

25 July 2023

India | Equity Research | Q1FY24 result review

## SRF Ltd

Speciality chemicals

### Profit growth likely to encounter speed-bump in FY24

SRF's Q1FY24 print for its chemical business (EBIT down 11.6% YoY) was below our expectations and was hurt from lower sales in ref-gas (both volume and price declined) while specialty sales were hurt from destocking. Company anticipates specialty chemicals sales to be impacted over the next few quarters though it has not seen any order cancellation, which implies steady underlying demand. SRF expects ref-gas revenue to improve in Q2FY24 on better sales in the domestic market, and H2FY24 to benefit from higher US sales. We remain cautious on near-term ref-gas sales in domestic market due to start of quota determination period, which could intensify competition; and the US has to undergo 30% phase-down in GWP consumption w.e.f. 1st Jan'24. We have cut our EPS estimates by 16% / 4.8% for FY24E / FY25E factoring-in a gradual recovery. Accordingly, we have cut our target price to INR 2,135 (from INR 2,520) as we cut chemical business EV/EBITDA multiple to 18x (from 20x). Maintain **HOLD**.

### Chemical business guidance to be updated in Q2FY24

**1) Ref-gas:** Company plans to commission 15ktpa capacity in R-32 by Q2FY24, which will take the total capacity to 29ktpa. Domestic ref-gas prices (particularly R-32) dipped in Q1FY24 due to higher volumes from China. Company expects delayed summer in India to help Q2FY24 sales in ref-gas. US sales are expected to recover in H2FY24 as the company renews contracts. **2) Fluoro-polymers:** SRF expects its new PTFE plant to commission by Q2FY24-end, and anticipates sales of 1kte-1.5kte in FY24. **3) Fluoro-specialty:** SRF has seen delayed purchase of agrochemicals due to inventory destocking; however, the company has not seen any order cancellation. The inventory pile-up is at distributor / retail levels. Company has said it would update its growth guidance for FY24 in the next quarter as the situation now is fluid. It continues to incur capex, which will help ramp up sales at end-FY24 and FY25. It continues to progress well on AI product expansion where it has 6-7 products in the pipeline to be commissioned over next two years.

### Chemicals business revenue dips 3.6% YoY (21% QoQ)

SRF's revenue fell 14.3% YoY to INR 33bn on weak performance across segments. Revenue from the chemical segment was down 3.6% YoY to INR 16.6bn. This was due to lower ref-gas (particularly HFCs) volumes / prices while the specialty business has grown, albeit slower at 10% YoY. Packaging film revenue dipped 26.8% YoY (5.1% QoQ) to INR 11bn due to drop in prices for BOPET and BOPP. Textile revenue dipped 18.6% YoY / rose 7.9% QoQ to INR 4.6bn. Gross profit fell 19.6% YoY (13.3% QoQ) to INR 16.4bn, and margin contracted 95bps QoQ to 49.1%. EBITDA was down 30% YoY (25.3% QoQ) to INR 7bn and net profit was down 41% YoY at INR 3.6bn, due to impact of the 102% rise in finance cost as a result of rise in interest rates.

### Financial summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	1,23,128	1,45,918	1,47,970	1,67,380
EBITDA	31,032	35,292	36,562	45,446
EBITDA Margin (%)	25.0	23.7	24.7	27.2
Net Profit	18,889	21,623	20,738	26,238
EPS (INR)	63.7	72.9	70.0	88.5
EPS % Chg YoY	(68.5)	14.5	(4.1)	26.5
P/E (x)	34.0	29.7	30.9	24.4
EV/EBITDA (x)	21.4	18.9	18.6	15.1
RoCE (%)	16.9	16.9	13.9	15.1
RoE (%)	24.5	22.9	18.5	20.0

