

Rating: HOLD | CMP: Rs2,883 | TP: Rs2,994

January 21, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	HOLD	HOLD		
Target Price	2,994	3,058		
Sales (Rs. m)	1,71,156	1,88,559	1,74,604	1,92,602
% Chng.	(2.0)	(2.1)		
EBITDA (Rs. m)	35,689	40,517	37,195	42,813
% Chng.	(4.0)	(5.4)		
EPS (Rs.)	59.5	69.2	63.1	74.9
% Chng.	(5.8)	(7.6)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,46,931	1,55,093	1,71,156	1,88,559
EBITDA (Rs. m)	27,184	33,472	35,689	40,517
Margin (%)	18.5	21.6	20.9	21.5
PAT (Rs. m)	12,508	16,954	17,696	20,585
EPS (Rs.)	42.1	57.0	59.5	69.2
Gr. (%)	(6.4)	35.5	4.4	16.3
DPS (Rs.)	4.6	6.8	7.1	8.3
Yield (%)	0.2	0.2	0.2	0.3
RoE (%)	10.4	12.7	11.9	12.4
RoCE (%)	11.6	13.5	12.7	13.4
EV/Sales (x)	6.1	5.7	5.2	4.7
EV/EBITDA (x)	32.9	26.6	25.0	21.9
PE (x)	68.6	50.6	48.5	41.7
P/BV (x)	6.8	6.1	5.5	4.9

Key Data

	SRFL.BO SRF IN
52-W High / Low	Rs.3,325 / Rs.2,487
Sensex / Nifty	82,180 / 25,233
Market Cap	Rs.855bn/ \$ 9,394m
Shares Outstanding	296m
3M Avg. Daily Value	Rs.1416.44m

Shareholding Pattern (%)

Promoter's	50.26
Foreign	17.98
Domestic Institution	19.53
Public & Others	12.91
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.7)	(9.5)	10.4
Relative	(3.6)	(10.0)	3.5

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Chemicals segment drives overall performance

Quick Pointers:

- Initial phase of Odisha investments, valued at Rs15–20bn, will focus on next-generation refrigerant gases
- Capex of Rs1.8bn planned for setting up a new pharma intermediates plant

SRF reported consolidated revenue of Rs37.1bn in Q3FY26, up 6.3% YoY and 2% QoQ. The Chemicals segment remained the key growth driver, posting a robust 22% YoY rise (+9% QoQ). The Fluorochemicals business also delivered strong growth, supported by higher volumes and improved realizations. However, the Performance Films segment declined 3% YoY and 5% QoQ, with margins contracting by 130bps sequentially, due to reduced volumes and range-bound pricing in BOPET and BOPP amid continued competitive pressure from low-cost imports and temporary disruptions related to GST 2.0. The Technical Textiles business also came under pressure impacted by margin stress in Belting Fabric due to continued influx of cheaper Chinese imports and US tariffs affecting export volumes.

The company is investing Rs15–20bn in Odisha for establishing next-generation refrigerant facilities. Additionally, subdued agrochemical demand and persistent oversupply from Chinese producers remain key concerns. We remain cautious on the stock, maintaining a 'HOLD' rating with an SOTP-based TP of Rs2,994.

- Chemicals business grew 22% YoY:** Consolidated revenue increased 6.3% YoY and 2% QoQ to Rs37.1bn (PLe: Rs37bn; Consensus: Rs38bn), driven by a 22% YoY increase in the Chemicals segment, with EBIT margin expanding 290bps YoY. However, the Technical Textiles segment reported an 11% YoY decline in revenue, alongside a 170bps YoY contraction in EBIT margin. 9MFY26 revenue increased by 7.6%, driven by the Chemicals segment.
- Chemicals segment margins expand sharply YoY:** Gross margin stood at 51%, up from 48% in Q3FY25, due to slight decrease in raw material prices. EBITDA stood at Rs7.8bn (PLe: Rs7.9bn, Consensus: Rs8.2bn; 25.9% YoY, 0.8% QoQ). EBITDA margin increased to 21% vs. 17.7% in Q3FY25 and remained flat QoQ. 9MFY26 EBITDA increased by 35% vs. 9MFY25, led by margin expansion in the Chemicals business. EBIT for the segment increased by 3% QoQ and 36% YoY, but EBIT margin increased by 290bps YoY to 27.8%.
- Key concall takeaways:** **(1)** FY26 capex is expected to be Rs20-23bn. **(2)** The Specialty Chemicals segment is seeing pricing pressure from Chinese competitors. **(3)** In the Specialty Chemicals segment, order deferments in Q2–Q3 have led to pent-up demand, which is expected to support stronger Q4 performance. **(4)** Land has been acquired in Odisha for the establishment of next-generation refrigerant facilities. **(5)** In the Chemicals segment, exports to Southeast Asia and the Middle East helped offset volatility seen in the US market. **(6)** Pharma Intermediates contributes to 10% of Specialty Chemicals, with the long-term target set at 20%. **(7)** Second pharma intermediates plant

