

May 14, 2025

Q4FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	3,069		2,780	
Sales (Rs. m)	1,64,767	1,80,718	1,54,783	1,69,799
% Chng.	6.4	6.4		
EBITDA (Rs. m)	31,467	36,744	28,393	33,870
% Chng.	10.8	8.5		
EPS (Rs.)	52.4	62.3	44.0	55.2
% Chng.	19.1	12.9		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,31,385	1,46,931	1,64,767	1,80,718
EBITDA (Rs. m)	25,841	27,184	31,467	36,744
Margin (%)	19.7	18.5	19.1	20.3
PAT (Rs. m)	13,357	12,508	15,577	18,520
EPS (Rs.)	44.9	42.1	52.4	62.3
Gr. (%)	(38.2)	(6.4)	24.5	18.9
DPS (Rs.)	5.4	5.0	6.3	7.5
Yield (%)	0.2	0.2	0.2	0.3
RoE (%)	12.3	10.4	11.7	12.5
RoCE (%)	12.3	11.6	12.5	13.3
EV/Sales (x)	6.9	6.2	5.5	5.0
EV/EBITDA (x)	35.3	33.4	28.8	24.7
PE (x)	65.2	69.6	55.9	47.0
P/BV (x)	7.6	6.9	6.2	5.6

Key Data

SRFL.BO | SRF IN

52-W High / Low	Rs.3,099 / Rs.2,089
Sensex / Nifty	81,148 / 24,578
Market Cap	Rs.868bn/ \$ 10,171m
Shares Outstanding	296m
3M Avg. Daily Value	Rs.1997.69m

Shareholding Pattern (%)

Promoter's	50.26
Foreign	18.27
Domestic Institution	18.43
Public & Others	13.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.6)	33.2	31.5
Relative	(8.0)	27.6	17.9

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Chemicals segment to drive growth

Quick Pointers:

- Chemicals segments growth guidance of 20% for FY26
- FY26 capex to be Rs22-23bn, approx. 60-70% capex will be for chemicals segment

SRF (SRF IN) reported consolidated revenue of Rs43bn, reflecting a 20.8% YoY and 23.5% QoQ increase, driven by positive momentum in recently launched products, demand pick up for certain key agrochemical intermediates and robust sales of refrigerants gases leading to 50% YoY and 106% QoQ increase in specialty chemicals segment revenue. The packaging film business grew by 216% and 16% QoQ as capacity utilization for both BOPP and BOPET improved during the quarter. However, lower demand and an influx of low-cost imports from China resulted in a subdued performance for the technical textiles segment.

Going forward, we expect continued strength in refrigerants segment and some signs of recovery in the agrochemicals. However, pricing pressure from Chinese competitors continue to remain a threat for few products of the company. At a valuation of 49x FY27 EPS, we maintain "Hold," on the stock with a target price of Rs3,069, based on a sum-of-the-parts (SOTP) valuation approach.

- Chemicals business grows by 57% sequentially:** Consolidated revenue at Rs43bn (20.8% YoY, 23.5% QoQ; PLe: Rs36bn, Consensus: Rs40.5bn), driven by increase in the chemicals segment revenue growth of 30% YoY/57% QoQ. Packing film segment revenue increased by 19% YoY/2% QoQ. Gross Margin remained flat at 48.2% sequentially as raw material prices stabilized.
- Margin expansion in chemicals segment drove a 550bps QoQ increase in EBIT Margin to 17.7%:** EBITDA stood at Rs9.6bn (PLe: Rs7.1bn, Consensus: Rs8.7bn) (37.6% YoY, 54.5% QoQ). EBITDAM stood at 22.2% in Q4FY25 vs 17.7% in Q3FY25 and 19.5% in Q4FY24. EBIT in the Chemicals segment was up by 106% QoQ and 50% YoY. EBIT Margin increased by 750bps YoY to 31.8%. The packaging film segment saw a 216% YoY increase in EBIT, due to a lower base of FY24, with EBIT margin increasing to 7.4% vs 2.8% in Q4FY24. Technical textile segment saw a 43% YoY decrease in EBIT with EBIT margin declining to 8.7% vs 15% in Q4FY24.
- Key concall takeaways: (1)** H2FY26 is expected to be better than H1FY26, due to seasonality. **(2)** FY26 capex to be Rs22-23bn, approx. 60-70% capex will be for chemicals segment. **(3)** Chemical business segment is expected to grow at 20% in FY26 with a margin guidance: 25% +/- 2% **(4)** Some agro intermediates continue to face of Chinese competition. **(5)** Capacity utilization in India improved for both BOPP and BOPET. **(6)** Capex of Rs4.5bn for new BOPP plant, operation expected to commence in 25 months from the date of approval. **(7)** Anti-dumping to increase sales of Aluminum foil. **(8)** Technical textile business is expected to face margin pressure in near term; it is expected to report similar performance as FY25 in FY26.