#### Sanjesh Jain

sanjesh.jain@icicisecurities.com

+91 22 6807 7153

#### Akash Kumar

akash.kumar@icicisecurities.com

#### Ashvik Jain

ashvik.jain@icicisecurities.com

#### Market Data

Market Cap (INR)	641bn
Market Cap (USD)	7,836mn
Bloomberg Code	SRF IN
Reuters Code	SRFL.BO
52-week Range (INR)	2,865 / 2,040
Free Float (%)	49.0
ADTV-3M (mn) (USD)	16

Price Performance (%)	3m	6m	12m
Absolute	(13.2)	1.8	(8.9)
Relative to Sensex	11.1	11.2	20.5

ESG Disclosure	2021	2022	Change
ESG score	35.6	42.9	7.3
Environment	6.3	25.9	19.5
Social	21.6	24.0	2.4
Governance	78.6	78.6	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	(6.8)	(5.8)
EBITDA	(13.8)	(4.7)
EPS	(16.3)	(4.8)

#### Previous Reports

11-05-2023: [Q4FY23 results review](#)

31-01-2023: [Q3FY23 results review](#)

Chemical business EBIT dipped 11.6% YoY to INR 4.6bn, and EBIT margin contracted to 27.7%, down 750bps QoQ. We believe margins were hurt due to lower contribution of HFCs and drop in realisation. Further, chloromethane solvent would have seen significant erosion in prices. Packaging films business' EBIT dipped 83% YoY to INR 513mn and EBIT margin was at a meagre 4.7%. Technical textiles' EBIT dipped 48% YoY to INR 607mn and the segmental EBIT margin was 13.1%.

### Conference call highlights

**1)** Company expects PIP (pharma intermediate products) to scale-up as it commissions new products. **2)** It has 15-16 dedicated plants for agrochemical intermediates, which account for 80-85% of revenue. Company plans to add 6-7 dedicated plants in FY24. **3)** Drop in key raw material prices may warrant certain price benefits to be passed on to customers in agrochemical intermediates. **4)** Capex for fluorocarbons is to be capitalised at INR 11bn, and that for fluoro-specialties at INR 14bn-15bn, in FY24. SRF expects aluminium foil plant capitalisation at >INR 4bn, also in FY24. **5)** Packaging films recovery is likely to be gradual with slowdown in demand.

### Risks

**Upside:** 1) Higher-than-expected revenue growth in the fluoro-specialty business, and 2) EBIT margin in chemical business remaining stable at >30%. **Downside:** 1) Sharp drop in HFC prices, particularly in the US market.

### Exhibit 1: Q1FY24 result (consolidated)

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Net revenue	38,947	37,278	34,697	37,781	33,384	(11.6)	(14.3)
Cost of Goods sold	18,578	19,529	16,944	18,884	17,005	(10.0)	(8.5)
<b>Gross profit</b>	<b>20,370</b>	<b>17,749</b>	<b>17,753</b>	<b>18,897</b>	<b>16,379</b>	<b>(13.3)</b>	<b>(19.6)</b>
Gross profit margin (%)	52.3	47.6	51.2	50.0	49.1		
Employee cost	1,942	1,953	2,102	2,142	2,180	1.8	12.2
Power & Fuel	4,103	3,737	3,443	3,440	3,528	2.6	(14.0)
Other expenses	4,375	4,368	3,873	3,999	3,708	(7.3)	(15.2)
<b>Total expenses</b>	<b>10,420</b>	<b>10,057</b>	<b>9,418</b>	<b>9,581</b>	<b>9,416</b>	<b>(1.7)</b>	<b>(9.6)</b>
<b>EBITDA</b>	<b>9,950</b>	<b>7,691</b>	<b>8,335</b>	<b>9,316</b>	<b>6,963</b>	<b>(25.3)</b>	<b>(30.0)</b>
EBITDA margin (%)	25.5	20.6	24.0	24.7	20.9		
Depreciation	1,307	1,393	1,507	1,546	1,566	1.3	19.8
<b>EBIT</b>	<b>8,642</b>	<b>6,298</b>	<b>6,829</b>	<b>7,770</b>	<b>5,396</b>	<b>(30.5)</b>	<b>(37.6)</b>
EBIT margin (%)	22.2	16.9	19.7	20.6	16.2		
Other income	99	327	100	223	118	(47.3)	19.4
Finance cost	325	445	620	659	656	(0.4)	101.9
<b>PBT</b>	<b>8,416</b>	<b>6,181</b>	<b>6,309</b>	<b>7,334</b>	<b>4,858</b>	<b>(33.8)</b>	<b>(42.3)</b>
Tax expenses	2,336	1,371	1,200	1,709	1,265	(26.0)	(45.9)
ETR (%)	27.8	22.2	19.0	23.3	26.0		
<b>PAT</b>	<b>6,080</b>	<b>4,810</b>	<b>5,109</b>	<b>5,625</b>	<b>3,593</b>	<b>(36.1)</b>	<b>(40.9)</b>
Net profit margin (%)	15.6	12.9	14.7	14.9	10.8		
<b>EPS (INR)</b>	<b>20.5</b>	<b>16.2</b>	<b>17.2</b>	<b>19.0</b>	<b>12.1</b>	<b>(36.1)</b>	<b>(40.9)</b>

