITDA (%)	6.0%	9.4%	10%
PAT	794	1,579	2,072

Holding	Dec-25	March-26	June-26
Promoters	69.36	69.36	69.34
FII	1.60	1.16	0.69
DII	3.40	3.82	3.83
Others	25.65	25.68	26.14
TOTAL	100	100	100



Source: Company Research, Deven Choksey Research

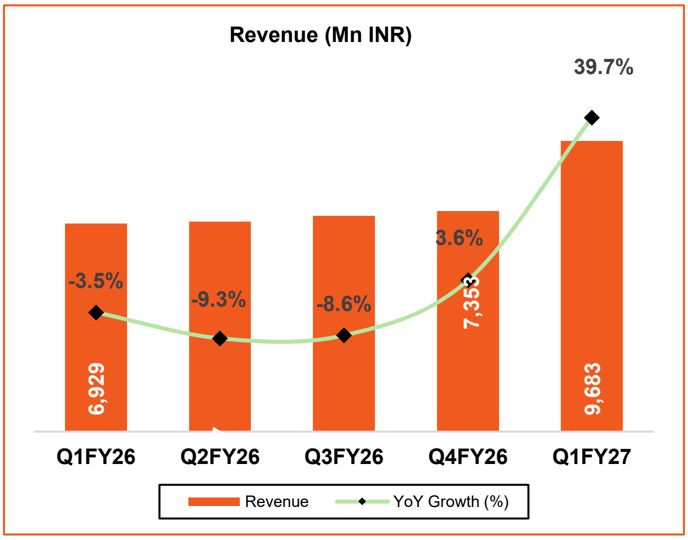
Research Associate
Manik Jain || research3@devenchoksey.com

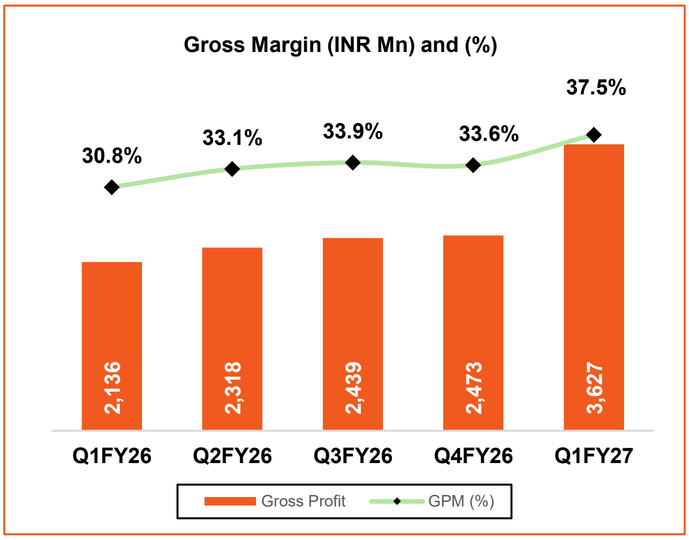
Phone: +91-22-6696 5555
www.devenchoksey.com

Story in Charts

The company reported revenue of INR 9,683 Mn, up 39.7% YoY. and 31.7% QoQ, driven by strong volume growth and improved realizations across the portfolio.

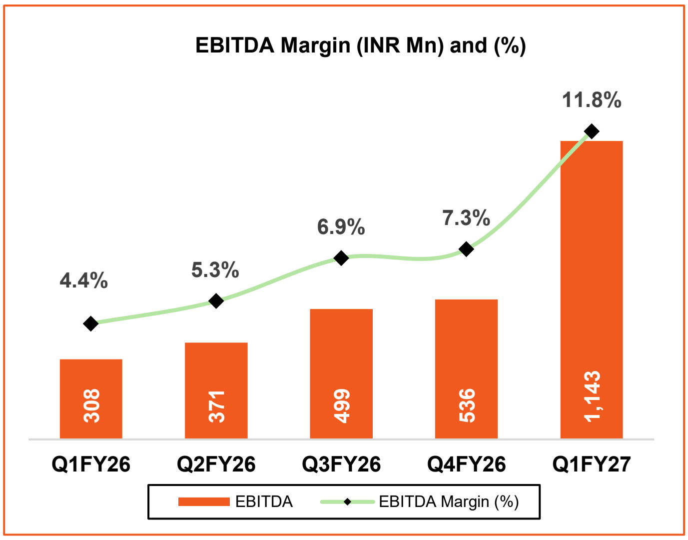
Gross profit margin expanded to 37.5%, compared with 30.8% in Q1FY26 and 33.6% in Q4FY26, mainly aided by higher inventory gains and favourable work-in-progress (WIP) movements.