Exhibit 1: Valuation – SOTP-based TP at Rs3,069; Retain to 'Hold' rating

	EBITDA (Rs mn) FY27E	Target EV/EBITDA multiple	Total Enterprise Value (Rs mn)
Specialty Chemicals	28,100	28	7,86,804
Packaging Films Business	7,530	15	1,12,951
Technical Textiles Business	3,501	13	45,519
Total Enterprise Value	39,132		9,45,275
less : Net Debt			36,757
Total			9,08,518
No of shares			296
TP			3,069

Source: PL

Exhibit 2: Q4FY25 Result Overview – Consolidated (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	43,133	35,697	20.8	36,067	19.6	34,913	23.5	1,43,582	1,31,385	9.3
Gross Profit	20,809	17,362	19.9	18,119	14.8	16,857	23.4	66,581	64,297	3.6
Margin (%)	48.2	48.6		50.2		48.3		46.4	48.9	
EBITDA	9,574	6,958	37.6	7,139	34.1	6,196	54.5	23,826	25,841	(7.8)
Margin (%)	22.2	19.5		19.8		17.7		16.6	19.7	
Other Income	345	234	47.5	318	8.6	396	(13.0)	4,676	830	463.3
Depreciation	1,952	1,859	5.0	2,090	(6.6)	1,943	0.5	7,715	6,726	14.7
EBIT	7,967	5,333	49.4	5,366	48.5	4,650	71.4	20,788	19,945	4.2
Interest	894	900	(0.7)	989	(9.6)	963	(7.1)	3,760	3,023	24.4
PBT before exceptional items	7,074	4,433	59.6	4,377	61.6	3,687	91.9	17,028	16,922	0.6
Total Tax	1,813	211	758.8	1,012	79.1	968	87.3	4,529	3,565	27.0
ETR (%)	26	5		23	10.8	26	(2.4)	27	21	26.3
Adj. PAT	5,261	4,222	24.6	3,365	56.3	2,719	93.5	12,499	13,357	(6.4)
Exceptional Items	0	0		0		0		0	0	
PAT	5,261	4,222	24.6	3,365	56.3	2,719	93.5	12,499	13,357	(6.4)

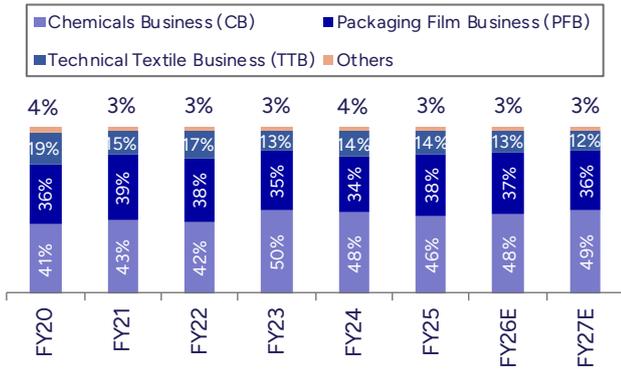
Source: Company, PL

Exhibit 3: Segmental Details (Rs mn)