Source: I-Sec research, Company data

**Exhibit 2: Q1FY24 segmental result (consolidated)**

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
<b>Revenue</b>							
Technical Textile	5,710	4,662	4,259	4,307	4,647	7.9	(18.6)
Chemical business	17,224	18,302	17,566	21,017	16,605	(21.0)	(3.6)
Packaging Film	14,960	13,310	12,027	11,531	10,948	(5.1)	(26.8)
Others	1,056	1,004	923	943	1,187	25.9	12.4
<b>Total revenue</b>	<b>38,947</b>	<b>37,278</b>	<b>34,697</b>	<b>37,781</b>	<b>33,384</b>	<b>(11.6)</b>	<b>(14.3)</b>
<b>EBIT</b>							
Technical Textile	1,162	629	342	484	607	25.3	(47.8)
Chemical & Polymers	5,202	5,173	5,639	7,393	4,601	(37.8)	(11.6)
Packaging Film	2,952	1,014	1,186	410	513	25.2	(82.6)
Others	68	76	91	113	232	104.4	242.6
<b>Total EBIT</b>	<b>9,384</b>	<b>6,892</b>	<b>7,259</b>	<b>8,399</b>	<b>5,952</b>	<b>(29.1)</b>	<b>(36.6)</b>
<b>EBIT margin (%)</b>							
Technical Textile	20.4	13.5	8.0	11.2	13.1		
Chemical & Polymers	30.2	28.3	32.1	35.2	27.7		
Packaging Film	19.7	7.6	9.9	3.6	4.7		
Others	6.4	7.6	9.9	12.0	19.5		
<b>Total EBIT</b>	<b>24.1</b>	<b>18.5</b>	<b>20.9</b>	<b>22.2</b>	<b>17.8</b>		

Source: I-Sec research, Company data

**Exhibit 3: Segmental mix (consolidated)**

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
<b>Revenue</b>					
Technical Textile	14.7	12.5	12.3	11.4	13.9
Chemical & Polymers	44.2	49.1	50.6	55.6	49.7
Packaging Film	38.4	35.7	34.7	30.5	32.8
Others	2.7	2.7	2.7	2.5	3.6
<b>EBIT</b>					
Technical Textile	12.4	9.1	4.7	5.8	10.2
Chemical & Polymers	55.4	75.1	77.7	88.0	77.3
Packaging Film	31.5	14.7	16.3	4.9	8.6
Others	0.7	1.1	1.3	1.3	3.9

