

January 30, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		REDUCE	
Target Price	125		153	
Sales (Rs. m)	31,486	34,962	33,414	39,164
% Chng.	(5.8)	(10.7)		
EBITDA (Rs. m)	2,028	2,478	2,641	3,266
% Chng.	(23.2)	(24.1)		
EPS (Rs.)	3.1	4.3	4.4	5.9
% Chng.	(28.7)	(27.2)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	29,854	28,254	31,486	34,962
EBITDA (Rs. m)	2,796	1,495	2,028	2,478
Margin (%)	9.4	5.3	6.4	7.1
PAT (Rs. m)	1,135	622	872	1,186
EPS (Rs.)	4.1	2.2	3.1	4.3
Gr. (%)	(6.3)	(45.2)	40.2	36.1
DPS (Rs.)	0.5	0.2	0.3	0.4
Yield (%)	0.4	0.2	0.2	0.3
RoE (%)	6.1	3.2	4.4	5.7
RoCE (%)	7.6	3.0	3.9	4.9
EV/Sales (x)	1.3	1.5	1.4	1.3
EV/EBITDA (x)	14.1	28.7	21.7	18.0
PE (x)	34.9	63.7	45.4	33.4
P/BV (x)	2.1	2.0	1.9	1.8

Key Data

LAXR.BO | LXCHEM IN

52-W High / Low	Rs.241 / Rs.134
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.40bn/ \$ 430m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.62.25m

Shareholding Pattern (%)

Promoter's	69.35
Foreign	1.60
Domestic Institution	3.39
Public & Others	25.66
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(14.1)	(28.1)	(33.8)
Relative	(11.6)	(28.8)	(38.2)

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Subdued performance continues

Quick Pointers:

- Ethyl acetate spreads continue to remain under pressure, impacting profitability
- Replacement product for the phased-out agrochemical intermediate to be launched by Q4FY26

LXCHEM reported Q3FY26 revenue of Rs7.2bn, down 8.6% YoY, but up 2.7% QoQ. The Essential Chemicals segment, contributing to 70% of total revenue, declined 6% YoY. EBITDAM for the segment stood at -5.1%, down by 730bps YoY, impacted by falling prices of the key raw material acetic acid, which compressed spreads in ethyl acetate (constitutes 80–85% of the essentials basket). The Specialty Chemicals segment witnessed a 30% YoY revenue decline, impacted by the phase-out of a product contributing to ~10% of the portfolio as well as no sales of campaign product compared to Q3FY25. A replacement for the phased-out product is expected to be launched by Q4FY26. The Fluorochemicals segment remains in the ramp-up phase, with the management guiding for 40–60% of its Rs2bn peak revenue potential to be achieved in FY26. On the demand side, sub-segments such as pharmaceuticals and printing & packaging continued to show stable trends QoQ, agrochemical demand remained moderate, and paints & coatings stayed weak. Ethyl acetate spreads are expected to remain under pressure in the near term. Hence, we maintain a cautious view on the stock and retain our 'Reduce' rating. The stock currently trades at 33x FY28E EPS. Using SOTP-based valuation, we arrive at TP of Rs125.

- Revenue impacted by feedstock prices softness and key product phase-out:** Consolidated reported revenue stood at Rs7.2bn (~8.6% YoY/ 2.7% QoQ; PLe: Rs7bn, Consensus: Rs 8bn). Reported revenue includes one-time gain from a favorable litigation settlement for wheeling and transmission charges of Rs407mn. Adj revenue stood at Rs6.8bn. 9MFY26 revenue decreased by 7.2% YoY to Rs21.1bn. Gross profit margin was 33.9% (vs. 33.1% in Q3FY25 and 33.1% in Q2FY26), and adj gross margin was 30%.
- Adj EBITDAM declines by 730bps YoY:** Reported EBITDA stood at Rs499mn, down 33.2% YoY but up 34.6% QoQ (PLe: Rs348mn, Consensus: Rs677mn). EBITDA margin came in at 6.9% (vs. 9.5% in Q3FY25 and 5.3% in Q2FY26). Reported employee cost includes one-time labor code impact of Rs38mn and other expenses include one-time cost of supply chain redesign project (Q3FY26: Rs9mn, 9MFY26: Rs111mn). Total one-time income comes in at Rs360mn, leading to higher EBITDA. Adj EBITDA stood at Rs139mn, with adj EBITDAM at 2.1%.
- Concall key takeaways:** (1) Total capex for Dahej project is Rs7.1bn; it is more focused on diketene derivatives. (2) Phase 2 of Dahej capex is expected to be completed by Q4FY26. (3) Revenue from Phase 2 will start from H2FY27, provided all samples are approved. (4) The Fluorochemicals segment is expected to achieve 40–50% of its peak revenue by FY26. (5) In the Essentials