Y/e March	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue from Operations	31,808	30,567	35,734	34,698	34,267	34,913	43,133
Chemicals Business (CB)	14,263	13,941	18,161	14,820	13,578	14,957	23,553
Packing Film Business (PFB)	11,215	10,907	11,824	13,363	14,206	13,848	14,122
Technical Textile Business (TTB)	5,062	4,584	4,689	5,253	5,355	5,098	4,584
Others	1,269	1,136	1,062	1,262	1,128	1,011	874
Less : Inter Segment Revenues	35	37	37	56	24	0	
Total Segment Revenue	31,774	30,530	35,697	34,641	34,243	34,913	43,133
Add : Other Unallocable Income							
Net Revenue from Operations	31,774	30,530	35,697	34,641	34,243	34,913	43,133
Change (YoY %)	-15%	-12%	-6%	4%	8%	14%	21%
Chemicals Business (CB)	-22%	-21%	-14%	-11%	-5%	7%	30%
Packing Film Business (PFB)	-16%	-9%	3%	22%	27%	27%	19%
Technical Textile Business (TTB)	9%	8%	9%	13%	6%	11%	-2%
Others	26%	23%	13%	6%	-11%	-11%	-18%
Change (QoQ %)	-5%	-4%	17%	-3%	-1%	2%	24%
Chemicals Business (CB)	-14%	-2%	30%	-18%	-8%	10%	57%
Packing Film Business (PFB)	2%	-3%	8%	13%	6%	-3%	2%
Technical Textile Business (TTB)	9%	-9%	2%	12%	2%	-5%	-10%
Others	7%	-10%	-7%	19%	-11%	-10%	-14%
Revenue Mix (%)							
Chemicals Business (CB)	45%	46%	51%	43%	40%	43%	55%
Packing Film Business (PFB)	35%	36%	33%	39%	41%	40%	33%
Technical Textile Business (TTB)	16%	15%	13%	15%	16%	15%	11%
Others	4%	4%	3%	4%	3%	3%	2%
Profit/Loss Before Interest and Tax	5,331	4,567	6,161	4,844	4,175	5,287	9,056
Chemicals Business (CB)	3,478	3,219	4,977	3,064	2,461	3,638	7,485
Packing Film Business (PFB)	773	449	331	868	828	904	1,046
Technical Textile Business (TTB)	750	688	698	677	713	589	401
Others	331	212	156	236	172	157	124
Less: Other Un-allocable Expenditure	390	410	828	439	400	637	1,089
Unallocated Exp as % of Rev	1.2%	1.3%	2.3%	1.3%	1.2%	1.8%	2.5%
EBIT (incl Other Income)	4,941	4,157	5,333	4,405	3,774	4,650	7,968
Less: Other Income	291	188	234	253	333	396	345
EBIT	4,650	3,969	5,099	4,153	3,441	4,253	7,623
Less: Finance Costs	793	674	900	965	938	963	894
PBT	4,148	3,483	4,433	3,440	2,837	3,687	7,074

