

SRF | BUY



## All eyes on spec chem pick up in 2HFY25

SRF's 1QFY25 consolidated EBITDA miss of 1%/5% on JMFe/consensus was on account of lower-than-expected chemicals EBIT offsetting the positive uptick in packaging films performance. Despite the weak chemicals performance in 1QFY25, the company remains confident of achieving ~20% chemicals sales growth in FY25. In our view, this is likely to be driven by i) ramp-up of two active ingredients (samples has been approved) in 2HFY25, ii) some pick-up in existing specialty products, and iii) >25% volume growth in ref gas given domestic volumes are offsetting US volumes. Moreover, on the chemicals margin front, we believe positive operating leverage should provide an uplift in the upcoming quarters. Basis 1QFY25 performance, we have cut our chemicals EBIT estimates by ~2% for FY25/26. We now bake in 19% chemicals sales growth and 24.5% chemicals EBIT margin in FY25. Factoring in the positive surprise in the packaging films business owing to higher volumes, our FY25-27 EBITDA estimates are revised downwards by 1% while EPS estimates are revised downwards by ~1-2%. We still recommend investors to BUY (click [here](#)) the stock as SRF stands to benefit from the potential agrochemicals cycle reversal. We maintain BUY with a revised SoTP-based Sep'25 TP of INR 2,780 (from INR 2,795 earlier).

- Chemicals EBIT 17% below our expectations:** SRF's 1QFY25 consolidated gross profit came in 3% above JMFe at INR 16.4bn (flat YoY but down 6% QoQ) as revenue was 5% above JMFe and stood at INR 34.6bn (up 4% YoY, down 3% QoQ) while gross margin was below our expectations at 47.3% (vs. JMFe of 48.1% and 48.6% in 4QFY24). Other expenses were higher at INR 7.6bn (vs. JMFe of INR 7.2bn). As a result EBITDA was ~1%/5% below JMFe/consensus and stood at INR 6.2bn (down 14%/13% YoY/QoQ) and PAT was INR 2.5bn (~3%/18% above JMFe/consensus) on account of higher tax rate. Chemicals EBIT was 17% below JMFe and came in at INR 3.1bn (vs. JMFe of INR 3.7bn, down 33%YoY) as EBIT margin was lower at 20.7% (vs. JMFe of 25.5% and 27.7% in 1QFY24) while chemicals revenue was 3% ahead of JMFe at INR 14.8bn (down 11%YoY) on account of strong domestic ref gas sales. During the quarter, chemicals EBIT margins was lower on account of i) ~1.5-1.7% impact on account of higher depreciation when compared to 1QFY24, and ii) price decline in various products in the fluorospecialty segment.
- Packaging films margin better than anticipated:** Packaging films EBIT was above our expectation and came in at INR 868mn (vs. JMFe of INR 492mn) as packaging films margin was higher at 6.5% (vs. JMFe of 4.0% and 2.8% in 4QFY24) and packaging films revenue was 9% higher than JMFe and stood at INR 13.3bn (up 22%/13% YoY/QoQ).
- Maintain BUY with Sep'25 TP of INR 2,780:** To factor in weak chemicals performance, we cut our FY25/26/27 EBITDA/EPS estimates by ~1-2%. Our estimates for chemicals business EBIT has been lowered by ~2% for FY25/26. We expect SRF to register 22%/27% EBITDA/EPS CAGR over FY24-27E. We maintain BUY with a revised SoTP based Sep'25 TP of INR 2,780 (from INR 2,795 earlier) as we believe SRF would be the key beneficiary of the agrochemicals cycle reversal.

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## Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,780
Upside/(Downside)	17.4%
Previous Price Target	2,795
Change	-0.6%

## Key Data – SRF IN

Current Market Price	INR2,368
Market cap (bn)	INR701.8/US\$8.4
Free Float	42%
Shares in issue (mn)	296.2
Diluted share (mn)	296.2
3-mon avg daily val (mn)	INR1,391.9/US\$16.6
52-week range	2,697/2,040
Sensex/Nifty	80,149/24,414
INR/US\$	83.7

## Price Performance

%	1M	6M	12M
Absolute	-2.2	3.6	10.4
Relative*	-4.7	-8.6	-8.6

\* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	145,918	129,104	153,701	178,793	206,537
Sales Growth (%)	18.5	-11.5	19.1	16.3	15.5
EBITDA	35,292	25,841	31,326	38,781	46,993
EBITDA Margin (%)	23.7	19.7	20.4	21.7	22.8
Adjusted Net Profit	21,623	13,357	16,668	21,764	27,541
Diluted EPS (INR)	73.0	45.1	56.3	73.5	93.0
Diluted EPS Growth (%)	14.5	-38.2	24.8	30.6	26.5
ROIC (%)	18.2	10.4	11.0	12.9	14.7
ROE (%)	22.9	12.3	13.6	15.6	17.1
P/E (x)	32.4	52.5	42.1	32.2	25.5
P/B (x)	6.8	6.1	5.4	4.7	4.1
EV/EBITDA (x)	20.8	28.7	23.7	19.0	15.5
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.5