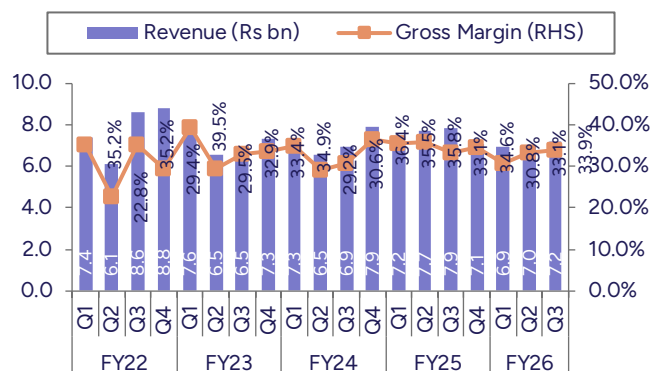
segment, acetic acid prices have declined by ~20% over the past 2 years; however, they showed a positive trend in Dec'25, touching ~\$380. The management expects prices to stabilize in the \$330–360 range going forward. **(6)** Ethyl acetate spreads remained subdued. **(7)** The Specialty segment saw a 5%-6% decline in topline due to no sales of the campaign product, as against Q3FY25, and 10% decline due to the phase-out of an agrochemical intermediate. **(8)** Replacement product for the agrochemical intermediate is expected to generate revenue from Q4FY26. **(9)** The Fluorochemicals segment is on track to achieve 40-60% in FY26. **(10)** Lote facility does not discharge any hazardous effluents and has received all necessary government approvals.

Exhibit 1: Q3FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	7,187	7,863	(8.6)	7,012	2.5	6,997	2.7	21,114	22,758	(7.2)
Gross Profit	2,439	2,604	(6.3)	2,269	7.5	2,318	5.2	6,894	7,920	(13.0)
Margin (%)	33.9	33.1		32.4		33.1		33%	35%	
EBITDA	499	748	(33.2)	348	43.3	371	34.6	1,178	2,206	(46.6)
Margin (%)	6.9	9.5		5.0		5.3		6%	10%	
Other Income	31.5	56.3	(44.1)	57.5	(45.2)	39.3	-19.9	125.9	242.6	(48.1)
Depreciation	205	312	(34.4)	211	(2.9)	198	3.3	574	845	(32.0)
EBIT	295	436	(32.4)	137	114.2	173	70.7	603	1,361	(55.7)
Interest	68	22	214.9	61.5		57	19.3	174	131	32.8
PBT before exceptional items	258	471	(45.1)	133	93.4	155	66.5	555	1,473	(62.3)
Total Tax	4	177	(97.7)	32	(87.4)	45	-91.0	-23	554	(104.2)
ETR (%)	1.6	37.7		24.0		28.9		-4%	38%	
Adj. PAT	254	293	(13.3)	101	150.6	110	130.6	578	918	(37.0)
Exceptional Items	0	0		0		0		0	0	
PAT	254	293	(13.3)	101	150.6	110	130.6	578	918	(37.0)