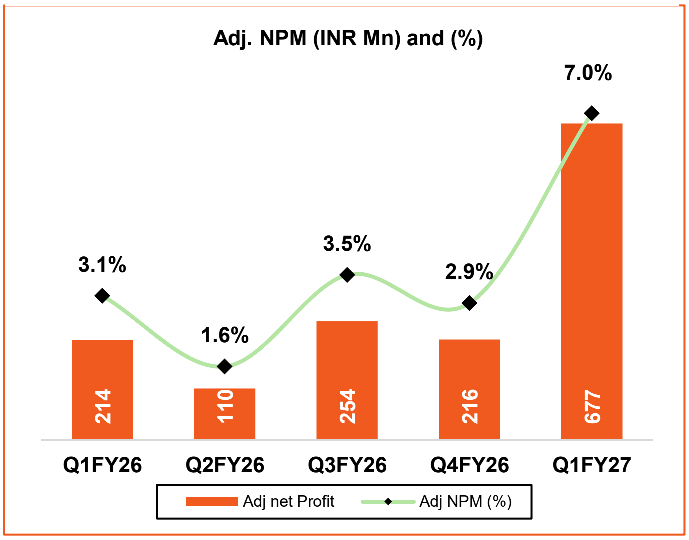




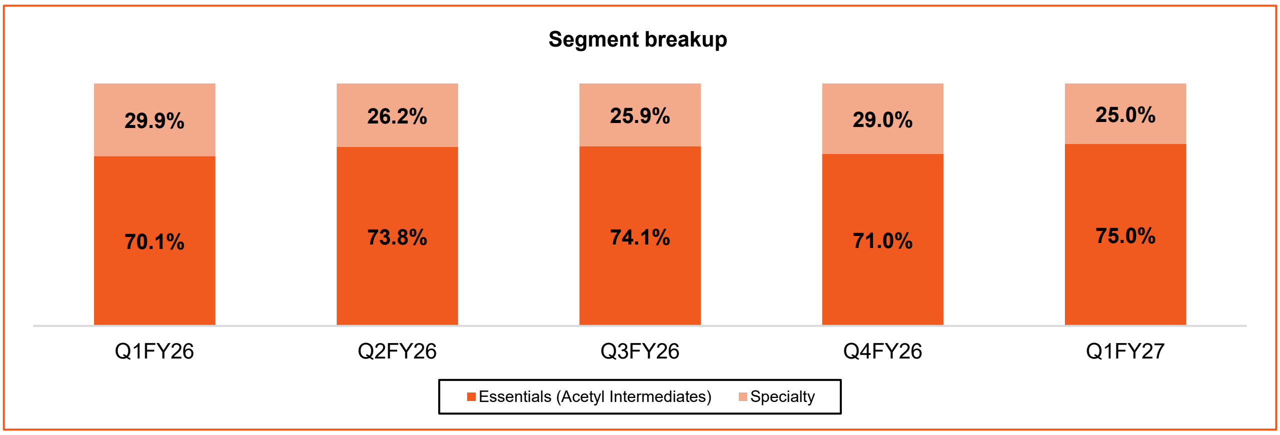
EBITDA margin improved to 11.8%, expanding by 730 bps YoY and 450 bps QoQ, supported by higher realizations, favourable product mix, procurement efficiencies and operating leverage.

Profit after tax (PAT) came in at INR 677 Mn, with PAT margin improving to 7.0%, reflecting an expansion of 310 bps YoY and 290 bps QoQ, primarily driven by stronger operating profitability and better realizations





The Essential Chemicals segment reported revenue of INR 7,265 Mn, registering 50% YoY growth, while the Specialty Chemicals segment reported revenue of INR 2,418 Mn, up 17% YoY. Specialty Chemicals contributed 28% of total EBITDA, with the remaining 72% contributed by the Essentials business.



