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Generating Wealth

Company Update
10th September 2025

Laxmi Organics Industries Ltd.

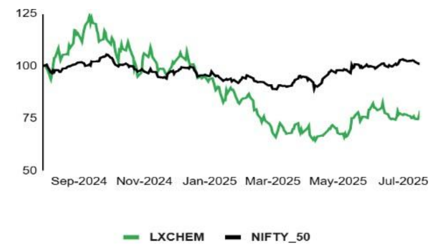
CMP: INR 225	
Rating: Buy	
Target Price: INR 236	

Stock Info	
BSE	543277
NSE	LXCHEM
Bloomberg	LXCHEM:IN
Reuters	LAXR:NS
Sector	Chemicals
Face Value (INR)	2
Equity Capital (INR Mn)	554.05
Mkt Cap (INR Mn)	62,280
52w H/L (INR)	326/160
Avg Yearly Volume (in 000')	1,251

Shareholding Pattern % *(As on June, 2025)*	
Promoters	69.39
FIIs	1.63
DIIs	4.05
Public & Others	24.93

Stock Performance (%)	1m	6m	12m
Laxmi Organics	21.37	23.09	-29.77
NIFTY	1.66	11.28	-0.19

Laxmi Organics vs Nifty 50



Abhishek Jain
abhishek.jain@arihantcapital.com
022-422548871

Ayush Chaturvedi
ayush.chaturvedi@arihantcapital.com
022-67114834

Heli Shah
heli.shah@arihantcapital.com
022-67114873

On September 9, 2025, Laxmi Organic entered a five-year Global Sourcing Agreement with Hitachi Energy (Zurich) to supply an eco-efficient gas for SF6-free high-voltage switchgear. The contract spans both domestic and international deliveries and entails a capex commitment of ~INR 750 mn.

This agreement diversifies LXCHEM's end-market exposure into high-voltage electrical equipment, supporting incremental contribution from Specialties segment from FY27 onward. Assuming peak asset turnover at 2x, we estimate incremental revenues of ~INR 1.5 bn (5% of FY25 sales) by FY28. We anticipate ramp-up beginning H2 FY26, with full-year contributions by FY28. Continued capacity expansions and partnerships with technology leaders (e.g., Hitachi Energy) are likely to drive mid-teens EPS growth over FY25–FY28.

Outlook

Laxmi Organic is poised to benefit from accelerating global demand for SF6 alternatives as utilities transition to greener switchgear. We expect management to pursue further partnerships in Europe and North America, driving revenue CAGR of 12–15% over FY25–30.

Financial Performance:

Summary (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	28,678	29,854	31,306	33,716	38,288
EBIDTA	2,585	2,796	2,623	3,121	4,058
Net Profit	1,205	1,135	1,225	1,236	1,697
Diluted EPS	4.37	4.10	4.42	4.46	6.13
P/E (x)	44.84	47.84	44.32	43.93	31.99
EV/EBIDTA (x)	19.40	19.07	20.54	17.34	13.12
P/BV (x)	3.01	2.85	2.69	2.56	2.39
ROE (%)	6.70%	5.95%	6.08%	5.82%	7.46%
Debt/Equity (x)	19.40	19.07	20.54	17.34	13.12

Financial Statements

Income statement (INR mn)