Source: I-Sec research, Company data

**Exhibit 4: Q1FY24 result (standalone)**

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Net revenue	31,029	29,718	28,567	31,424	27,737	(11.7)	(10.6)
Cost of Goods sold	14,087	14,754	12,996	14,525	13,286	(8.5)	(5.7)
<b>Gross profit</b>	<b>16,942</b>	<b>14,965</b>	<b>15,571</b>	<b>16,899</b>	<b>14,452</b>	<b>(14.5)</b>	<b>(14.7)</b>
Gross profit margin (%)	54.6	50.4	54.5	53.8	52.1		
Employee cost	1,616	1,646	1,785	1,796	1,820	1.3	12.6
Power & Fuel	3,542	3,109	2,858	2,800	2,985	6.6	(15.7)
Other expenses	3,362	3,345	3,262	3,317	3,134	(5.5)	(6.8)
<b>Total expenses</b>	<b>8,520</b>	<b>8,099</b>	<b>7,904</b>	<b>7,913</b>	<b>7,939</b>	<b>0.3</b>	<b>(6.8)</b>
<b>EBITDA</b>	<b>8,422</b>	<b>6,865</b>	<b>7,667</b>	<b>8,987</b>	<b>6,512</b>	<b>(27.5)</b>	<b>(22.7)</b>
EBITDA margin (%)	27.1	23.1	26.8	28.6	23.5		
Depreciation	1,053	1,146	1,222	1,264	1,286	1.8	22.2
<b>EBIT</b>	<b>7,369</b>	<b>5,720</b>	<b>6,445</b>	<b>7,723</b>	<b>5,226</b>	<b>(32.3)</b>	<b>(29.1)</b>
EBIT margin (%)	23.7	19.2	22.6	24.6	18.8		
Other income	162	409	153	337	210	(37.7)	29.7
Finance cost	268	408	518	565	525	(7.1)	96.3
<b>PBT</b>	<b>7,263</b>	<b>5,721</b>	<b>6,080</b>	<b>7,494</b>	<b>4,911</b>	<b>(34.5)</b>	<b>(32.4)</b>
Tax expenses	2,179	1,330	1,129	1,687	1,257	(25.5)	(42.3)
ETR (%)	30.0	23.2	18.6	22.5	25.6		
<b>PAT</b>	<b>5,084</b>	<b>4,392</b>	<b>4,951</b>	<b>5,807</b>	<b>3,654</b>	<b>(37.1)</b>	<b>(28.1)</b>
Net profit margin (%)	16.4	14.8	17.3	18.5	13.2		

Source: I-Sec research, Company data

**Exhibit 5: Q1FY24 segmental result (standalone)**

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
<b>Revenue</b>							
Technical Textile	5,710	4,662	4,260	4,307	4,647	7.9	(18.6)
Chemical & Polymers	17,068	18,083	17,384	20,725	16,472	(20.5)	(3.5)
Packaging Film	7,198	5,970	6,080	5,465	5,435	(0.6)	(24.5)
Others	1,056	1,004	923	943	1,187	25.9	12.4
<b>Total revenue</b>	<b>31,029</b>	<b>29,718</b>	<b>28,567</b>	<b>31,424</b>	<b>27,737</b>	<b>(11.7)</b>	<b>(10.6)</b>
<b>EBIT</b>							
Technical Textile	1,161	628	341	483	605	25.4	(47.9)
Chemical & Polymers	5,231	5,172	5,615	7,385	4,607	(37.6)	(11.9)
Packaging Film	1,670	430	839	385	312	(18.9)	(81.3)
Others	68	76	91	113	232		
<b>Total EBIT</b>	<b>8,129</b>	<b>6,306</b>	<b>6,886</b>	<b>8,366</b>	<b>5,756</b>	<b>(31.2)</b>	<b>(29.2)</b>
<b>EBIT margin (%)</b>							
Technical Textile	20.3	13.5	8.0	11.2	13.0		
Chemical & Polymers	30.6	28.6	32.3	35.6	28.0		
Packaging Film	23.2	7.2	13.8	7.0	5.7		
Others	6.4	7.6	9.9	12.0	19.5		
<b>Total EBIT</b>	<b>26.2</b>	<b>21.2</b>	<b>24.1</b>	<b>26.6</b>	<b>20.8</b>		

