SRF

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SRF IN
Equity Shares (m)	296
M.Cap.(INRb)/(USDb)	679.2 / 8.1
52-Week Range (INR)	2697 / 2040
1, 6, 12 Rel. Per (%)	-9/-15/-32
12M Avg Val (INR M)	1282

Financials & Valuations (INR b)

Y/E Mar	2024	2025E	2026E
Sales	131.4	152.2	175.8
EBITDA	26.6	32.3	39.5
PAT	14.1	16.8	21.7
EBITDA (%)	20.3	21.2	22.4
EPS (INR)	47.5	56.6	73.1
EPS Gr. (%)	(37.7)	19.2	29.2
BV/Sh. (INR)	386	428	484
Ratios			
Net D/E	0.4	0.3	0.3
RoE (%)	13.0	13.9	16.0
RoCE (%)	10.5	11.1	12.8
Payout (%)	16.0	26.5	23.3
Valuations			
P/E (x)	48.3	40.5	31.3
EV/EBITDA (x)	27.2	22.4	18.3
Div Yield (%)	0.3	0.7	0.7
FCF Yield (%)	(0.3)	0.8	1.3

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	50.3	50.5	50.5
DII	16.0	14.6	15.0
FII	19.1	19.6	18.5
Others	14.6	15.4	16.0

Note: FII includes depository receipts

CMP: INR2,292 TP: INR2,100 (-8%) Neutral

Chemicals and packaging businesses continue to drag operating performance

Operating performance in line

- SRF reported another subdued operating performance in 4QFY24 with a significant decline in operating profitability (EBIT down 34% YoY), due to the continuing weakness in the Chemical/Packaging Film businesses (EBIT dipped 33%/19% YoY), which offset the strong performance in the Technical Textile business (EBIT jumped 44% YoY).
- Factoring in the sub-par performance of the chemicals and packaging businesses in 4QFY24 and the weak medium-term outlook, we cut our FY25/FY26 EBITDA estimates by 12%/10%. We value the stock on an SoTP-basis to arrive at our TP of INR2,100. **Reiterate NEUTRAL.**

Weak demand-supply scenario hampers profitability

- SRF reported an overall revenue of INR35.7b (est. of INR34.8b) in 4QFY24, down ~6% YoY. EBITDA margin contracted 550bp YoY to 19.9% (est. of 19.7%). EBITDA stood at INR7.1b (est. of INR6.8b), down 26% YoY. Adj. PAT declined 26% YoY to INR4.4b (est. of INR3.6b).
- **Chemicals'** revenue (51%/81% of total sales/EBIT in 4QFY24) dropped 14% YoY to INR18.2b, while EBIT declined 33% YoY to INR5b. EBIT margin contracted 780bp YoY to 27.4%. The specialty chemicals business continued to face headwinds due to inventory rationalization by certain key customers, while the Fluorochemicals business was hit by Chinese dumping of refrigerants in India and the international markets.
- **Packaging Film's** revenue (33%/5% of total sales/EBIT in 4QFY24) grew 3% YoY to INR11.8b, while EBIT was down 19% YoY to INR331m. Margin contracted 80bp YoY to 2.8%. Substantial supply additions in both the BOPET and BOPP film segments continue to hamper the business, resulting in significant pressure on margins.
- **Technical Textiles'** revenue (13%/11% of total sales/EBIT in 4QFY24) grew 9% YoY to INR4.7b. EBIT grew 44% YoY to INR698m. EBIT margin expanded 370bp YoY to 14.9%. The segment performed well aided by volume growth in the Nylon Tyre Cord Fabrics and the Polyester Industrial Yarn segments.
- **For FY24**, SRF's revenue/EBITDA/Adj. PAT declined 12%/27%/38% YoY to INR131.4b/INR26.6b/INR14.1b. Net debt as of Mar'24 stood at INR41.1b vs. INR32.5b as of Mar'23.

Highlights from the management commentary

- The **Chemical business** is expected to witness ~20% growth in FY25, with significant growth expected in 2HFY25. Positive operating leverage can lead to margins expansion in FY25.
- **Packaging business:** Improved performance of the Hungary plant, ramping up of the aluminum plant, and increase VAP mix will drive sales growth in FY25. However, management expects margins to remain under pressure.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Capex:** Management plans to incur a total capex of ~INR22b in FY25 (with ~INR11-12b to be spent on already sanctioned and running projects; ~INR8-9b on projects that are yet to be announced; and ~INR0.5-1b on maintenance capex).