Income Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	27,939	28,678	29,854	31,306	33,716	38,288
Net Sales	27,939	28,678	29,854	31,306	33,716	38,288
YoY (%)	-9.4%	2.6%	4.1%	4.9%	7.7%	13.6%
Adjusted COGS	**18,449**	**21,535**	**21,802**	**23,288**	**24,919**	**27,966**
YoY (%)	-12.7%	16.7%	1.2%	6.8%	7.0%	12.2%
Personnel/ Employee benefit expenses	1,159	1,479	1,465	1,471	1,517	1,646
YoY (%)	-6.9%	27.6%	-0.9%	0.4%	3.1%	8.5%
Manufacturing & Other Expenses	4,788	3,080	3,791	3,924	4,159	4,619
YoY (%)	-0.2%	-35.7%	23.1%	3.5%	6.0%	11.1%
Total Expenditure	**24,396**	**26,093**	**27,058**	**28,683**	**30,595**	**34,231**
YoY (%)	-3.7%	-27.0%	8.2%	-6.2%	19.0%	30.0%
EBITDA	**3,543**	**2,585**	**2,796**	**2,623**	**3,121**	**4,058**
YoY (%)	-3.7%	-27.0%	8.2%	-6.2%	19.0%	30.0%
EBITDA Margin (%)	12.7%	9.0%	9.4%	8.4%	9.3%	10.6%
Depreciation	724	1,066	1,240	1,043	1,341	1,615
% of Gross Block	7.2%	8.4%	7.4%	5.3%	6.0%	6.5%
EBIT	**2,819**	**1,519**	**1,556**	**1,580**	**1,780**	**2,443**
EBIT Margin (%)	10.1%	5.3%	5.2%	5.0%	5.3%	6.4%
Interest Expenses	113	65	205	243	292	350
Non-operating/ Other income	148	254	254	190	204	232
PBT	**2,854**	**1,708**	**1,605**	**1,527**	**1,693**	**2,325**
Tax-Total	483	503	470	302	457	628
Adj. Net Profit	**2,371**	**1,205**	**1,135**	**1,225**	**1,236**	**1,697**
Reported Profit	**2,371**	**1,205**	**1,135**	**1,225**	**1,236**	**1,697**
PAT Margin	8.5%	4.2%	3.8%	3.9%	3.7%	4.4%
Shares o/s/ paid up equity sh capital	265	276	277	277	277	277
Adj EPS	9	4	4	4	4	6
Dividend payment	186	133	111	139	166	166
Dividend payout (%)	7.8%	11.0%	9.8%	11.3%	13.4%	9.8%
Retained earnings	2,185	1,073	1,024	1,087	1,070	1,531

Balance sheet

Balance Sheet (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds						
Equity Share Capital	530	552	554	554	554	554
Reserves & Surplus/ Other Equity	13,593	17,428	18,516	19,603	20,672	22,203
Networth	**14,124**	**17,980**	**19,070**	**20,157**	**21,226**	**22,757**
Unsecured Loans/ Borrowings/ Lease Liabilities	4,057	1,428	2,576	3,097	3,727	4,488
Other Liabilities	312	345	399	446	498	556
Total Liabilities	**24,122**	**28,272**	**30,446**	**32,228**	**34,218**	**37,188**
Total Funds Employed	**46,547**	**55,163**	**60,040**	**63,461**	**67,266**	**72,994**
Application of Funds						
Net Fixed Assets	**-3,612**	**-4,308**	**-4,295**	**-3,434**	**-3,024**	**-2,655**
Capital WIP	4,471	4,442	3,984	3,586	3,227	2,905
Current assets	**12,167**	**14,772**	**14,107**	**14,366**	**15,089**	**17,419**
Inventory	2,942	2,833	3,780	3,123	3,342	3,750
Inventory Days	66	49	49	49	49	49
Debtors	5,702	5,834	5,379	5,907	5,915	6,078
Debtors Days	81	73	73	69	64	58
Other Current Assets	1,301	1,262	2,046	2,660	2,926	3,218
Cash and Cash equivalent	810	1,111	416	398	533	1,098
Current Liabilities/Provisions	**8,301**	**8,911**	**10,524**	**11,076**	**11,822**	**13,048**
Creditors / Trade Payables	4,663	7,621	6,972	7,006	7,166	7,698
Creditor Days	91	86	86	91	85	81
Liabilities	919	849	1,369	1,460	1,536	1,619
Net Current Assets	**3,866**	**5,861**	**3,583**	**3,291**	**3,267**	**4,371**
Total Asset	**24,122**	**28,272**	**30,446**	**32,228**	**34,218**	**37,188**
Total Capital Employed	**20,256**	**22,411**	**26,863**	**28,938**	**30,951**	**32,817**

