

- ❑ Laxmi Organic Industries Limited reported revenue growth from operation of 97.4% YoY at ₹8,599 million during Q3-FY22 as against ₹4,355 million in Q3-FY21. Both Acetyl Intermediated Business and Specialty Intermediate Business recorded robust growth. SI business points towards a consistent improvement of the financial matrices while the acetyl business brings in necessary cash flows to fuel the future growth and the investments.
- ❑ The company reported EBITDA of ₹1,187 million in Q3-FY22 as against ₹677 million in Q3-FY21, growth of 75.4% YoY. EBITDA Margins for Q3-FY22 stood at ~13.8%. The management expect the margin to sustain on back of cooling raw material prices. The profit after tax (PAT) for Q3-FY22 came in at ₹816 million as against ₹452 million during Q3-FY21 recording a growth of 80.7% YoY.
- ❑ Acetyl Intermediate Segment reported revenue of ₹5,303 million during Q3-FY22, a growth of 1.4x YoY. The strong performance of the acetyl intermediate is largely on account of increased realizations and higher volumes supported by the capacities of Yellowstone. While the Acquisition of Yellowstone has been completed the total capacity stands at 201,000 MTPA.
- ❑ Specialty Intermediates business reported revenue of ₹2,655 million during the quarter, a growth of 1.1x YoY. The robust performance of the specialty intermediates business is attributable to ramped up production, increased realizations and a better product mix optimization towards higher value added products. The performance was also aided by the continuing buoyant demand for their products from international market, about 29% of Q3-FY22 specialty sales are from exports as against 9% during Q3-FY21. The Specialty Intermediates business Capex is projected at ₹200 crore and the same is expected to be commissioned by Q1-FY23.
- ❑ Fluorospecialty Business is expected to begin commercial production during Q3-FY23. The project is facing a delay and cost escalations on account of covid, escalations in the prices of construction materials and logistics challenges. The Company have decided to launch phase II of the Capex to add incremental capacities simultaneously. This will entail an incremental ~ ₹160 crore Capex as compared to earlier planned capex of ~₹290 crore. The Management expects a turnover of the order of 280 to 300 Crores initially.
- ❑ The Company have de-risked business model with diversified customer base and portfolio across industry as well as presence across various geographies. We expect the growth momentum to continue in the medium term supported by ongoing strong Capex plans. We maintain our **Buy** rating on the stock with revised target price of ₹535 per share.

Financials:

(In ₹ mn)	Q3-FY22	Q3-FY21	Chg	9M-FY22	9M-FY21	Chg
Net Sales	8,599	4,355	97.4%	14,680	8,453	73.7%
Operating Expense	7,412	3,679	101.5%	13,184	7,342	79.6%
EBITDA	1,187	677	75.4%	1,495	1,111	34.6%
Other Income	20	19	-	87	23	-
Depreciation	134	122	-	247	237	-
EBIT	1,073	574	87.0%	1,336	897	48.9%
Interest	69	39	-	80	75	-
PBT	1,004	535	87.7%	1,256	822	52.7%
Tax	183	83	-	289	129	-
Exceptional Items	-	-	-	-	-	-
PAT	821	452	81.6%	967	693	39.4%
Minority /Other Adj.	(5)	(0)	-	(4)	6	-
Consolidated PAT	816	452	80.7%	963	699	37.7%
Margins	Q3-FY22	Q3-FY21	Chg BPS	9M-FY22	9M-FY21	Chg BPS
Operating Margin %	13.8%	15.5%	-173	10.2%	13.1%	-295
Net Margin %	9.5%	10.4%	-88	6.6%	8.2%	-162

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	15,341	17,684	29,821	36,477
Operating Expense	14,176	15,491	26,105	31,384
EBITDA	1,166	2,193	3,716	5,093
Other Income	45	46	149	182
Depreciation	489	465	559	938
EBIT	722	1,774	3,306	4,337
Interest	170	190	170	154
Misc. items	257	-	-	-
PBT	808	1,584	3,137	4,183
Tax	106	313	721	962
Minority Interest	(1)	-	-	-
PAT	701	1,270	2,415	3,221

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	-	15.3%	68.6%	22.3%
Operating Margin %	7.6%	12.4%	12.5%	14.0%
Net Margin %	4.6%	7.2%	8.1%	8.8%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	450	574	574	574
Reserves & Surplus	3,819	9,772	12,187	15,409
Total Shareholder's Funds	4,269	10,346	12,761	15,982
Minority Interest	4	5	5	5
Long-Term Liabilities	902	99	56	26
Other Long-term Liabilities	112	93	93	93
Deferred Tax Liability	120	156	156	156
Short-term Liabilities	5,287	7,675	7,885	9,645
Total	10,694	18,374	20,956	25,908
Assets				
Net Fixed Assets	4,051	4,730	6,460	8,489
Long-Term L&A	145	529	529	529
Non Current Investments	-	13	13	13
Other Non-Current Assets	112	52	52	52
Current Asset	6,385	13,050	13,902	16,825
Total	10,694	18,374	20,956	25,908

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	-	4.8	9.2	12.2
P/E (x)	-	92.2	48.5	36.3
P/B (x)	-	11.3	9.2	7.3
ROE	16.4%	12.3%	18.9%	20.2%

Source: Company, Anand Rathi Research

Key Risks:

- ❑ A large part of manufacturing facilities are located in one geographic area and therefore, any localized social unrest, natural disaster or breakdown of services in and around Mahad, Maharashtra or any disruption in production at, could have material adverse effect on business and financial condition.
- ❑ A sharp surge in foreign currency may adversely impact company's operations and financial condition as significant portion of revenues and expenses and certain of the borrowings of company are denominated in foreign currencies.
- ❑ Any increase in the cost of raw material or shortfall in the supply of raw materials, may adversely affect the pricing and supply of the products and have an adverse effect on company's operations and financial condition.



Rating and Target Price history:

LXCHEM in rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 11th November, 21 close.

LXCHEM in rating details

Date	Rating	Target Price (₹)	Share Price (₹)
26-July-21	BUY	333	257
12-Aug-21	BUY	396	320
12-Feb-2022	BUY	535	444

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Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
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