Valuation and view

- The chemicals business (fluorochemicals and specialty chemicals) is expected to witness major improvement from 2HFY25 onwards. The packaging business is expected to remain under pressure in the medium term.
- Factoring in the sub-par performance of the chemicals and packaging businesses in 4QFY24 and the weak medium-term outlook, we reduce our FY25/FY26E EBITDA by 12%/10%. We value the stock on an SoTP-basis to arrive at our TP of INR2,100. **Reiterate NEUTRAL.**

Consolidated - Quarterly Earning Model (INR m)

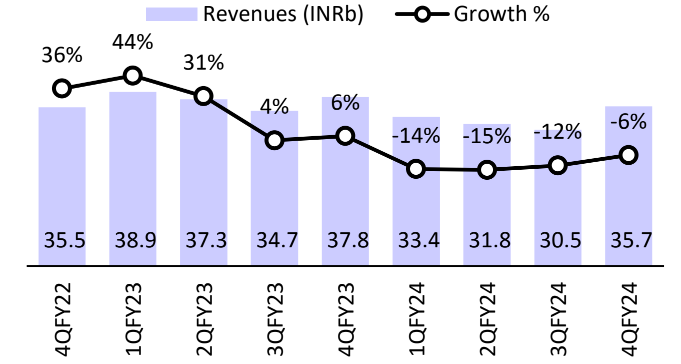
Y/E March	FY23				FY24				FY23	FY24	FY24E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	%
Net Sales	**38,947**	**37,278**	**34,697**	**37,781**	**33,384**	**31,774**	**30,530**	**35,697**	**1,48,703**	**1,31,385**	**34,803**	**3**
YoY Change (%)	44.3	31.3	3.7	6.4	-14.3	-14.8	-12.0	-5.5	19.6	-11.6	0.3	
Total Expenditure	28,749	29,226	26,211	28,185	26,184	25,320	24,691	28,581	1,12,371	1,04,777	27,959	
EBITDA	**10,198**	**8,052**	**8,486**	**9,596**	**7,200**	**6,453**	**5,839**	**7,116**	**36,332**	**26,608**	**6,843**	**4**
Margins (%)	26.2	21.6	24.5	25.4	21.6	20.3	19.1	19.9	24.4	20.3	19.7	
Depreciation	1,307	1,393	1,507	1,546	1,566	1,612	1,689	1,859	5,753	6,726	1,750	
Interest	325	445	620	659	656	793	674	900	2,048	3,023	670	
Other Income	99	327	100	223	118	291	188	234	749	830	310	
PBT before EO expense	**8,665**	**6,542**	**6,460**	**7,614**	**5,095**	**4,339**	**3,664**	**4,591**	**29,280**	**17,689**	**4,733**	
Extra-Ord expense & DO	249	361	150	280	237	191	181	158	1,040	767	0	
PBT	**8,416**	**6,181**	**6,309**	**7,334**	**4,858**	**4,148**	**3,483**	**4,433**	**28,240**	**16,922**	**4,733**	
Tax	2,336	1,371	1,200	1,709	1,265	1,140	949	211	6,617	3,565	1,159	
Rate (%)	27.0	21.0	18.6	22.5	24.8	26.3	25.9	4.6	22.6	20.2	24.5	
Reported PAT	**6,080**	**4,810**	**5,109**	**5,625**	**3,593**	**3,008**	**2,534**	**4,222**	**21,623**	**13,357**	**3,574**	
Adj PAT	**6,329**	**5,171**	**5,259**	**5,905**	**3,830**	**3,199**	**2,715**	**4,380**	**22,663**	**14,124**	**3,574**	**23**
YoY Change (%)	63.1	42.9	11.4	-0.6	-39.5	-38.1	-48.4	-25.8	24.8	-37.7	-32	
Margins (%)	16.2	13.9	15.2	15.6	11.5	10.1	8.9	12.3	15.2	10.8	10.3	

Key Performance Indicators

Y/E March	FY23				FY24E				FY23	FY24	FY24E
Consolidated	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q
Segment Revenue (INRm)											
Technical Textile	5,710	4,662	4,259	4,307	4,647	5,062	4,584	4,689	18,939	17,875	4,738
Chemicals	17,224	18,302	17,566	21,017	16,605	14,263	13,941	18,161	74,109	73,490	17,864
Packaging Film	14,960	13,310	12,027	11,531	10,948	11,215	10,907	11,824	51,828	47,816	11,069
Others	1,056	1,004	923	943	1,187	1,269	1,136	1,062	3,926	4,057	1,131
Segment Revenue Growth (%)											
Technical Textile	15.8	-16.4	-20.8	-13.3	-18.6	8.6	7.6	8.9	-9.2	0.2	10.0
Chemicals	54.7	62.5	23.0	33.7	-3.6	-22.1	-20.6	-13.6	41.4	-15.0	-15.0
Packaging Film	43.7	24.2	-5.7	-17.1	-26.8	-15.7	-9.3	2.5	8.4	-13.4	-4.0
Other	96.9	16.3	-13.7	1.0	12.4	26.4	23.0	12.6	15.4	18.5	20.0
Segment Results (INR m)											
Technical Textile	1,162	629	342	484	607	750	688	698	2,617	2,742	711
Chemicals	5,202	5,173	5,639	7,393	4,601	3,478	3,219	4,977	23,407	16,274	4,466
Packaging Film	2,952	1,014	1,186	410	513	773	449	331	5,562	2,065	465
Others	68	76	91	113	232	331	212	156	348	930	212
Segment EBIT Margins (%)											
Technical Textile	20.4	13.5	8.0	11.2	13.1	14.8	15.0	14.9	13.8	14.4	15.0
Chemicals	30.2	28.3	32.1	35.2	27.7	24.4	23.1	27.4	31.6	25.8	25.0
Packaging Film	19.7	7.6	9.9	3.6	4.7	6.9	4.1	2.8	10.7	4.6	4.2
Others	6.4	7.6	9.9	12.0	19.5	26.1	18.7	14.7	8.9	20.0	18.7
Cost Break-up											
RM Cost (% of sales)	47.7	52.4	48.8	50.0	50.9	51.0	50.9	51.4	49.7	51.1	48.5
Staff Cost (% of sales)	5.0	5.2	6.1	5.7	6.5	7.1	8.0	6.9	5.5	7.1	7.3
Power and Fuel Cost (% of sales)	10.5	10.0	9.9	9.1	10.6	10.8	10.5	9.2	9.9	10.2	11.3
Other Cost (% of sales)	10.6	10.7	10.7	9.8	10.4	10.7	11.5	12.6	10.5	11.3	10.2
Gross Margins (%)	52.3	47.6	51.2	50.0	49.1	49.0	49.1	48.6	50.3	48.9	51.5
EBITDA Margins (%)	26.2	21.6	24.5	25.4	21.6	20.3	19.1	19.9	24.4	20.3	19.7
EBIT Margins (%)	22.8	17.9	20.1	21.3	16.9	15.2	13.6	14.7	20.6	15.1	15.5