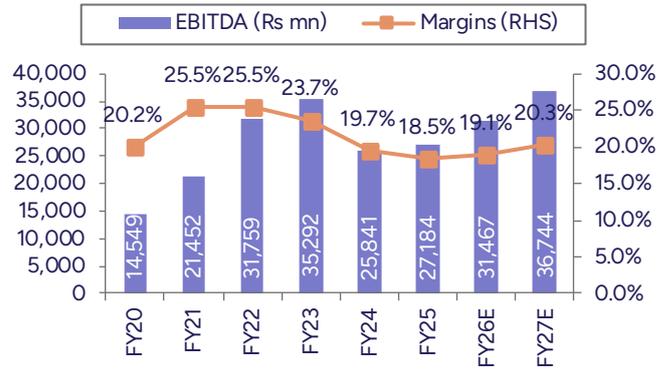
Source: Company, PL

Exhibit 4: Chemicals contribution to be at 49% in FY27



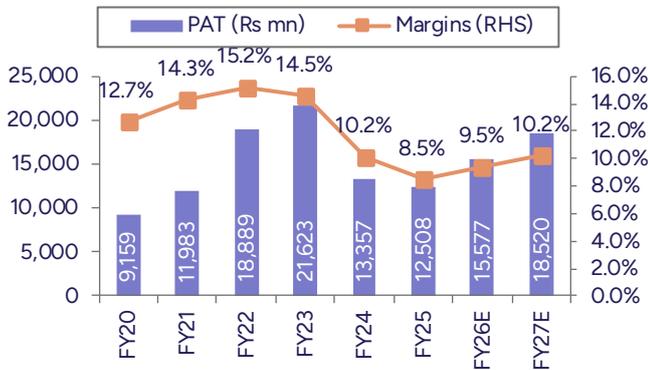
Source: Company, PL

Exhibit 5: EBITDA margin to improve with high value add mix



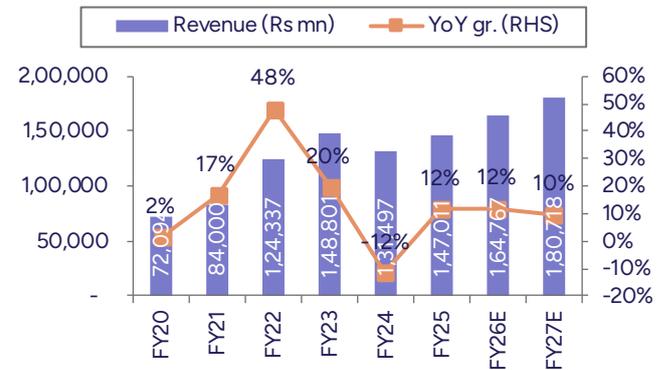
Source: Company, PL

Exhibit 6: PAT margins to improve to ~10% in FY27



Source: Company, PL

Exhibit 7: Revenue to grow at 11% CAGR over FY25-27E



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,31,385	1,46,931	1,64,767	1,80,718
YoY gr. (%)	(11.6)	11.8	12.1	9.7
Cost of Goods Sold	67,088	76,992	84,868	90,951
Gross Profit	64,297	69,939	79,898	89,767
Margin (%)	48.9	47.6	48.5	49.7
Employee Cost	9,350	10,425	11,690	12,822
Other Expenses	29,106	32,330	36,741	40,201
EBITDA	25,841	27,184	31,467	36,744
YoY gr. (%)	(26.8)	5.2	15.8	16.8
Margin (%)	19.7	18.5	19.1	20.3
Depreciation and Amortization	6,726	7,715	8,364	9,197
EBIT	19,115	19,469	23,104	27,547
Margin (%)	14.5	13.3	14.0	15.2
Net Interest	3,023	3,760	3,661	4,181
Other Income	830	1,327	1,327	1,327
Profit Before Tax	16,922	17,037	20,770	24,693
Margin (%)	12.9	11.6	12.6	13.7
Total Tax	3,565	4,529	5,192	6,173
Effective tax rate (%)	21.1	26.6	25.0	25.0
Profit after tax	13,357	12,508	15,577	18,520
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	13,357	12,508	15,577	18,520
YoY gr. (%)	(38.2)	(6.4)	24.5	18.9
Margin (%)	10.2	8.5	9.5	10.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	13,357	12,508	15,577	18,520
YoY gr. (%)	(38.2)	(6.4)	24.5	18.9
Margin (%)	10.2	8.5	9.5	10.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	13,357	12,508	15,577	18,520
Equity Shares O/s (m)	297	297	297	297
EPS (Rs)	44.9	42.1	52.4	62.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,69,640	1,82,137	1,98,034	2,20,034
Tangibles	1,64,429	1,76,926	1,92,823	2,14,823
Intangibles	5,211	5,211	5,211	5,211
Acc: Dep / Amortization	37,224	44,939	53,303	62,500
Tangibles	36,032	43,747	52,111	61,309
Intangibles	1,191	1,191	1,191	1,191
Net fixed assets	1,32,416	1,37,198	1,44,731	1,57,534
Tangibles	1,28,397	1,33,179	1,40,712	1,53,514
Intangibles	4,019	4,019	4,019	4,019
Capital Work In Progress	8,053	8,110	14,213	14,213
Goodwill	-	-	-	-
Non-Current Investments	5,605	5,773	3,919	3,919
Net Deferred tax assets	(9,112)	(10,196)	(10,196)	(10,196)
Other Non-Current Assets	1,976	2,838	2,838	2,838
Current Assets				
Investments	4,056	7,045	7,045	7,045
Inventories	23,265	23,490	26,341	28,891
Trade receivables	19,428	21,695	24,328	26,683
Cash & Bank Balance	4,075	3,538	14,394	18,401
Other Current Assets	1,980	1,681	1,886	2,068
Total Assets	2,04,819	2,15,571	2,44,366	2,66,680
Equity				
Equity Share Capital	2,974	2,974	2,964	2,964
Other Equity	1,11,816	1,23,288	1,36,946	1,53,195
Total Networkth	1,14,790	1,26,262	1,39,910	1,56,159
Non-Current Liabilities				
Long Term borrowings	22,511	26,599	26,599	26,599
Provisions	714	826	826	826
Other non current liabilities	2,609	3,818	3,818	3,818
Current Liabilities				
ST Debt / Current of LT Debt	26,691	19,813	31,597	34,656
Trade payables	21,978	23,316	26,146	28,677
Other current liabilities	6,139	4,384	4,917	5,392
Total Equity & Liabilities	2,04,819	2,15,571	2,44,366	2,66,680