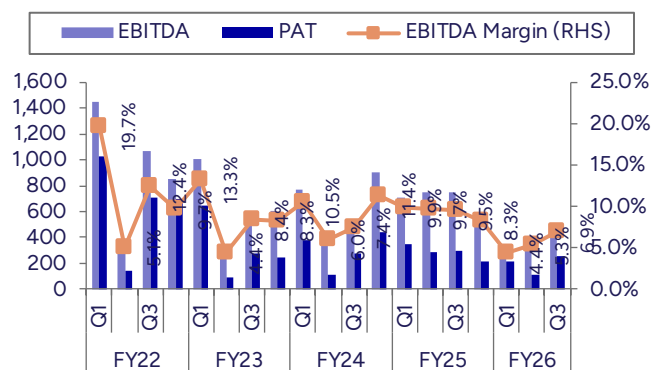
Source: Company, PL

Exhibit 2: Revenue impacted by lower spreads, feedstock prices



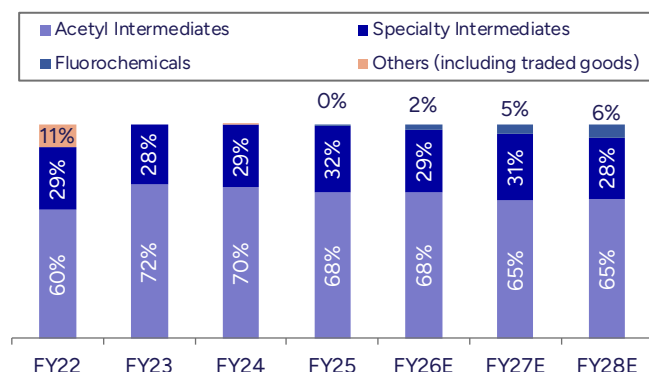
Source: Company, PL

Exhibit 3: EBITDA margin declines by 730bps YoY



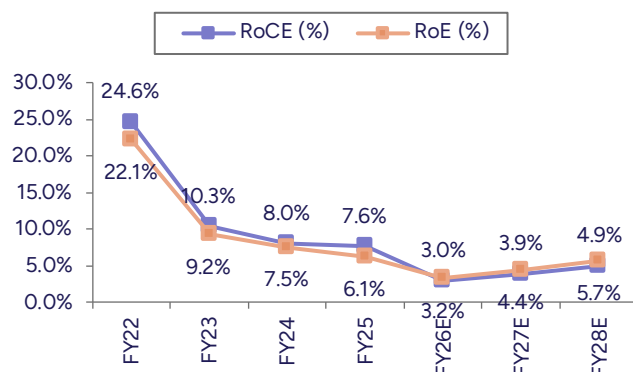
Source: Company, PL

Exhibit 4: Fluorochemicals to start contributing from FY26E



Source: Company, PL

Exhibit 5: Return ratios to be at 5-6%



Source: Company, PL

Exhibit 6: Quarterly segmental performance

Consolidated Revenue	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Essentials Segment	5,024	5,372	-6.5%	5,166	-2.7%	15,048	15,463	-2.7%
Specialty Intermediates	1,756	2,491	-29.5%	1,831	-4.1%	5,658	7,294	-22.4%
Total	6,780	7,863	-13.8%	6,997	-3.1%	20,706	22,757	-9.0%
Revenue mix (%)								
Essentials Segment	74.1%	68.3%		73.8%		72.7%	67.9%	
Specialty Intermediates	25.9%	31.7%		26.2%		27.3%	32.1%	
Total	100%	100%		100%		100%	100%	
EBITDA								
Essentials Segment	(254.6)	119.6	(3.1)	95.6	(3.7)	(64.8)	601.1	(1.1)
Specialty Intermediates	753.9	628.0	0.2	150.6	4.0	1,242.0	1,605.5	(0.2)
Total	499	748	-33%	246	103%	1177	2207	-47%
EBITDA mix								
Essentials Segment	-51.0%	16.0%		38.8%		-5.5%	27.2%	
Specialty Intermediates	151.0%	84.0%		61.2%		105.5%	72.8%	
Total	100%	100%		100%		100%	100%	
EBITDA Margin								
Essentials Segment	-5.1%	2.2%		1.9%		-0.4%	3.9%	
Specialty Intermediates	42.9%	25.2%		8.2%		22.0%	22.0%	
Overall Margins	7.4%	9.5%		3.5%		5.7%	9.7%	