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has been approved with a capex of Rs1.8bn and is expected to be commissioned in 8 months. **(8)** In the Performance Films segment, South Africa aluminum foil business performed strongly, while Thailand and Hungary remained under pressure. **(9)** GST reforms led to short-term volume impact on the Performance Films business. **(10)** Chinese dumping continues to impact Belting Fabric and Nylon Cord segment.

Exhibit 1: Valuation – SOTP-based TP at Rs2,994, maintain 'HOLD'

	Dec'27 EBITDA (Rs mn) FY27E/FY28E	Target EV/EBITDA multiple	Total Enterprise Value (Rs mn)
Specialty Chemicals	30,781	26	8,00,302
Packaging Films Business	8,323	11	91,556
Technical Textiles Business	2,546	11	28,006
Total Enterprise Value	41,650		9,19,864
less: Net Debt (FY26/FY27)			33,530
Total			8,86,335
No of shares			296
TP			2,994

Source: PL

Exhibit 2: Q3FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9M1FY25	YoY gr. (%)
Net Sales	37,125	34,913	6.3	36,783	0.9	36,402	2.0	1,11,713	1,03,797	7.6
Gross Profit	18,769	16,857	11.3	18,845	(0.4)	18,712	0.3	56,560	49,130	15.1
Margin (%)	50.6	48.3		51.2		51.4		50.6	47.3	
EBITDA	7,800	6,196	25.9	7,945	(1.8)	7,742	0.8	23,840	17,610	35.4
Margin (%)	21.0	17.7		22.4		21.3		21.3	17.0	
Other Income	273	396	(31.1)			257	6.3	822	982	(16.4)
Depreciation	2,169	1,943	11.6			2,121	2.2	6,323	5,764	9.7
EBIT	5,904	4,650	27.0	6,088	(3.0)	5,877	0.5	18,339	12,829	42.9
Interest	655	963	(31.9)			707	(7.3)	2,161	2,866	(24.6)
PBT before exceptional items	5,249	3,687	42.4	5,339	(1.7)	5,171	1.5	16,178	9,963	62.4
Total Tax	190	976	(80.5)	1,287	(85.2)	1,289	(85.2)	2,914	2,716	7.3
ETR (%)	4	26		24	(85.0)	25	(85.5)	18	27	(33.9)
Adj. PAT	5,059	2,711	86.6	4,052	24.8	3,882	30.3	13,264	7,247	83.0
Exceptional Items	732							732		
PAT	4,327	2,711	59.6	4,052	6.8	3,882	11.5	12,532	7,247	72.9

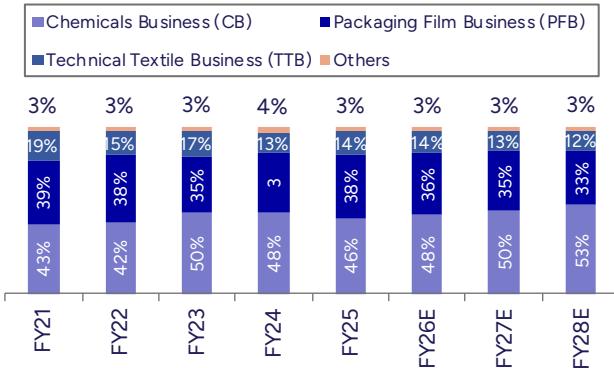
Source: Company, PL

Exhibit 3: Segmental Details (Rs mn)