Source: I-Sec research, Company data

**Exhibit 6: SRF – performance in international operations**

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	QoQ (%)	YoY (%)
Net revenue	7,919	7,559	6,130	6,357	5,647	(11.2)	(28.7)
Cost of Goods sold	4,491	4,776	3,948	4,360	3,720	(14.7)	(17.2)
<b>Gross profit</b>	<b>3,428</b>	<b>2,784</b>	<b>2,182</b>	<b>1,997</b>	<b>1,927</b>	<b>(3.5)</b>	<b>(43.8)</b>
Gross profit margin (%)	43.3	36.8	35.6	31.4	34.1		
Employee cost	326	307	317	346	360	4.2	10.4
Power & Fuel	561	628	585	640	543	(15.2)	(3.2)
Other expenses	892	933	681	651	561	(13.8)	(37.1)
<b>Total expenses</b>	<b>1,779</b>	<b>1,868</b>	<b>1,583</b>	<b>1,636</b>	<b>1,464</b>	<b>(10.5)</b>	<b>(17.7)</b>
<b>EBITDA</b>	<b>1,649</b>	<b>916</b>	<b>599</b>	<b>361</b>	<b>463</b>	<b>28.4</b>	<b>(71.9)</b>
EBITDA margin (%)	20.8	12.1	9.8	5.7	8.2		
Depreciation	255	247	284	282	280	(1.0)	9.8
<b>EBIT</b>	<b>1,394</b>	<b>669</b>	<b>315</b>	<b>79</b>	<b>184</b>	<b>134.0</b>	<b>(86.8)</b>
EBIT margin (%)	17.6	8.8	5.1	1.2	3.3		
Other income	(63)	(82)	(53)	(113)	(92)	(18.6)	45.7
Finance cost	58	37	101	94	131	39.7	128.3
<b>PBT</b>	<b>1,273</b>	<b>550</b>	<b>160</b>	<b>(129)</b>	<b>-40</b>	<b>(69.2)</b>	<b>(103.1)</b>
Tax expenses	157	41	71	22	8	(63.5)	(94.8)
ETR (%)	12.3	7.5	44.5	(17.2)	-20.4		
<b>PAT</b>	<b>1,116</b>	<b>509</b>	<b>89</b>	<b>(151)</b>	<b>-48</b>	<b>(68.3)</b>	<b>(104.3)</b>
Net profit margin (%)	14.1	6.7	1.5	(2.4)	-0.8		

Source: I-Sec research, Company data

### Exhibit 7: Earnings revision

Consolidated INR mn	Revised		Earlier		% change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
<b>Segmental revenue</b>						
Technical Textile	18,182	18,097	17,202	17,063	5.7	6.1
Chemical & Polymers	79,442	94,728	89,407	1,04,122	(11.1)	(9.0)
Packaging Film	46,201	50,214	48,532	52,675	(4.8)	(4.7)
Others	4,262	4,475	3,730	3,916	14.3	14.3
<b>Segmental EBIT</b>						
Technical Textile	2,787	2,844	2,259	2,286	23.4	24.4
Chemical & Polymers	23,449	28,748	27,909	30,525	(16.0)	(5.8)
Packaging Film	4,076	6,086	6,012	7,143	(32.2)	(14.8)
Others	556	633	360	422	54.3	49.9
<b>Financial</b>						
Revenue	1,47,970	1,67,380	1,58,742	1,77,630	(6.8)	(5.8)
EBITDA	36,562	45,446	42,406	47,673	(13.8)	(4.7)
EBITDA margin (%)	24.7	27.2	26.7	26.8		
PAT	20,738	26,238	24,768	27,568	(16.3)	(4.8)
EPS (INR)	70	89	84	93	(16.3)	(4.8)

Source: I-Sec research, Company data

### Exhibit 8: SoTP-based valuations

Business units (INR mn)	Methodology	Multiple (x)	FY25E
Technical Textiles	EV/EBITDA	6.0	23,644
Chemical & Polymers	EV/EBITDA	18.0	6,24,749
Packaging films	EV/EBITDA	7.0	59,009
Less: Unallocated	Weighted avg EV/EBITDA	15.0	24,534
<b>Enterprise value</b>			<b>6,82,867</b>
Net debt			50,353
<b>Equity value</b>			<b>6,32,514</b>
No of outstanding shares (mn)			296
<b>Equity value (INR/sh)</b>			<b>2,135</b>