Research Associate
Manik Jain || research3@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Result Snapshot

Particulars (Mn)	Q1FY27	Q4FY26	Q1FY26	QoQ	YoY
Revenue from Operations	**9,683**	**7,353**	**6,929**	**31.7%**	**39.7%**
Total Expenditure	8,540	6,817	6,622	25.3%	29.0%
COGS	6,057	4,880	4,794	24.1%	26.3%
Employee Cost	398	354	409	12.6%	-2.6%
Other Expenses	2,085	1,583	1,419	31.7%	46.9%
EBITDA	**1,143**	**536**	**308**	**113.2%**	**271.8%**
EBITDA Margin (%)	**11.8%**	**7.3%**	**4.4%**	**451 bps**	**737 bps**
Depreciation	217	192	171	13.1%	26.6%
EBIT	926	344	136	169.0%	580.8%
Other Income	34	27	55	26.7%	-37.6%
Interest Expense	43	47	49	-8.1%	-12.7%
PBT	918	325	142	182.6%	546.6%
Tax	240	109	-72	120.1%	-433.9%
PAT	677	216	214	214.2%	216.6%
EPS	2.4	0.78	0.77	214.8%	217.3%
Adj. PAT	**677**	**216**	**213.9**	**214.2%**	**216.6%**
Adj. PAT Margin (%)	**7.0%**	**2.9%**	**3.1%**	**406 bps**	**391 bps**
Adj. EPS	**2.4**	**0.78**	**0.77**	**214.8%**	**217.3%**

Source: Company Research, Deven Choksey Research

Research Associate
Manik Jain || research3@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Conference Call Highlights

Financial Performance

- Revenue increased 40% YoY and 32% QoQ to INR 9,683 Mn, driven by around 10% volume growth, higher realizations and improved product mix.
- EBITDA surged 272% YoY and 113% QoQ to INR 1,143 Mn, supported by better pricing, procurement efficiencies and supply-chain agility despite higher freight and energy costs.
- Specialty business revenue grew 17% YoY and 13% QoQ to INR 2,418 Mn.
- Essentials business revenue increased 50% YoY and 39% QoQ to INR 7,265 Mn, supported by double-digit volume growth.
- Net working capital increased during the quarter as the company built inventories to secure raw material availability amid supply disruptions, with normalization expected over time.

Business Segment Update

Essentials Business

- Delivered strong performance driven by higher spreads, pricing and procurement efficiencies.
- Enterprise volume growth stood at around 10%, with the balance of revenue growth coming from pricing and product mix.
- Ethyl acetate spreads remained above the 12-year average (~USD 215–220/tonne) and continue to be the key leading indicator for the business.
- Management indicated essentials EBITDA reached around 11–12% this quarter versus low single-digit margins during the downcycle.
- World-scale ethyl acetate capacity at Lote has been successfully commissioned and is contributing to growth.

Specialty Business

- Positive recovery observed across several key products.
- No contribution from the phased-out agrochemical intermediate, which previously accounted for roughly 10% of specialty revenues.
- Mahad specialty facility remains fully utilized.
- Products that could not be manufactured at Mahad due to capacity constraints will gradually shift to the new Dahej facility.
- Dahej expansion will double diketene derivative capacity, making Laxmi the third-largest global producer of diketene derivatives.
- Management highlighted a robust specialty product pipeline and continued customer engagement.

Capex & Expansion Plans

- Dahej remains the company's key strategic growth project.
- Phase 1 has already been capitalized (approximately **15–18%** of total project cost).
- Around **85% of Phase 2 capex** will be capitalized during **Q2 FY27**.
- Mechanical completion targeted in Q2, followed by customer qualification in Q3 and commercial ramp-up in Q4 FY27.
- FY27 total capex guidance remains **INR 125–150 crore**, including Dahej.
- Project Vayu (Hitachi project) is expected to achieve mechanical completion in early Q3 FY27, with revenue contribution beginning in FY28

Research Associate
Manik Jain || research3@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Balance Sheet & Cash Flow

- Term debt has peaked at approximately **INR 610 crore**.
- Net debt-to-equity remains healthy at around **0.3x**.
- Debt repayment is scheduled to begin in FY28 over a five-year period.
- Depreciation is expected to increase by approximately **INR 70–75 million per quarter** after Dahej Phase 2 capitalization.