	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Revenue from Operations	34,698	34,267	34,913	43,133	38,186	36,402	37,126
Chemicals Business (CB)	14,820	13,578	14,957	23,553	18,390	16,669	18,248
Packing Film Business (PFB)	13,363	14,206	13,848	14,122	14,182	14,081	13,423
Technical Textile Business (TTB)	5,253	5,355	5,098	4,584	4,666	4,743	4,536
Others	1,262	1,128	1,011	874	949	908	919
Less : Inter Segment Revenues	56	24	0				(1)
Total Segment Revenue	34,641	34,243	34,913	43,133	38,186	36,402	37,127
Add : Other Unallocable Income							
Net Revenue from Operations	34,641	34,243	34,913	43,133	38,186	36,402	36,402
Change (YoY %)	4%	8%	14%	21%	10%	6%	6%
Chemicals Business (CB)	-11%	-5%	7%	30%	24%	23%	22%
Packing Film Business (PFB)	22%	27%	27%	19%	6%	-1%	-3%
Technical Textile Business (TTB)	13%	6%	11%	-2%	-11%	-11%	-11%
Others	6%	-11%	-11%	-18%	-25%	-19%	-9%
Change (QoQ %)	-3%	-1%	2%	24%	-11%	-5%	2%
Chemicals Business (CB)	-18%	-8%	10%	57%	-22%	-9%	9%
Packing Film Business (PFB)	13%	6%	-3%	2%	0%	-1%	-5%
Technical Textile Business (TTB)	12%	2%	-5%	-10%	2%	2%	-4%
Others	19%	-11%	-10%	-14%	9%	-4%	1%
Revenue Mix (%)							
Chemicals Business (CB)	43%	40%	43%	55%	48%	46%	49%
Packing Film Business (PFB)	39%	41%	40%	33%	37%	39%	36%
Technical Textile Business (TTB)	15%	16%	15%	11%	12%	13%	12%
Others	4%	3%	3%	2%	2%	2%	2%
Profit/Loss Before Interest and Tax	4,844	4,175	5,287	9,056	6,942	6,501	6,527
Chemicals Business (CB)	3,064	2,461	3,638	7,485	5029.2	4,813	4,960
Packing Film Business (PFB)	868	828	904	1,046	1402	1,190	948
Technical Textile Business (TTB)	677	713	589	401	376.4	423	449
Others	236	172	157	124	134.3	75	170
Less: Other Un-allocable Expenditure	439	400	637	1,089	385	623	623
Unallocated Exp as % of Rev	1.3%	1.2%	1.8%	2.5%	1.0%	1.7%	1.7%
EBIT (incl Other Income)	4,405	3,774	4,650	7,968	6,557	5,877	5,904
Less: Other Income	253	333	396	345	291	257	273
EBIT	4,153	3,441	4,253	7,623	6,266	5,620	5,631
Less: Finance Costs	965	938	963	894	799	707	655
PBT	3,440	2,837	3,687	7,074	5,758	5,171	5,249