Source: I-Sec research, Company data

### Exhibit 9: Implied valuations

	FY24E	FY25E
Target price (INR)	2,135	2,135
EPS	70	89
<b>Implied P/E (x)</b>	<b>30.5</b>	<b>24.1</b>
Enterprise Value (INR bn)	683	683
EBITDA (INR bn)	37	45
<b>Implied EV/EBITDA (x)</b>	<b>18.7</b>	<b>15.0</b>

Source: I-Sec research, Company data

### Exhibit 10: Shareholding pattern

%	Dec'22	Mar'23	Jun'23
Promoters	50.5	50.5	50.5
Institutional investors	32.0	33.5	33.7
MFs and others	9.3	8.4	7.3
Insurance Cos	4.4	5.1	5.1
FIIIs	18.3	20.0	21.3
Others	17.5	16.0	15.8

Source: Bloomberg, I-Sec research

### Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Net Sales</b>	<b>1,23,128</b>	<b>1,45,918</b>	<b>1,47,970</b>	<b>1,67,380</b>
Operating Expenses	93,305	1,13,411	1,11,409	1,21,934
<b>EBITDA</b>	<b>31,032</b>	<b>35,292</b>	<b>36,562</b>	<b>45,446</b>
EBITDA Margin (%)	25.0	23.7	24.7	27.2
Depreciation & Amortisation	5,172	5,753	7,117	8,599
EBIT	25,860	29,539	29,445	36,847
Interest expenditure	1,159	2,048	2,784	2,935
Other Non-operating Income	1,155	749	802	858
<b>Recurring PBT</b>	<b>25,856</b>	<b>28,240</b>	<b>27,462</b>	<b>34,770</b>
<b>Profit / (Loss) from Associates</b>	-	-	-	-
Less: Taxes	6,966	6,617	6,724	8,532
PAT	18,889	21,623	20,738	26,238
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
<b>Net Income (Reported)</b>	<b>18,889</b>	<b>21,623</b>	<b>20,738</b>	<b>26,238</b>
<b>Net Income (Adjusted)</b>	<b>18,889</b>	<b>21,623</b>	<b>20,738</b>	<b>26,238</b>

Source Company data, I-Sec research

### Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	49,376	52,849	59,788	59,789
of which cash & cash eqv.	4,594	6,165	9,347	2,076
Total Current Liabilities & Provisions	26,543	28,741	28,672	31,813
<b>Net Current Assets</b>	<b>22,833</b>	<b>24,108</b>	<b>31,116</b>	<b>27,975</b>
Investments	3,209	4,942	42	42
Net Fixed Assets	1,00,969	1,24,553	1,50,234	1,72,950
ROU Assets	2,554	2,872	2,872	2,872
Capital Work-in-Progress	16,716	24,055	28,901	30,245
Total Intangible Assets	1,194	1,147	-	-
Other assets	2,544	3,884	3,930	3,979
Deferred Tax assets	116	187	187	187
<b>Total Assets</b>	<b>1,57,766</b>	<b>1,87,545</b>	<b>2,14,838</b>	<b>2,38,157</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>35,394</b>	<b>43,541</b>	<b>52,956</b>	<b>52,429</b>
<b>Deferred Tax Liability</b>	<b>6,775</b>	<b>8,092</b>	<b>8,092</b>	<b>8,092</b>
Provisions	516	608	608	608
Other Liabilities	2,886	3,293	3,302	3,723
Equity Share Capital	2,964	2,964	2,964	2,964
Reserves & Surplus	82,679	1,00,296	1,18,233	1,38,516
<b>Total Net Worth</b>	<b>85,654</b>	<b>1,03,271</b>	<b>1,21,208</b>	<b>1,41,491</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>1,57,766</b>	<b>1,87,545</b>	<b>2,14,838</b>	<b>2,38,157</b>