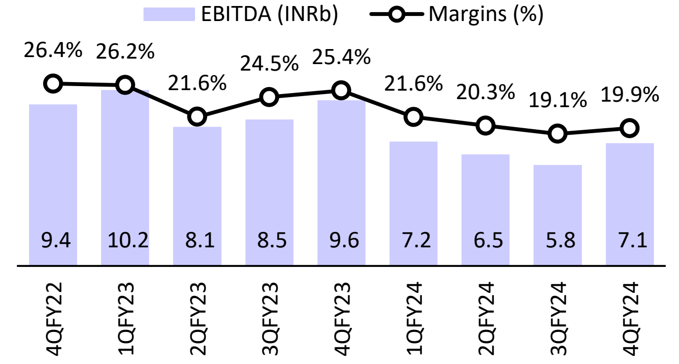
Key Exhibits

Exhibit 1: Consolidated revenue trend



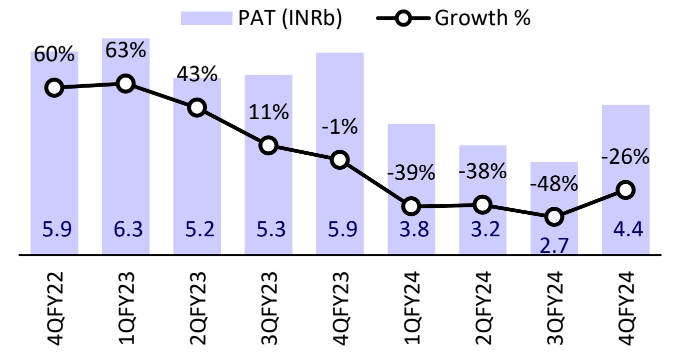
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



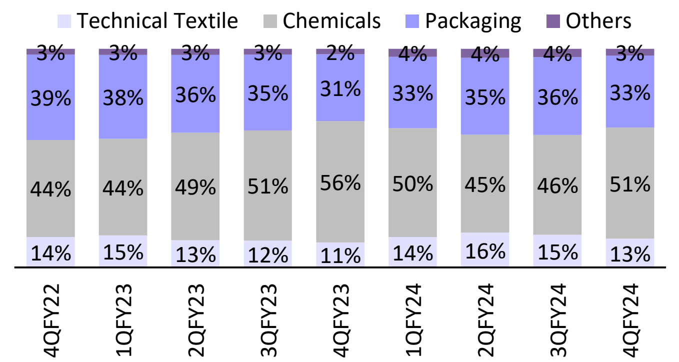
Source: Company, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