Source: Company, PL

Exhibit 7: Valuation – SOTP-based TP at Rs 125; maintain 'Reduce' rating

	Enterprise Value (Rs mn): Dec'27	Dec'27 EV/EBITDA (x)	Per Share
Specialty Intermediates	30,905	19	112
Fluorochemicals	3,325	13	12
Acetyl Intermediates	2,898	6	10
Enterprise Value			134
Less: Net Debt and Investments (Dec'27)			(9)
Fair Value / Target Price (Rs)			125

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	29,854	28,254	31,486	34,962
YoY gr. (%)	4.2	(5.4)	11.4	11.0
Cost of Goods Sold	19,476	19,180	21,228	23,295
Gross Profit	10,378	9,073	10,258	11,667
Margin (%)	34.8	32.1	32.6	33.4
Employee Cost	1,465	1,758	1,933	2,127
Other Expenses	6,117	5,820	6,297	7,062
EBITDA	2,796	1,495	2,028	2,478
YoY gr. (%)	9.4	(46.5)	35.6	22.2
Margin (%)	9.4	5.3	6.4	7.1
Depreciation and Amortization	1,240	801	1,000	1,095
EBIT	1,556	694	1,027	1,383
Margin (%)	5.2	2.5	3.3	4.0
Net Interest	205	246	308	351
Other Income	254	180	198	218
Profit Before Tax	1,605	628	918	1,249
Margin (%)	5.4	2.2	2.9	3.6
Total Tax	470	6	46	62
Effective tax rate (%)	29.3	1.0	5.0	5.0
Profit after tax	1,135	622	872	1,186
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,135	622	872	1,186
YoY gr. (%)	(5.8)	(45.2)	40.2	36.1
Margin (%)	3.8	2.2	2.8	3.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,135	622	872	1,186
YoY gr. (%)	(5.8)	(45.2)	40.2	36.1
Margin (%)	3.8	2.2	2.8	3.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,135	622	872	1,186
Equity Shares O/s (m)	277	277	277	277
EPS (Rs)	4.1	2.2	3.1	4.3

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	6,228	7,229	8,324
Tangibles	5,409	6,210	7,211	8,306
Intangibles	18	18	18	18
Net fixed assets	11,632	18,815	20,315	21,719
Tangibles	11,624	18,807	20,307	21,712
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	3,577	3,986	4,427
Trade receivables	5,379	5,091	5,673	6,300
Cash & Bank Balance	1,183	846	769	854
Other Current Assets	2,046	1,936	2,158	2,396
Total Assets	30,446	33,693	36,357	39,182
Equity				
Equity Share Capital	554	554	554	554
Other Equity	18,513	19,072	19,857	20,925
Total Network	19,067	19,626	20,411	21,479
Non-Current Liabilities				
Long Term borrowings	425	2,300	3,100	3,700
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	6,598	7,353	8,164
Other current liabilities	1,446	1,368	1,525	1,693
Total Equity & Liabilities	30,446	33,693	36,357	39,182

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,605	628	918	1,249
Add. Depreciation	1,240	801	1,000	1,095
Add. Interest	205	246	308	351
Less Financial Other Income	254	180	198	218
Add. Other	(58)	(180)	(198)	(218)
Op. profit before WC changes	2,992	1,495	2,028	2,478
Net Changes-WC	(1,657)	167	(337)	(362)
Direct tax	(255)	(9)	(39)	(55)
Net cash from Op. activities	1,080	1,653	1,651	2,060
Capital expenditures	(3,940)	(5,000)	(2,500)	(2,500)
Interest / Dividend Income	70	180	198	218
Others	1,195	-	-	-
Net Cash from Invst. activities	(2,676)	(4,820)	(2,302)	(2,282)
Issue of share cap. / premium	100	-	-	-
Debt changes	1,174	3,139	969	777
Dividend paid	(166)	(62)	(87)	(119)
Interest paid	(181)	(246)	(308)	(351)
Others	(27)	-	-	-
Net cash from Fin. activities	901	2,831	574	307
Net change in cash	(695)	(337)	(77)	85
Free Cash Flow	(2,862)	(3,347)	(849)	(440)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	4.1	2.2	3.1	4.3
CEPS	8.6	5.1	6.8	8.2
BVPS	68.8	70.8	73.7	77.5
FCF	(10.3)	(12.1)	(3.1)	(1.6)
DPS	0.5	0.2	0.3	0.4
Return Ratio(%)				
RoCE	7.6	3.0	3.9	4.9
ROIC	6.5	3.3	4.1	5.1
RoE	6.1	3.2	4.4	5.7
Balance Sheet				
Net Debt : Equity (x)	0.0	0.2	0.2	0.2
Net Working Capital (Days)	27	27	27	27
Valuation(x)				
PER	34.9	63.7	45.4	33.4
P/B	2.1	2.0	1.9	1.8
P/CEPS	16.7	27.8	21.1	17.3
EV/EBITDA	14.1	28.7	21.7	18.0
EV/Sales	1.3	1.5	1.4	1.3
Dividend Yield (%)	0.4	0.2	0.2	0.3