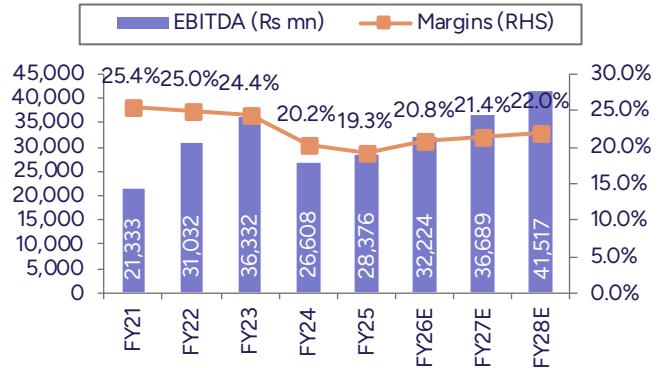
Source: Company, PL

Exhibit 4: Chemicals contribution to reach 53% by FY28E



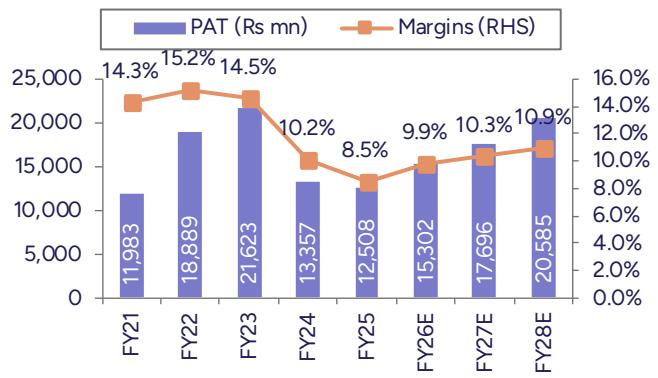
Source: Company, PL

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



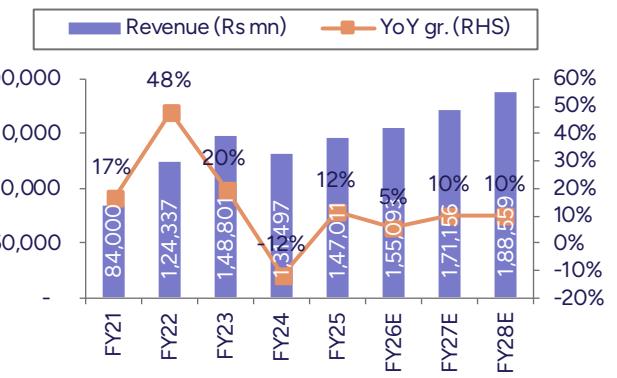
Source: Company, PL

Exhibit 6: PAT margins to improve to ~11% in FY28E



Source: Company, PL

Exhibit 7: Revenue to grow at 13% CAGR over FY25-28E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,46,931	1,55,093	1,71,156	1,88,559
YoY gr. (%)	11.8	5.6	10.4	10.2
Cost of Goods Sold	76,992	76,884	86,030	93,680
Gross Profit	69,939	78,208	85,126	94,879
Margin (%)	47.6	50.4	49.7	50.3
Employee Cost	10,425	11,322	12,494	13,765
Other Expenses	32,330	33,414	36,943	40,597
EBITDA	27,184	33,472	35,689	40,517
YoY gr. (%)	5.2	23.1	6.6	13.5
Margin (%)	18.5	21.6	20.9	21.5
Depreciation and Amortization	7,715	8,554	9,407	10,397
EBIT	19,469	24,918	26,283	30,120
Margin (%)	13.3	16.1	15.4	16.0
Net Interest	3,760	2,980	3,357	4,064
Other Income	1,327	1,128	1,151	1,208
Profit Before Tax	17,037	23,067	24,076	27,265
Margin (%)	11.6	14.9	14.1	14.5
Total Tax	4,529	6,113	6,380	6,680
Effective tax rate (%)	26.6	26.5	26.5	24.5
Profit after tax	12,508	16,954	17,696	20,585
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	12,508	16,954	17,696	20,585
YoY gr. (%)	(6.4)	35.5	4.4	16.3
Margin (%)	8.5	10.9	10.3	10.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,508	16,954	17,696	20,585
YoY gr. (%)	(6.4)	35.5	4.4	16.3
Margin (%)	8.5	10.9	10.3	10.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,508	16,954	17,696	20,585
Equity Shares O/s (m)	297	297	297	297
EPS (Rs)	42.1	57.0	59.5	69.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,82,137	1,98,034	2,20,034	2,42,034
Tangibles	1,76,926	1,92,823	2,14,823	2,36,823
Intangibles	5,211	5,211	5,211	5,211
Acc: Dep / Amortization	44,939	53,493	62,899	73,296
Tangibles	43,747	52,301	61,708	72,104
Intangibles	1,191	1,191	1,191	1,191
Net fixed assets	1,37,198	1,44,541	1,57,135	1,68,738
Tangibles	1,33,179	1,40,522	1,53,115	1,64,719
Intangibles	4,019	4,019	4,019	4,019
Capital Work In Progress	8,110	14,213	14,213	14,213
Goodwill	-	-	-	-
Non-Current Investments	5,773	3,919	3,919	3,919
Net Deferred tax assets	(10,196)	(10,196)	(10,196)	(10,196)
Other Non-Current Assets	2,838	2,838	2,838	2,838
Current Assets				
Investments	7,045	7,045	7,045	7,045
Inventories	23,490	24,795	27,363	30,145
Trade receivables	21,695	22,900	25,272	27,841
Cash & Bank Balance	3,538	15,456	18,950	23,364
Other Current Assets	1,681	1,775	1,959	2,158
Total Assets	2,15,571	2,41,899	2,63,531	2,85,554
Equity				
Equity Share Capital	2,974	2,964	2,964	2,964
Other Equity	1,23,288	1,38,158	1,53,681	1,71,747
Total Networth	1,26,262	1,41,122	1,56,645	1,74,711
Non-Current Liabilities				
Long Term borrowings	26,599	26,599	26,599	23,939
Provisions	826	826	826	826
Other non current liabilities	3,818	3,818	3,818	3,818
Current Liabilities				
ST Debt / Current of LT Debt	19,813	29,742	32,822	36,160
Trade payables	23,316	24,611	27,160	29,922
Other current liabilities	4,384	4,628	5,107	5,626
Total Equity & Liabilities	2,15,571	2,41,899	2,63,531	2,85,554