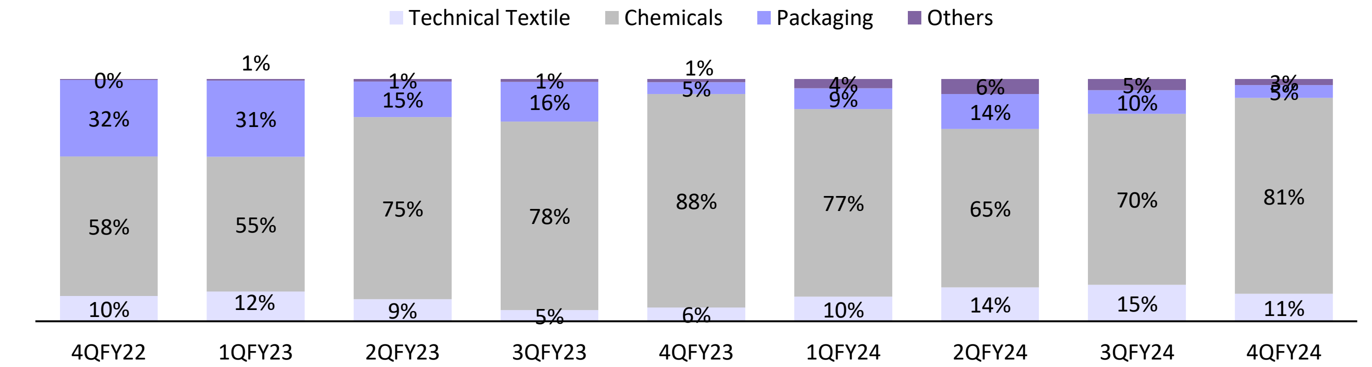
Source: Company, MOFSL

Exhibit 4: Revenue mix trend



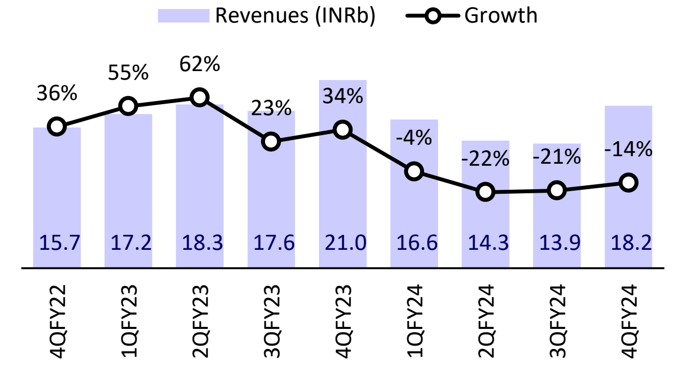
Source: Company, MOFSL

Exhibit 5: EBIT mix trend



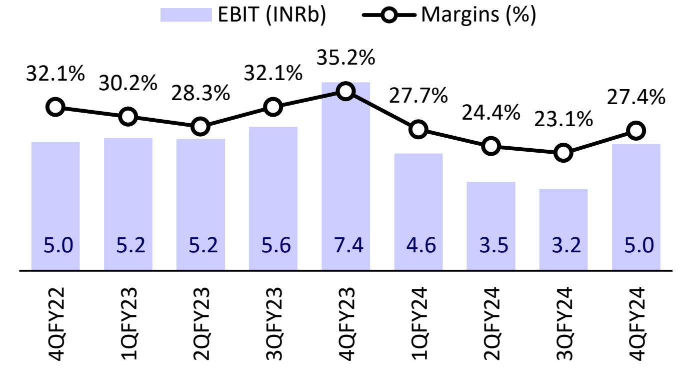
Source: Company, MOFSL

Exhibit 6: Revenue trend in the Chemicals business



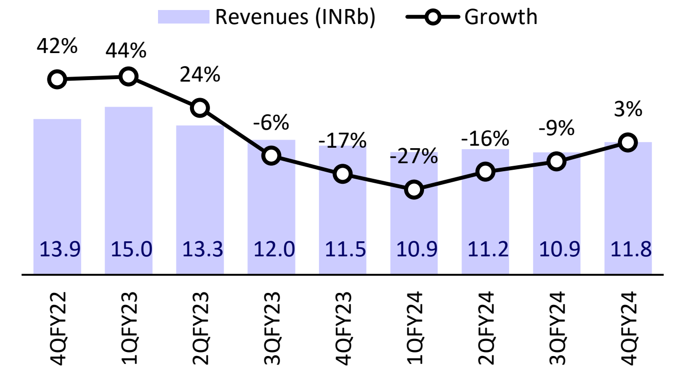
Source: Company, MOFSL

Exhibit 7: EBIT trend in the Chemicals business



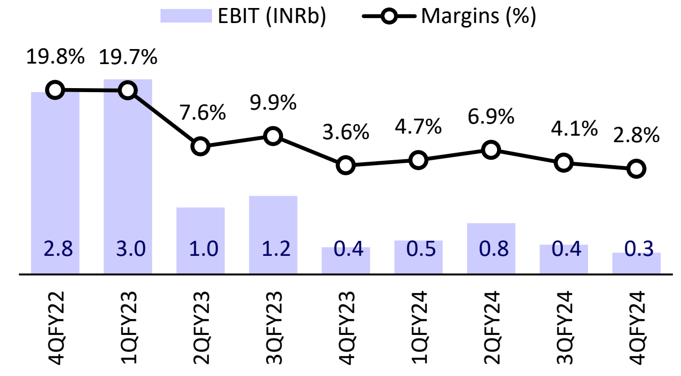
Source: Company, MOFSL

Exhibit 8: Revenue trend in the Packaging Film business



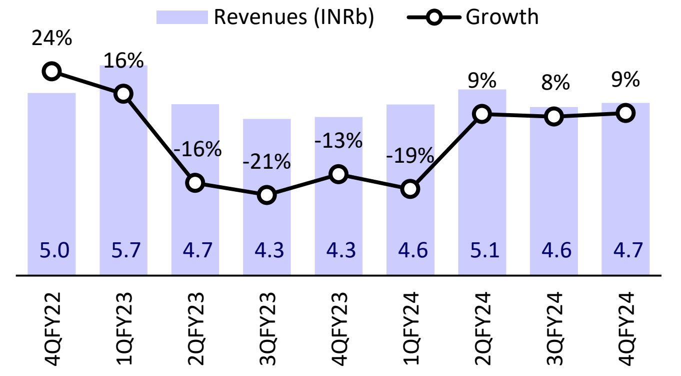
Source: Company, MOFSL

Exhibit 9: EBIT trend in the Packaging Film business



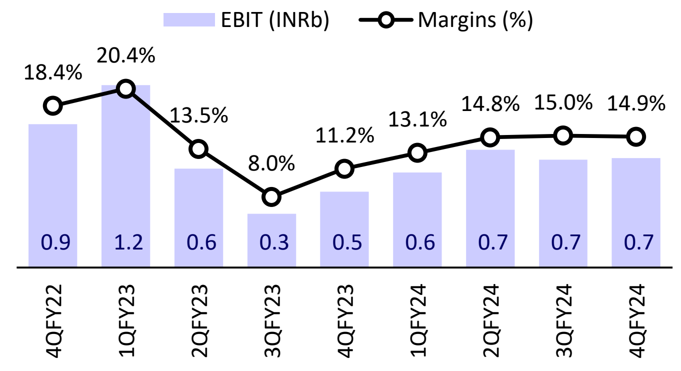
Source: Company, MOFSL

Exhibit 10: Revenue trend in the Technical Textiles business



Source: Company, MOFSL

Exhibit 11: EBIT trend in the Technical Textiles business



Source: Company, MOFSL

Key highlights from the management commentary

Chemicals business:

- **The specialty chemicals** segment reported an improved sequential performance despite a subdued external environment
- The segment witnessed margin expansion over 3QFY24 due to SRF's enhanced focus on cost reduction through process improvements.
- New capacities in China led to a more competitive landscape. However, customer traction remains strong for new products.
- 15 new products were launched in FY24: 12 in Agro and 3 in Pharma
- The company is currently working on one Active intermediary (AI), which contributed ~9-10% of specialty chemical revenue in FY24. Around five to six more AIs are expected to come on-stream by end of FY25, out of which two to three AIs will start contributing to revenue from FY25 itself.
- Multiple new plants were commercialized in FY24, with a total capitalization of ~INR18b. SRF will focus on ramping up production in FY25 to support the growth trajectory.
- Overall demand outlook remains strong in the medium to long term. The demand is improving post-rationalization of inventory in the agrochemicals sector in FY24
- Management is confident of clocking ~20% annualized growth within the segment in FY25
- Margins for FY25 are expected to remain flat or slightly increase as compared to FY24.
- **Fluorochemicals segment** witnessed subdued performance due to the pricing pressure (led by Chinese dumping in both India and global markets), lower demand for key industrial chemicals and lower offtake of HFC (led by excess HFC inventory in the US).
- However, Chinese inventory in the US is depleting rapidly leading to easing of prices.