Management Guidance & Outlook

- Management remains confident of sustaining growth by leveraging its integrated manufacturing platform, procurement capabilities and economies of scale.
- Dahej is expected to be the primary growth driver from FY28 onwards, with meaningful ramp-up through FY29.
- Specialty chemicals are expected to enter a multi-year growth phase supported by new capacities and a strong product pipeline.
- Historical specialty EBITDA margins of **20–25%** may not immediately return as the company ramps up new capacities.
- Essentials remains a cyclical business, and margins should be viewed over the cycle rather than extrapolating Q1 levels.
- Capacity utilization at new facilities is expected to improve steadily, with management reiterating that Laxmi has a strong track record of rapidly ramping up new capacities.

Research Associate
Manik Jain || research3@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Key Financials

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26	FY27E	FY28E
Revenues	29,854	28,467	34,451	40,308
COGS	19,476	19,100	22,156	26,200
Gross profit	10,378	9,366	12,295	14,108
Employee cost	1,465	1,722	1,760	2,015
Other expenses	6,117	5,930	7,286	8,062
EBITDA	2,796	1,714	3,249	4,031
Depreciation	1,240	766	1,022	1,149
EBIT	1,556	948	2,226	2,882
Finance Costs	205	221	265	320
Other Income	254	153	158	202
PBT	1,605	880	2,120	2,763
Tax	470	86	541	691
PAT	1,135	794	1,579	2,072
EPS (INR)	4.1	2.9	5.7	7.5

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26	FY27E	FY28E
CFFO	1,080	1,749	2,374	3,014
CFFI	(2,676)	(4,036)	(1,342)	(1,298)
CFFF	902	2,472	235	180
Net Inc/Dec in cash	**(695)**	**185**	**1,268**	**1,895**
Opening Cash	1,111	417	602	1,870
Closing Cash	417	602	1,870	3,765

Source: Company Research, Deven Choksey Research

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26	FY27E	FY28E
Equity				
Equity Capital	554	554	554	554
Other Equity	18,513	19,302	20,884	22,956
Total Equity	19,070	19,859	21,438	23,510
Non-Current Liabilities				
Borrowings	425	4,932	5,432	5,932
Deferred tax liabilities (Net)	337	97	97	97
Other Non-Current Liabilities	89	304	304	304
Total Non-Current Liabilities	851	5,332	5,832	6,332
Current Liabilities				
Borrowings	2,107	477	477	477
Trade Payables	6,972	7,302	8,837	10,340
Other current liabilities	1,446	1,488	1,488	1,488
Total Current Liabilities	10,524	9,267	10,802	12,304
Total Equities & Liabilities	30,446	34,458	38,072	42,146
Non-Current Assets				
Property Plants and Equipment's	11,617	14,780	15,207	15,558
Capital work-in-progress	3,984	6,517	6,517	6,517
Other Non-current assets	737	547	547	547
Total Non-Current Assets	16,339	21,845	22,271	22,622
Current Assets				
Inventories	3,780	3,651	4,419	5,170
Trade Receivables	5,379	5,236	6,336	7,413
Cash and bank	1,183	613	1,882	3,777
Oher current assets	3,765	3,113	3,164	3,164
Total Current Assets	14,107	12,613	15,801	19,524
Total Assets	30,446	34,458	38,072	42,146

Research Associate
Manik Jain || research3@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Laxmi Organic Industries Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
31-July-26	181	187	HOLD
28-May-26	151	142	REDUCE
31-Oct-25	196	201	HOLD
27-May-25	194	206	ACCUMULATE
23-Jan-25	226	249	ACCUMULATE
31-Oct-24	270	297	ACCUMULATE
03-Aug-24	252	253	HOLD

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

ANALYST CERTIFICATION:

I , Neel Mehta, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I 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.

Terms & Conditions and other disclosures:

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vides Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014,Portfolio Managers Entity vides Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vides Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While I would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily, and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

I submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Neel Mehta** Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that **Neel Mehta**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

The securities quoted are for illustration only and are not recommendatory.

DCFPL (Research Entity) and its research analysts uses Artificial Intelligence tools.

DCFPL and or its Research analysts shall be solely responsible for the security, confidentiality and integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject DCFPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restrictions.

Investment in securities are subject to market risks, read all the documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

- Please send your feedback to research.retail@devenchoksey.com

DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058

NEEL AMISH MEHTA

Digitally signed by NEEL AMISH MEHTA
Date: 2026.07.31 16:00:34 +05'30'