Source: Company data, JM Financial. Note: Valuations as of 24/Jul/2024

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 1QFY25 Result Review

### Key takeaways from post-results conference call

- **FY25 guidance of 20% growth in the chemicals business intact:** Despite weak performance in 1QFY25, the company remains confident of achieving 20% growth in overall chemicals sales in FY25. It was highlighted that ramp-up of new products and some recovery in the old products on the fluorospecialty side should drive fluorospecialty revenue growth in FY25.
- **FY25 chemicals EBIT margin ~23-26%:** It was indicated that in 1QFY25, ~1.5-1.8% decline in chemicals EBIT margin was on account of higher depreciation compared to last year while the rest of the impact was on account of pricing pressure and lower utilisation. The management guided for 23-26% chemicals EBIT margin for FY25.
- **Sharp jump in domestic HFC volumes:** It was highlighted that domestic HFC volumes were 60-70% higher while US volumes were and will continue to be lower compared to last year.
- **Update on new active ingredients:** The company highlighted that at least two active ingredients have received product approvals. As the registration of these AIs comes through, commercial order will commence.
- **FY25 capex guidance INR 18bn-19bn:** In FY25, the company will incur capex of INR 18bn-19bn. Of this, INR 6.0bn is likely for fluoropolymers (which will come on stream in Nov'25) and a large part of the remaining capex will be for the chemicals business.
- **New HF capacity likely to be sufficient for internal consumption:** Post the commercialisation of new HF capacity in 2QFY25, the company will be able to meet a large part of its internal requirement. Further, certain bottlenecks should improve after the new HF capacity, as per the management.
- **High freight rates haven't deterred chemicals sales:** The management highlighted that due to the ongoing high freight rate scenario, packaging films sales was hampered to some extent. However, it hasn't impacted chemicals sales.

## Exhibit 1. SRF quarterly financial snapshot

Consolidated (INR mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	1QFY25E	% YoY	% QoQ	% diff vs. JMFe
<b>Net Sales</b>	<b>38,947</b>	<b>37,278</b>	<b>34,697</b>	<b>37,781</b>	<b>33,384</b>	<b>31,774</b>	<b>30,530</b>	<b>35,697</b>	<b>34,641</b>	<b>33,129</b>	<b>4%</b>	<b>-3%</b>	<b>5%</b>
COGS	18,578	19,529	16,944	18,884	17,005	16,201	15,547	18,335	18,271	17,194	7%	0%	
<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>15,573</b>	<b>14,984</b>	<b>17,362</b>	<b>16,371</b>	<b>15,935</b>	<b>0%</b>	<b>-6%</b>	<b>3%</b>
Gross Margin	52.3%	47.6%	51.2%	50.0%	49.1%	49.0%	49.1%	48.6%	47.3%	48.1%	-180bps	-138bps	
Employee cost	1,942	1,953	2,102	2,142	2,180	2,266	2,438	2,466	2,522	2,475	16%	2%	<b>2%</b>
Employee cost as % of sales	5.0%	5.2%	6.1%	5.7%	6.5%	7.1%	8.0%	6.9%	7.3%	7.5%	75bps	37bps	
Other expenditure	8,229	7,744	7,166	7,159	6,999	6,854	6,706	7,780	7,642	7,200	9%	-2%	<b>6%</b>
Other expenditure as % of sales	21.1%	20.8%	20.7%	18.9%	21.0%	21.6%	22.0%	21.8%	22.1%	21.7%	110bps	27bps	
<b>EBIDTA</b>	<b>10,198</b>	<b>8,052</b>	<b>8,486</b>	<b>9,596</b>	<b>7,200</b>	<b>6,453</b>	<b>5,839</b>	<b>7,116</b>	<b>6,207</b>	<b>6,260</b>	<b>-14%</b>	<b>-13%</b>	<b>-1%</b>
EBITDA Margin	26.2%	21.6%	24.5%	25.4%	21.6%	20.3%	19.1%	19.9%	17.9%	18.9%	-365bps	-202bps	
Depreciation	1,307	1,393	1,507	1,546	1,566	1,612	1,689	1,859	1,882	1,950	20%	1%	
<b>EBIT</b>	<b>8,891</b>	<b>6,659</b>	<b>6,979</b>	<b>8,050</b>	<b>5,634</b>	<b>4,841</b>	<b>4,150</b>	<b>5,257</b>	<b>4,325</b>	<b>4,310</b>	<b>-23%</b>	<b>-18%</b>	<b>0%</b>
Other Income	-150	-33	-50	-57	-120	100	7	76	80	70	-167%	6%	
Interest expense	325	445	620	659	656	793	674	900	965	900	47%	7%	
<b>PBT</b>	<b>8,416</b>	<b>6,181</b>	<b>6,309</b>	<b>7,334</b>	<b>4,858</b>	<b>4,148</b>	<b>3,483</b>	<b>4,433</b>	<b>3,440</b>	<b>3,480</b>	<b>-29%</b>	<b>-22%</b>	
Tax	2,336	1,371	1,200	1,709	1,265	1,140	949	211	918	870	-27%	335%	
<b>PAT</b>	<b>6,080</b>	<b>4,810</b>	<b>5,109</b>	<b>5,625</b>	<b>3,593</b>	<b>3,008</b>	<b>2,534</b>	<b>4,222</b>	<b>2,522</b>	<b>2,610</b>	<b>-30%</b>	<b>-40%</b>	<b>-3%</b>
Basic EPS (INR)	21	16	17	19	12	10	8.5	14.2	8.5	8.8	-30%	-40%	
Tax rate	28%	22%	19%	23%	26%	27%	27%	5%	27%	25%	64bps	2191bps	