- Anti-Dumping Duty (ADD) cuts on certain HFCs in the US are subject to review. However, impact of the review is unlikely to be significant.
- This ADD cut of R125 is for only one Chinese player. SRF expects some minor impact from this within the US market, while other geographies are expected to make up for the same
- SRF expects R410A and R32 volumes to pick up where it has better proposition.
- It has expanded its Dymel®/propellant market share by entering into new domestic and international markets, thus diversifying its customer base.
- PTFE facility in the process of obtaining initial approvals from export customers.
- Going ahead, Ref gas demand is expected to increase. The US market will be declining, while other markets (such as the Middle East and South East Asia) are expected to make up for this decline.
- Certain industrial chemicals are going through a downturn. However, the company is witnessing some signs of pick-up in the agrochemical market
- Ref gas exports value stood at ~53% of overall revenue in FY24. Ref gas utilization stood at ~85-90% in FY24 vs. 80% in FY23
- The Fluorochemicals business is expected to grow in FY25 led by additional volume (~10,000-12,000MT) coupled with pricing improvement.

- **Overall chemical business** is expected to witness ~20% growth in FY25 with major growth coming in 2HFY25.
- Margins in FY24 were lower than FY23, as FY23 was an exceptional year in terms of higher realization. Going ahead, benefit of positive operating leverage can lead to margins expansion in FY25

Packaging film business
- The business continued to face margin pressure in India as well as globally due to new capacity additions.
- However, the company's continued emphasis on strengthening of VAP portfolio is witnessing success. SRF will prioritize operational efficiencies and cost optimization measures to improve performance
- SRF is planning to enter in EV and AC films space. Currently, no Indian manufacturer is present in this space
- Chinese competitors continue to pose challenges in Southeast Asia, squeezing margins in Thailand and other markets. Regional players were preferred in international regions impacting other player's market share and realizations.
- Aluminum Foil facility commenced operations on 1st Jan'24.
- Energy prices have started softening in Hungary. Company expects better performance as it continue to improve its footprint in Mainland Europe.
- Going ahead, improved performance from Hungary, ramping up of aluminum plant and increase VAP mix will drive sales growth. However, management expects margins to remain under pressure in FY25