Financial Statements

Cash Flow Statement

Cash Flow Statement (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	**2,371**	**1,205**	**1,135**	**1,225**	**1,236**	**1,697**
Adjustments: Add						
Depreciation and amortisation	724	1,066	1,240	1,043	1,341	1,615
Interest adjustment	-35	-188	-49	53	87	118
Change in assets and liabilities	2,874	1,950	2,215	2,183	2,498	3,264
Inventories	796	109	-947	657	-219	-409
Trade receivables	982	-132	455	-527	-8	-162
Trade payables	-2,453	2,958	-650	35	159	532
Other Liabilities and provisions	1,521	-2,351	2,242	512	582	690
Other Assets	382	38	-784	-614	-266	-293
Taxes	104	12	54	34	37	41
Net cash from operating activities	**4,162**	**2,603**	**2,591**	**2,279**	**2,783**	**3,662**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-4,818	-2,646	-3,679	-2,555	-2,597	-2,242
Net Sale/(Purchase) of investments	-28	-777	31	335	335	350
Net cash (used) in investing activities	**-4,882**	**-3,407**	**-4,053**	**-2,231**	**-2,273**	**-1,903**
Interest expense	1,160	-120	-592	-101	-126	-152
Dividend paid	-132	-186	-133	-111	-139	-166
Other financing activities	-1,152	2,653	-45	-139	-166	-166
Net cash (used) in financing activities	**206**	**2,666**	**-526**	**-101**	**-126**	**-152**
Closing Balance	**1,309**	**3,171**	**1,183**	**1,129**	**1,514**	**3,120**
FCF	**97**	**-115**	**-1,559**	**-560**	**-158**	**1,119**
Capex (% of sales)	4,065	2,717	4,149	2,800	2,900	2,500

Key Ratios

Key Ratios	FY23	FY24	FY25	FY26E	FY27E	FY28E
Solvency Ratios						
Debt / Equity	0.3	0.1	0.1	0.2	0.2	0.2
Net Debt / Equity	0.2	-0.1	0.1	0.1	0.1	0.1
Debt / EBITDA	1.1	0.5	0.9	1.2	1.2	1.1
Current Ratio	0.8	-0.7	0.5	0.7	0.7	0.3
DuPont Analysis						
Sales/Assets	1.2	1.0	1.0	1.0	1.0	1.0
Assets/Equity	1.7	1.6	1.6	1.6	1.6	1.6
RoE	16.8%	6.7%	6.0%	6.1%	5.8%	7.5%
Per share ratios						
Reported EPS	8.9	4.4	4.1	4.4	4.5	6.1
Dividend per share	0.7	0.5	0.4	0.5	0.6	0.6
BV per share	53.3	65.2	68.8	72.8	76.6	82.1
Cash per Share	3.1	4.0	1.5	1.4	1.9	4.0
Revenue per Share	105.4	104.0	107.8	113.0	121.7	138.2
Profitability ratios						
Net Profit Margin (PAT/Net sales)	8.3%	8.5%	4.2%	3.8%	3.9%	3.7%
Gross Profit / Net Sales	34.0%	24.9%	27.0%	25.6%	26.1%	27.0%
EBITDA / Net Sales	12.7%	9.0%	9.4%	8.4%	9.3%	10.6%
EBIT / Net Sales	10.1%	5.3%	5.2%	5.0%	5.3%	6.4%
ROCE (%)	17.8%	7.8%	7.8%	7.5%	7.9%	10.1%
Activity ratios						
Inventory Days	66	49	49	49	49	49
Debtor Days	81	73	73	69	64	58
Creditor Days	91	86	86	91	85	81
Leverage ratios						
Interest coverage	25.0	23.2	7.6	6.5	6.1	7.0
Debt / Asset	0.2	0.0	0.1	0.1	0.1	0.1
Valuation ratios						
EV / EBITDA	15.4	19.4	19.1	20.5	17.3	13.1
PE (x)	21.9	44.8	47.8	44.3	43.9	32.0

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800