Source Company data, I-Sec research

### Exhibit 14: Quarterly trend

(INR mn, year ending March)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	37,278	34,697	37,781	33,384
% growth (YOY)	31.3	3.7	6.4	(14.3)
EBITDA	7,691	8,335	9,316	6,963
Margin %	20.6	24.0	24.7	20.9
Other Income	327	100	223	118
Extraordinaries	-	-	-	-
Adjusted Net Profit	4,810	5,109	5,625	3,593

Source Company data, I-Sec research

### Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Operating Cashflow</b>	<b>27,702</b>	<b>29,621</b>	<b>29,838</b>	<b>36,914</b>
Working Capital Changes	(6,645)	(604)	(3,390)	(4,312)
Capital Commitments	(18,420)	(28,382)	(32,797)	(31,316)
<b>Free Cashflow</b>	<b>2,637</b>	<b>635</b>	<b>(6,349)</b>	<b>1,287</b>
<b>Other investing cashflow</b>	<b>2,543</b>	<b>(1,232)</b>	<b>5,703</b>	<b>858</b>
Cashflow from Investing Activities	2,543	(1,232)	5,703	858
Issue of Share Capital	2	-	-	-
Interest Cost	(1,173)	(1,945)	(2,784)	(2,935)
Inc (Dec) in Borrowings	1,472	6,599	9,415	(526)
Dividend paid	(2,117)	(2,133)	(2,801)	(5,955)
Others	(257)	(325)	-	-
Cashflow from Financing Activities	(2,073)	2,196	3,830	(9,416)
<b>Chg. in Cash &amp; Bank balance</b>	<b>3,107</b>	<b>1,599</b>	<b>3,183</b>	<b>(7,272)</b>
Closing cash & balance	4,505	6,080	9,347	2,076

Source Company data, I-Sec research

### Exhibit 16: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Per Share Data (INR)</b>				
Reported EPS	63.7	72.9	70.0	88.5
Adjusted EPS (Diluted)	63.7	72.9	70.0	88.5
Cash EPS	81.2	92.4	94.0	117.5
Dividend per share (DPS)	7.2	7.2	9.4	20.1
Book Value per share (BV)	289.0	348.4	408.9	477.3
Dividend Payout (%)	11.2	9.9	13.5	22.7
<b>Growth (%)</b>				
Net Sales	48.4	18.5	1.4	13.1
EBITDA	45.5	13.7	3.6	24.3
EPS (INR)	(68.5)	14.5	(4.1)	26.5
<b>Valuation Ratios (x)</b>				
P/E	34.0	29.7	30.9	24.4
P/CEPS	26.7	23.4	23.0	18.4
P/BV	7.5	6.2	5.3	4.5
EV / EBITDA	21.4	18.9	18.6	15.1
P / Sales	5.2	4.4	4.3	3.8
Dividend Yield (%)	0.3	0.3	0.4	0.9
<b>Operating Ratios</b>				
Gross Profit Margins (%)	51.2	50.3	53.2	54.5
EBITDA Margins (%)	25.0	23.7	24.7	27.2
Effective Tax Rate (%)	26.9	23.4	24.5	24.5
Net Profit Margins (%)	15.2	14.5	14.0	15.7
NWC / Total Assets (%)	14.5	12.9	14.5	11.7
Net Debt / Equity (x)	0.3	0.3	0.4	0.4
Net Debt / EBITDA (x)	0.9	0.9	1.2	1.1
<b>Profitability Ratios</b>				
RoCE (%)	16.9	16.9	13.9	15.1
RoE (%)	24.5	22.9	18.5	20.0
RoC (%)	24.8	23.7	19.6	20.7
Fixed Asset Turnover (x)	1.2	1.2	1.0	0.9
Inventory Turnover Days	62.8	55.8	63.4	63.4
Receivables Days	52.6	43.8	44.6	44.4
Payables Days	61.5	54.8	54.9	53.6

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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