Technical textile business:
- The business witnessed stable performance led by steady domestic NTCF demand, improved performance in Belting Fabric (BF) and Polyester Industrial Yarn (PIY) segments and continued emphasis on high-end VAP sales
- The business successfully commissioned PIY capacity expansion during the quarter
- BF & PIY segments are expected to be future growth drivers for the business. Growth in these segments will be driven by increased spend on infrastructure projects by the Government
- Growth in the TCF segment in FY25 will be driven by expanded tyre production capacity.
- Overall the business is expected to experience moderate growth going ahead

Capex:
- SRF has spent ~INR17b within specialty chemical segment in FY24, with total capitalization of ~INR18b. It expects an asset turn of ~0.9-1.1x on these incremental capacities. Within Pharma segment, company has launched nine dedicated facilities at Dahej plant. SRF expects to return to higher capex intensity from 2HFY25
- Within Fluorochemicals segment, company has capitalized ~INR12b in FY24 for PTFE and R32 plant
- Majority of the capex spent in FY24 is expected to be utilized over next 2-3 years

- SRF is expecting total capex of ~INR22b in FY25 (with ~INR11-12b on sanctioned and running projects, INR8-9b on projects that are not yet announced and ~INR0.5-1b on maintenance capex)

Valuation and view

- The chemicals business (fluorochemicals and specialty chemicals) is expected to witness major improvement from 2HFY25 onwards. The packaging business is expected to remain under pressure in the medium term.
- Factoring in the sub-par performance of the chemicals and packaging businesses in 4QFY24 and the weak medium-term outlook, we reduce our FY25/FY26E EBITDA by 12%/10%. We value the stock on an SoTP-basis to arrive at our TP of INR2,100. **Reiterate NEUTRAL.**

Exhibit 12: Valuation methodology

EV/EBITDA	FY26 EBITDA (INR m)	Multiple (x)	EV (INR m)
Technical Textiles	4,567	10	45,668
Chemicals	29,995	18	5,47,712
Packaging Films	7,142	10	71,416
Others	1,275	5	6,374
Total EV			**6,71,170**
Less: Debt			50,202
Less: Minority Interest			-
Add: Cash & Cash Equivalents			3,726
Target Mcap (INR m)			**6,24,693**
Outstanding share (m)			297.4
Target Price (INR)			**2,100**

Source: MOFSL

Exhibit 13: Revisions to our estimates

Earnings Change	Old		New		Change (%)	
(INR m)	FY25E	FY26E	FY25E	FY26E	FY25E	FY25E
Revenue	1,62,195	1,83,591	1,52,172	1,75,807	-6	-4
EBITDA	36,630	43,764	32,321	39,464	-12	-10
Adj. PAT	20,431	25,494	16,832	21,748	-18	-15

Source: MOFSL

Financials and valuations

Consolidated - Income Statement									(INRm)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Income from Operations	56,849	70,996	72,094	84,000	1,24,337	1,48,703	1,31,385	1,52,172	1,75,807
Less: Excise Duty	958	0	0	0	0	0	0	0	0
Total Income from Operations	**55,890**	**70,996**	**72,094**	**84,000**	**1,24,337**	**1,48,703**	**1,31,385**	**1,52,172**	**1,75,807**
Change (%)	15.9	27.0	1.5	16.5	48.0	19.6	-11.6	15.8	15.5
Cost of Materials Consumed	30,320	39,671	36,870	40,189	60,669	73,935	67,088	78,072	88,708
% of Sales	54.2	55.9	51.1	47.8	48.8	49.7	51.1	51.3	50.5
Personnel Expenses	4,740	4,608	5,419	6,214	7,800	8,138	9,350	10,348	11,427
% of Sales	8.5	6.5	7.5	7.4	6.3	5.5	7.1	6.8	6.5
Other Expenses	11,768	13,508	15,221	16,264	24,835	30,297	28,339	31,431	36,207
% of Sales	21.1	19.0	21.1	19.4	20.0	20.4	21.6	20.7	20.6
Total Expenditure	**46,828**	**57,787**	**57,510**	**62,667**	**93,305**	**1,12,371**	**1,04,777**	**1,19,850**	**1,36,343**
% of Sales	83.8	81.4	79.8	74.6	75.0	75.6	79.7	78.8	77.6
EBITDA	**9,062**	**13,209**	**14,584**	**21,333**	**31,032**	**36,332**	**26,608**	**32,321**	**39,464**
Margin (%)	16.2	18.6	20.2	25.4	25.0	24.4	20.3	21.2	22.4
Depreciation	3,158	3,582	3,886	4,531	5,172	5,753	6,726	7,980	9,036
EBIT	**5,904**	**9,627**	**10,698**	**16,803**	**25,860**	**30,579**	**19,882**	**24,341**	**30,427**
Int. and Finance Charges	1,239	1,984	2,007	1,340	1,159	2,048	3,023	3,042	2,816
Other Income	688	280	491	545	428	749	830	996	1,195
PBT bef. EO Exp.	**5,353**	**7,923**	**9,182**	**16,008**	**25,128**	**29,280**	**17,689**	**22,295**	**28,807**
EO Items	463	262	997	116	727	-1,040	-767	0	0
PBT after EO Exp.	**5,817**	**8,185**	**10,179**	**16,123**	**25,856**	**28,240**	**16,922**	**22,295**	**28,807**
Current Tax	1,200	1,769	265	4,154	7,139	6,617	3,565	5,463	7,058
Deferred Tax	0	0	-277	-10	-173	0	0	0	0
Tax Rate (%)	20.6	21.6	-0.1	25.7	26.9	23.4	21.1	24.5	24.5
Less: Minority Interest	0	0	0	0	0	0	0	0	0
Reported PAT	**4,617**	**6,416**	**10,191**	**11,979**	**18,889**	**21,623**	**13,357**	**16,832**	**21,748**
Adjusted PAT	**4,154**	**6,155**	**9,194**	**11,864**	**18,162**	**22,663**	**14,124**	**16,832**	**21,748**
Change (%)	-19.3	48.2	49.4	29.0	53.1	24.8	-37.7	19.2	29.2
Margin (%)	7.4	8.7	12.8	14.1	14.6	15.2	10.8	11.1	12.4

