



Q4-FY23 Result Update

- ❑ Laxmi Organic Industries Limited has reported revenue de-growth of 16.7% YoY at ₹7,332 million during Q4-FY23 as against ₹8,799 million in Q4-FY22. The de-growth was primarily due to a mis of subdued demand lower realisation. On exports front, the volumes remained strong with Acetyl business contributing 40% to sale and Specialty business contributed 50%.
- ❑ The company’s operating margin stood 8.3% at ₹607 million in Q4-FY23 as against 9.7% at ₹851 million in same quarter previous year, a contraction of 139 basis points. The decline in margins was due to lower realisations coupled with rising operating costs. The profit after tax margins for the company stood 3.3% at ₹239 million in Q4-FY23 as against 8% at ₹704 million in Q4-FY22.
- ❑ On segment basis, the Acetyl Intermediate (AI) Segment witnessed strong volumes on back of exports for the year. The company also augmented new product in the latter part of the year leading to portfolio diversification and continues to maintain its leadership position in the AI business both in India and Europe. In terms of demand scenario, pharma led demand in India remained under pressure for the year, however, other industry segments such as packaging remained stable.
- ❑ In Specialty Intermediates (SI) business, revenue growth was led by increase in export led sales which contributed almost 50% to segment sales in FY23 as against 39% in FY22 driven both by volume and price. During the year, the company has also achieved de-risking of its product and customer base. The company has also launched new Products which led to improvement in contribution margin.
- ❑ In its Fluoro Intermediate business, the company has completed relocation of the acquired asset from Miteni during the year and the site is under commissioning in a phased manner over the course of current financial year with phase 1 already started.
- ❑ The Company is gradually de-risking businesses with diversified large customer base and portfolio across industry as well as presence across various geographies. Also with gradual improvement in share on new high margin products and ramp up of new capacities bodes well for the company in medium to long term. We maintain our **Buy** rating on the stock with revised target price of **₹310** per share.



Consolidated Financials:

(In ₹ mn)	Q4-FY23	Q4-FY22	Chg	FY23	FY22	Chg
Net Sales	7,332	8,799	-16.7%	27,966	30,843	-9.3%
Operating Expense	6,725	7,949	-15.4%	25,510	27,165	-6.1%
EBITDA	607	851	-28.6%	2,456	3,677	-33.2%
Other Income	38	18		121	148	
Depreciation	230	132		731	481	
EBIT	415	737	-43.7%	1,845	3,344	-44.8%
Interest	(12)	47		113	155	
PBT	427	691	-38.1%	1,733	3,189	-45.7%
Tax	185	(10)		482	614	
Exceptional Items	-	-		-	-	
PAT	243	701	-65.4%	1,250	2,575	-51.4%
Minority /Other Adj.	(3)	4		3	(11)	
Consolidated PAT	239	704	-66.0%	1,253	2,564	-51.1%

Margins	Q4-FY23	Q4-FY22	ChgBPS	FY23	FY22	ChgBPS
Operating Margin %	8.3%	9.7%	-139	8.8%	11.9%	-314
Net Margin %	3.3%	8.0%	-474	4.5%	8.3%	-388



Consolidated Financials:

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Net Sales	30,842	27,966	32,721	37,629
Operating Expense	27,130	25,521	28,467	32,361
EBITDA	3,712	2,445	4,254	5,268
Other Income	149	121	141	162
Depreciation	493	724	952	1,003
EBIT	3,368	1,842	3,443	4,427
Interest	189	113	403	442
Misc. items	-	-	-	-
PBT	3,179	1,729	3,040	3,985
Tax	614	483	849	1,113
Minority Interest	(1)	(0)	(0)	-
PAT	2,564	1,246	2,191	2,872

Margins	FY-22	FY-23	FY-24E	FY-25E
Sales Growth %	74.4%	-9.3%	17.0%	15.0%
Operating Margin %	12.0%	8.7%	13.0%	14.0%
Net Margin %	8.3%	4.5%	6.7%	7.6%

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
Liabilities				
Equity Share Capital	805	530	530	530
Reserves & Surplus	12,202	13,587	15,778	18,650
Totat Shareholder's Funds	13,007	14,118	16,308	19,180
Minority Interest	4	6	6	6
Long-Term Liabilities	22	1,303	1,273	1,243
Other Long-term Liabilities	81	122	122	122
Deferred Tax Liability	215	272	272	272
Short-term Liabilities	9,323	8,301	9,712	11,169
Total	22,651	24,122	27,694	31,992
Assets				
Net Fixed Assets	7,682	11,532	12,310	11,951
Long-Term L&A	224	-	-	-
Non Current Investments	13	28	28	28
Other Non-Current Assets	4	395	395	395
Current Asset	14,728	12,167	14,961	19,619
Total	22,651	24,122	27,694	31,992

(In ₹ mn)	FY-22	FY-23	FY-24E	FY-25E
EPS (₹)	9.7	4.7	8.3	10.8
P/E (x)	26.0	53.5	30.4	23.2
P/B (x)	5.1	4.7	4.1	3.5
ROE	19.7%	8.8%	13.4%	15.0%

Source: Company, Anand Rathi Research

Key Risks:

- ❑ 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 22 May 2023 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
22-May-2023	BUY	310	251



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