Source: Company, JM Financial

## Exhibit 2. SRF quarterly operational snapshot

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	1QFY25E	% YoY	% QoQ	% diff vs. JMFe
<b>Segment wise revenue (INR mn)</b>													
Technical Textile	5,710	4,662	4,259	4,307	4,647	5,062	4,584	4,689	5,253	4,735	13%	12%	11%
Chemicals & Polymer	17,224	18,302	17,566	21,017	16,605	14,263	13,941	18,161	14,820	14,447	-11%	-18%	3%
Packaging Films	14,960	13,310	12,027	11,531	10,948	11,215	10,907	11,824	13,363	12,297	22%	13%	9%
Others	1,056	1,004	923	943	1,187	1,269	1,136	1,062	1,262	1,050	6%	19%	20%
<b>Total revenue from operations</b>	<b>38,951</b>	<b>37,278</b>	<b>34,776</b>	<b>37,797</b>	<b>33,387</b>	<b>31,808</b>	<b>30,567</b>	<b>35,734</b>	<b>34,698</b>	<b>33,129</b>	<b>4%</b>	<b>-3%</b>	<b>5%</b>
<b>Segment wise revenue contribution (%)</b>													
Technical Textile	15%	13%	12%	11%	14%	16%	15%	13%	15%	14%	122bps	202bps	
Chemicals & Polymer	44%	49%	51%	56%	50%	45%	46%	51%	43%	44%	-702bps	-811bps	
Packaging Films	38%	36%	35%	31%	33%	35%	36%	33%	39%	37%	572bps	543bps	
Others	3%	3%	3%	2%	4%	4%	4%	3%	4%	3%	8bps	67bps	
<b>Total revenue from operations</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0bps</b>	<b>0bps</b>	
<b>Segment wise EBIT (INR mn)</b>													
Technical Textile	1,162	629	342	484	607	750	688	698	677	711	12%	-3%	-5%
Chemicals & Polymer	5,202	5,173	5,639	7,393	4,601	3,478	3,219	4,977	3,064	3,684	-33%	-38%	-17%
Packaging Films	2,952	1,014	1,186	410	513	773	449	331	868	492	69%	162%	76%
Others	68	76	91	113	232	331	212	156	236	179	2%	51%	32%
<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>5,331</b>	<b>4,567</b>	<b>6,161</b>	<b>4,844</b>	<b>5,065</b>	<b>-19%</b>	<b>-21%</b>	<b>-4%</b>
<b>Segment wise EBIT contribution (%)</b>													
Technical Textile	12%	9%	5%	6%	10%	14%	15%	11%	14%	14%	378bps	264bps	
Chemicals & Polymer	55%	75%	78%	88%	77%	65%	70%	81%	63%	73%	-1405bps	-1752bps	
Packaging Films	31%	15%	16%	5%	9%	14%	10%	5%	18%	10%	929bps	1254bps	
Others	1%	1%	1%	1%	4%	6%	5%	3%	5%	4%	97bps	234bps	
<b>Total EBIT</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0bps</b>	<b>0bps</b>	
<b>Segment wise EBIT margins</b>													
Technical Textile	20%	13%	8%	11%	13%	15%	15%	15%	13%	15%	-1%	-13%	
Chemicals & Polymer	30.2%	28.3%	32.1%	35.2%	27.7%	24.4%	23.1%	27.4%	20.7%	25.5%	-25%	-25%	
Packaging Films	19.7%	7.6%	9.9%	3.6%	4.7%	6.9%	4.1%	2.8%	6.5%	4.0%	39%	132%	
Others	6%	8%	10%	12%	20%	26%	19%	15%	19%	17%	-4%	27%	
<b>Total EBIT</b>	<b>24%</b>	<b>18%</b>	<b>21%</b>	<b>22%</b>	<b>18%</b>	<b>17%</b>	<b>15%</b>	<b>17%</b>	<b>14%</b>	<b>15%</b>	<b>-22%</b>	<b>-19%</b>	