Consolidated - Balance Sheet									(INRm)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**
Equity Share Capital	575	575	585	603	2,974	2,974	2,974	2,974	2,974
Total Reserves	35,071	40,320	48,748	67,962	82,679	1,00,296	1,11,816	1,24,186	1,40,878
Net Worth	**35,646**	**595**	**49,333**	**68,564**	**85,654**	**1,03,271**	**1,14,790**	**1,27,161**	**1,43,852**
Deferred Liabilities	2,914	3,420	1,755	3,862	6,775	8,092	9,387	9,387	9,387
Total Loans	31,418	37,302	40,468	33,950	35,394	43,541	49,202	52,202	50,202
Capital Employed	**69,978**	**82,014**	**91,556**	**1,06,376**	**1,27,822**	**1,54,903**	**1,73,380**	**1,88,750**	**2,03,442**
Gross Block	87,502	68,322	76,934	96,167	1,06,943	1,28,622	1,67,373	1,95,373	2,15,373
Less: Accum. Deprn.	36,327	12,269	15,540	20,071	25,243	30,997	37,723	45,703	54,739
Net Fixed Assets	**51,175**	**56,053**	**61,394**	**76,096**	**81,699**	**97,626**	**1,29,650**	**1,49,669**	**1,60,633**
Goodwill on Consolidation	41	41	6	6	0	0	0	0	0
Capital WIP	5,588	7,536	13,933	7,723	16,716	24,055	8,053	2,053	4,053
Current Investments	1,217	1,005	1,985	4,125	3,167	4,901	4,056	4,056	4,056
Total Investments	**1,218**	**1,006**	**2,027**	**4,167**	**3,209**	**4,942**	**5,267**	**5,267**	**5,267**
Curr. Assets, Loans&Adv.	**25,608**	**34,243**	**31,265**	**41,121**	**56,025**	**60,735**	**61,574**	**66,411**	**71,228**
Inventory	9,582	12,247	12,012	14,658	21,385	22,743	23,265	24,598	26,248
Account Receivables	6,807	10,288	8,911	12,746	17,925	17,856	19,428	20,012	21,675
Cash and Bank Balance	967	1,989	1,255	2,820	4,594	6,165	4,075	4,775	3,725
Loans and Advances	8,252	9,719	9,088	10,898	12,123	13,972	14,805	17,026	19,580
Curr. Liability & Prov.	**13,653**	**16,865**	**17,211**	**22,918**	**29,944**	**32,642**	**31,440**	**34,926**	**38,015**
Account Payables	10,442	13,824	11,117	15,852	20,964	22,313	21,978	24,598	26,734
Other Current Liabilities	2,831	2,600	5,653	6,544	8,391	9,642	8,660	9,526	10,479
Provisions	380	441	442	522	590	687	802	802	802
Net Current Assets	**11,955**	**17,378**	**14,054**	**18,203**	**26,081**	**28,093**	**30,134**	**31,485**	**33,213**
Deferred Tax assets	0	0	143	181	116	187	276	276	276
Appl. of Funds	**69,978**	**82,014**	**91,556**	**1,06,376**	**1,27,822**	**1,54,903**	**1,73,380**	**1,88,750**	**2,03,442**