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	17,037	23,067	24,076	27,265
Add. Depreciation	7,715	8,554	9,407	10,397
Add. Interest	3,760	2,980	3,357	4,064
Less Financial Other Income	1,327	1,128	1,151	1,208
Add. Other	(121)	(1,128)	(1,151)	(1,208)
Op. profit before WC changes	28,390	33,472	35,689	40,517
Net Changes-WC	(176)	(1,293)	(2,545)	(2,757)
Direct tax	(3,339)	(6,098)	(6,351)	(6,648)
Net cash from Op. activities	24,875	26,081	26,793	31,111
Capital expenditures	(12,223)	(22,000)	(22,000)	(22,000)
Interest / Dividend Income	355	1,128	1,151	1,208
Others	(2,972)	1,854	-	-
Net Cash from Inv. activities	(14,840)	(19,018)	(20,849)	(20,792)
Issue of share cap. / premium	-	(10)	-	-
Debt changes	(4,291)	9,929	3,081	677
Dividend paid	(2,132)	(2,034)	(2,124)	(2,470)
Interest paid	(3,931)	(2,980)	(3,357)	(4,064)
Others	(335)	(49)	(49)	(49)
Net cash from Fin. activities	(10,689)	4,855	(2,449)	(5,906)
Net change in cash	(653)	11,918	3,494	4,414
Free Cash Flow	12,560	4,081	4,793	9,111

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		42.1	57.0	59.5	69.2
CEPS		68.0	85.8	91.1	104.2
BVPS		424.5	474.5	526.6	587.4
FCF		42.2	13.7	16.1	30.6
DPS		4.6	6.8	7.1	8.3
Return Ratio(%)					
RoCE		11.6	13.5	12.7	13.4
ROIC		9.0	10.9	10.6	11.5
RoE		10.4	12.7	11.9	12.4
Balance Sheet					
Net Debt : Equity (x)		0.3	0.2	0.2	0.2
Net Working Capital (Days)		54	54	54	54
Valuation(x)					
PER		68.6	50.6	48.5	41.7
P/B		6.8	6.1	5.5	4.9
P/CEPS		42.4	33.6	31.6	27.7
EV/EBITDA		32.9	26.6	25.0	21.9
EV/Sales		6.1	5.7	5.2	4.7
Dividend Yield (%)		0.2	0.2	0.2	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	43,133	38,186	36,402	37,125
YoY gr. (%)	20.8	10.2	6.3	6.3
Raw Material Expenses	22,324	19,107	17,690	18,356
Gross Profit	20,809	19,079	18,712	18,769
Margin (%)	48.2	50.0	51.4	50.6
EBITDA	9,574	8,298	7,742	7,800
YoY gr. (%)	37.6	37.5	43.9	25.9
Margin (%)	22.2	21.7	21.3	21.0
Depreciation / Depletion	1,952	2,032	2,121	2,169
EBIT	7,623	6,266	5,620	5,631
Margin (%)	17.7	16.4	15.4	15.2
Net Interest	894	799	707	655
Other Income	345	291	257	273
Profit before Tax	7,074	5,758	5,171	4,517
Margin (%)	16.4	15.1	14.2	12.2
Total Tax	1,813	1,435	1,289	190
Effective tax rate (%)	25.6	24.9	24.9	4.2
Profit after Tax	5,261	4,323	3,882	4,327
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,261	4,323	3,882	4,327
YoY gr. (%)	24.6	71.4	92.7	59.6
Margin (%)	12.2	11.3	10.7	11.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,261	4,323	3,882	4,327
YoY gr. (%)	24.6	71.4	92.7	59.6
Margin (%)	12.2	11.3	10.7	11.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,261	4,323	3,882	4,327
Avg. Shares O/s (m)	296	296	296	296
EPS (Rs)	17.8	14.6	13.1	14.6

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	3,058	3,051
2	28-Oct-25	Hold	3,123	3,028
3	07-Oct-25	Hold	2,894	2,943
4	29-Sep-25	Hold	2,947	2,807
5	24-Jul-25	Hold	3,071	3,150
6	07-Jul-25	Hold	3,069	3,231
7	14-May-25	Hold	3,069	2,928
8	08-Apr-25	Hold	2,780	2,721
9	27-Feb-25	Hold	2,820	2,768
10	30-Jan-25	Hold	2,698	2,831

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	401	375
2	Bharat Petroleum Corporation	Hold	374	371
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	892	865
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	202	169
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Hold	420	438
10	Gujarat State Petronet	Hold	322	319
11	Hindustan Petroleum Corporation	Hold	501	482
12	Indian Oil Corporation	Accumulate	175	164
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	755	744
15	Laxmi Organic Industries	Reduce	153	162
16	Mahanagar Gas	BUY	1,356	1,074
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	6,722	5,751
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	3,058	3,051
25	Vinati Organics	BUY	1,887	1,615

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

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