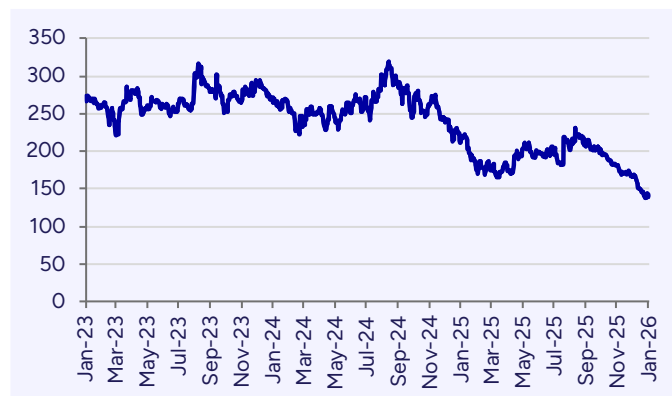
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	7,097	6,929	6,997	7,187
YoY gr. (%)	(10.4)	(3.5)	(9.3)	(8.6)
Raw Material Expenses	4,639	4,794	4,679	4,747
Gross Profit	2,458	2,136	2,318	2,439
Margin (%)	34.6	30.8	33.1	33.9
EBITDA	590	308	371	499
YoY gr. (%)	(34.4)	(56.8)	(50.4)	(33.2)
Margin (%)	8.3	4.4	5.3	6.9
Depreciation / Depletion	395	171	198	205
EBIT	195	136	173	295
Margin (%)	2.7	2.0	2.5	4.1
Net Interest	73	49	57	68
Other Income	11	55	39	32
Profit before Tax	132	142	155	258
Margin (%)	1.9	2.0	2.2	3.6
Total Tax	(85)	(72)	45	4
Effective tax rate (%)	(64.3)	(50.7)	28.9	1.6
Profit after Tax	218	214	110	254
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	218	214	110	254
YoY gr. (%)	(50.9)	(37.8)	(60.9)	(13.3)
Margin (%)	3.1	3.1	1.6	3.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	218	214	110	254
YoY gr. (%)	(50.9)	(37.8)	(60.9)	(13.3)
Margin (%)	3.1	3.1	1.6	3.5
Other Comprehensive Income	(3)	(1)	(2)	-
Total Comprehensive Income	215	213	109	254
Avg. Shares O/s (m)	277	277	277	277
EPS (Rs)	0.8	0.8	0.4	0.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Reduce	153	162
2	30-Oct-25	Reduce	192	198
3	07-Oct-25	Reduce	199	215
4	29-Jul-25	Reduce	179	196
5	07-Jul-25	Reduce	172	197
6	21-May-25	Reduce	172	190
7	08-Apr-25	Reduce	160	169

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	401	375
2	Bharat Petroleum Corporation	Accumulate	381	349
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	892	865
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	202	169
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	296	303
11	Hindustan Petroleum Corporation	Accumulate	457	428
12	Indian Oil Corporation	Accumulate	175	164
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	755	744
15	Laxmi Organic Industries	Reduce	153	162
16	Mahanagar Gas	BUY	1,356	1,074
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	6,722	5,751
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	BUY	1,887	1,615

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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