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	16,922	17,037	20,770	24,693
Add. Depreciation	6,726	7,715	8,364	9,197
Add. Interest	3,023	3,760	3,661	4,181
Less Financial Other Income	830	1,327	1,327	1,327
Add. Other	(762)	(121)	(1,327)	(1,327)
Op. profit before WC changes	25,909	28,390	31,467	36,744
Net Changes-WC	(1,145)	(176)	(2,826)	(2,527)
Direct tax	(3,826)	(3,339)	(5,160)	(6,145)
Net cash from Op. activities	20,939	24,875	23,481	28,073
Capital expenditures	(22,017)	(12,223)	(22,000)	(22,000)
Interest / Dividend Income	265	355	1,327	1,327
Others	(521)	(2,972)	1,854	-
Net Cash from Invt. activities	(22,273)	(14,840)	(18,819)	(20,673)
Issue of share cap. / premium	-	-	(10)	-
Debt changes	5,404	(4,291)	11,784	3,059
Dividend paid	(2,137)	(2,132)	(1,869)	(2,222)
Interest paid	(3,612)	(3,931)	(3,661)	(4,181)
Others	(407)	(335)	(49)	(49)
Net cash from Fin. activities	(752)	(10,689)	6,194	(3,394)
Net change in cash	(2,087)	(653)	10,857	4,006
Free Cash Flow	(1,231)	12,560	1,481	6,073

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	44.9	42.1	52.4	62.3
CEPS	67.5	68.0	80.5	93.2
BVPS	385.9	424.5	470.4	525.0
FCF	(4.1)	42.2	5.0	20.4
DPS	5.4	5.0	6.3	7.5
Return Ratio(%)				
RoCE	12.3	11.6	12.5	13.3
ROIC	10.3	9.0	10.2	11.2
RoE	12.3	10.4	11.7	12.5
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.3	0.2
Net Working Capital (Days)	58	54	54	54
Valuation(x)				
PER	65.2	69.6	55.9	47.0
P/B	7.6	6.9	6.2	5.6
P/CEPS	43.4	43.1	36.4	31.4
EV/EBITDA	35.3	33.4	28.8	24.7
EV/Sales	6.9	6.2	5.5	5.0
Dividend Yield (%)	0.2	0.2	0.2	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	34,641	34,243	34,913	43,133
YoY gr. (%)	3.8	7.8	14.4	20.8
Raw Material Expenses	18,271	18,341	18,056	22,324
Gross Profit	16,371	15,903	16,857	20,809
Margin (%)	47.3	46.4	48.3	48.2
EBITDA	6,034	5,380	6,196	9,574
YoY gr. (%)	(13.3)	(14.1)	9.5	37.6
Margin (%)	17.4	15.7	17.7	22.2
Depreciation / Depletion	1,882	1,939	1,943	1,952
EBIT	4,153	3,441	4,253	7,623
Margin (%)	12.0	10.0	12.2	17.7
Net Interest	965	938	963	894
Other Income	253	333	396	345
Profit before Tax	3,440	2,837	3,687	7,074
Margin (%)	9.9	8.3	10.6	16.4
Total Tax	909	814	968	1,813
Effective tax rate (%)	26.4	28.7	26.3	25.6
Profit after Tax	2,530	2,022	2,719	5,261
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,530	2,022	2,719	5,261
YoY gr. (%)	(29.6)	(32.8)	7.3	24.6
Margin (%)	7.3	5.9	7.8	12.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,530	2,022	2,719	5,261
YoY gr. (%)	(29.6)	(32.8)	7.3	24.6
Margin (%)	7.3	5.9	7.8	12.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,530	2,022	2,719	5,261
Avg. Shares O/s (m)	296	296	296	296
EPS (Rs)	8.5	6.8	9.2	17.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Hold	2,780	2,721
2	27-Feb-25	Hold	2,820	2,768
3	30-Jan-25	Hold	2,698	2,831
4	08-Jan-25	Reduce	2,018	2,308
5	24-Oct-24	Reduce	2,036	2,248
6	05-Oct-24	Reduce	2,217	2,350
7	25-Jul-24	Reduce	2,048	2,368
8	04-Jul-24	Reduce	2,062	2,393

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,916	1,720
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,798	3,960
7	GAIL (India)	Accumulate	185	169
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	319	397
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	616	604
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	156	166
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	248	278
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	2,780	2,721
25	Vinati Organics	Accumulate	1,620	1,459

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

ANALYST CERTIFICATION

(Indian Clients)

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