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)									
EPS	**14.0**	**20.7**	**30.9**	**39.9**	**61.1**	**76.2**	**47.5**	**56.6**	**73.1**
Cash EPS	24.6	32.7	44.0	55.1	78.5	95.5	70.1	83.4	103.5
BV/Share	119.8	2.0	165.9	230.5	288.0	347.2	385.9	427.5	483.6
DPS	3.1	3.9	2.8	4.9	16.8	7.2	7.2	15.0	17.0
Payout (%)	23.1	20.8	9.6	12.1	26.4	9.9	16.0	26.5	23.3
Valuation (x)									
P/E	164.1	110.8	74.1	57.5	37.5	30.1	48.3	40.5	31.3
Cash P/E	93.2	70.0	52.1	41.6	29.2	24.0	32.7	27.5	22.1
P/BV	19.1	1,146.6	13.8	9.9	8.0	6.6	5.9	5.4	4.7
EV/Sales	12.7	10.1	10.0	8.4	5.7	4.8	5.5	4.8	4.1
EV/EBITDA	78.4	54.2	49.3	33.2	22.9	19.7	27.2	22.4	18.3
Dividend Yield (%)	0.1	0.2	0.1	0.2	0.7	0.3	0.3	0.7	0.7
FCF per share	-20.3	-5.3	-2.3	19.1	9.7	0.0	-6.1	17.5	29.7
Return Ratios (%)									
EBITDA Margins (%)	16.2	18.6	20.2	25.4	25.0	24.4	20.3	21.2	22.4
Net Profit Margins (%)	7.4	8.7	12.8	14.1	14.6	15.2	10.8	11.1	12.4
RoE	12.3	34.0	36.8	20.1	23.6	24.0	13.0	13.9	16.0
RoCE	8.5	14.8	17.5	13.4	17.2	17.9	10.5	11.1	12.8
RoIC	13.8	25.9	21.3	26.3	34.2	34.7	18.2	19.0	21.5
Working Capital Ratios									
Fixed Asset Turnover (x)	0.6	1.0	0.9	0.9	1.2	1.2	0.8	0.8	0.8
Asset Turnover (x)	0.8	0.9	0.8	0.8	1.0	1.0	0.8	0.8	0.9
Inventory (Days)	115	113	119	133	129	112	127	115	108
Debtor (Days)	44	53	45	55	53	44	54	48	45
Creditor (Days)	126	127	110	144	126	110	120	115	110
Working Cap. Turnover (Days)	72	79	65	67	63	54	72	64	61
Leverage Ratio (x)									
Current Ratio	1.9	2.0	1.8	1.8	1.9	1.9	2.0	1.9	1.9
Interest Cover Ratio	5	5	5	13	22	15	7	8	11
Debt/Equity	0.9	62.7	0.8	0.5	0.4	0.4	0.4	0.4	0.3

Consolidated - Cash Flow Statement **(INR m)**

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	5,817	8,269	10,706	16,099	25,856	28,240	16,922	22,295	28,807
Depreciation	3,158	3,669	3,929	4,531	5,172	5,753	6,726	7,980	9,036
Interest & Finance Charges	1,239	2,016	2,016	1,340	1,159	2,048	3,023	3,042	2,816
Direct Taxes Paid	-1,176	-1,502	-1,427	-2,553	-4,016	-6,617	-3,565	-5,463	-7,058
(Inc)/Dec in WC	-1,909	-3,165	-239	-1,236	-6,645	-408	-2,168	-651	-2,778
CF from Operations	**7,129**	**9,286**	**14,984**	**18,181**	**21,527**	**29,017**	**20,938**	**27,204**	**30,822**
Others	-349	-330	-1,940	-464	-469	0	0	0	0
CF from Operating incl EO	**6,780**	**8,956**	**13,044**	**17,717**	**21,057**	**29,017**	**20,938**	**27,204**	**30,822**
(inc)/dec in FA	-12,829	-10,526	-13,730	-12,047	-18,171	-29,019	-22,748	-22,000	-22,000
Free Cash Flow	**-6,049**	**-1,570**	**-685**	**5,670**	**2,886**	**-2**	**-1,810**	**5,204**	**8,822**
(Pur)/Sale of Investments	840	332	-886	-1,886	1,028	-1,733	-325	0	0
Others	35	53	2,813	-1,064	1,265	1,138	800	0	0
CF from Investments	**-11,953**	**-10,142**	**-11,803**	**-14,997**	**-15,877**	**-29,614**	**-22,273**	**-22,000**	**-22,000**
Issue of Shares	0	1	0	7,500	2	0	0	0	0
Inc/(Dec) in Debt	4,095	2,677	3,205	-6,856	622	8,147	5,662	3,000	-2,000
Interest Paid	-1,299	-2,241	-2,040	-1,574	-1,173	-2,048	-3,023	-3,042	-2,816
Dividend Paid	-829	-836	-803	-1,408	-2,117	-2,142	-2,142	-4,462	-5,056
Others	3,213	2,606	-2,337	1,182	-741	-1,789	-1,252	0	0
CF from Fin. Activity	**5,179**	**2,207**	**-1,975**	**-1,155**	**-3,406**	**2,168**	**-754**	**-4,504**	**-9,873**
Inc/Dec of Cash	**6**	**1,021**	**-734**	**1,565**	**1,774**	**1,571**	**-2,089**	**700**	**-1,050**
Opening Balance	961	967	1,989	1,255	2,820	4,594	6,164	4,075	4,775
Closing Balance	**967**	**1,989**	**1,255**	**2,820**	**4,594**	**6,164**	**4,075**	**4,775**	**3,725**

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.