Source: Company, JM Financial

## Assumptions and Estimates

### Exhibit 3. Key assumptions

INR mn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Segment revenues</b>										
Technical textiles	18,388	17,349	13,576	12,401	20,852	18,939	18,980	20,546	21,984	23,084
Chemicals	16,114	24,454	29,750	36,447	52,408	74,109	62,970	75,146	91,545	107,923
Packaging films	17,823	26,533	26,040	32,917	47,792	51,828	44,893	53,035	60,035	70,035
Others	4,573	2,716	2,783	2,320	3,403	3,926	4,653	5,085	5,340	5,607
Unallocated	49	57	54	87	119	99	112	112	112	112
<b>Total</b>	<b>56,849</b>	<b>70,996</b>	<b>72,094</b>	<b>83,998</b>	<b>124,337</b>	<b>148,703</b>	<b>131,385</b>	<b>153,701</b>	<b>178,793</b>	<b>206,537</b>
<b>YoY growth (%)</b>										
Technical textiles	-9%	-6%	-22%	-9%	68%	-9%	0%	8%	7%	5%
Chemicals	-6%	52%	22%	23%	44%	41%	-15%	19%	22%	18%
Packaging films	26%	49%	-2%	26%	45%	8%	-13%	18%	13%	17%
Others	526%	-41%	2%	-17%	47%	15%	19%	9%	5%	5%
Unallocated	15%	16%	-5%	61%	37%	-17%	13%	0%	0%	0%
<b>Total</b>	<b>9%</b>	<b>25%</b>	<b>2%</b>	<b>17%</b>	<b>48%</b>	<b>20%</b>	<b>-12%</b>	<b>17%</b>	<b>16%</b>	<b>16%</b>
<b>Revenue contribution (%)</b>										
Technical textiles	32%	24%	19%	15%	17%	13%	14%	13%	12%	11%
Chemicals	28%	34%	41%	43%	42%	50%	48%	49%	51%	52%
Packaging films	31%	37%	36%	39%	38%	35%	34%	35%	34%	34%
Others	8%	4%	4%	3%	3%	3%	4%	3%	3%	3%
Unallocated	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Segmental EBIT</b>										
Technical textiles	2,529	2,615	1,515	1,769	4,714	2,617	2,742	2,876	3,078	3,232
Chemicals	2,694	3,843	5,115	7,281	13,969	23,407	16,274	18,411	22,886	27,520
Packaging films	2,298	4,115	5,556	8,977	9,463	5,562	2,065	3,712	4,803	6,303
Others	444	218	318	256	204	348	930	763	801	841
<b>Total</b>	<b>7,964</b>	<b>10,790</b>	<b>12,504</b>	<b>18,283</b>	<b>28,350</b>	<b>31,934</b>	<b>22,011</b>	<b>25,762</b>	<b>31,568</b>	<b>37,896</b>
<b>EBIT margins (%)</b>										
Technical textiles	13.8%	15.1%	11.2%	14.3%	22.6%	13.8%	14.4%	14.0%	14.0%	14.0%
Chemicals	16.7%	15.7%	17.2%	20.0%	26.7%	31.6%	25.8%	24.5%	25.0%	25.5%
Packaging films	12.9%	15.5%	21.3%	27.3%	19.8%	10.7%	4.6%	7.0%	8.0%	9.0%
Others	9.7%	8.0%	11.4%	11.0%	6.0%	8.9%	20.0%	15.0%	15.0%	15.0%
<b>Total</b>	<b>14.0%</b>	<b>15.2%</b>	<b>17.3%</b>	<b>21.8%</b>	<b>22.8%</b>	<b>21.5%</b>	<b>16.8%</b>	<b>16.8%</b>	<b>17.7%</b>	<b>18.3%</b>

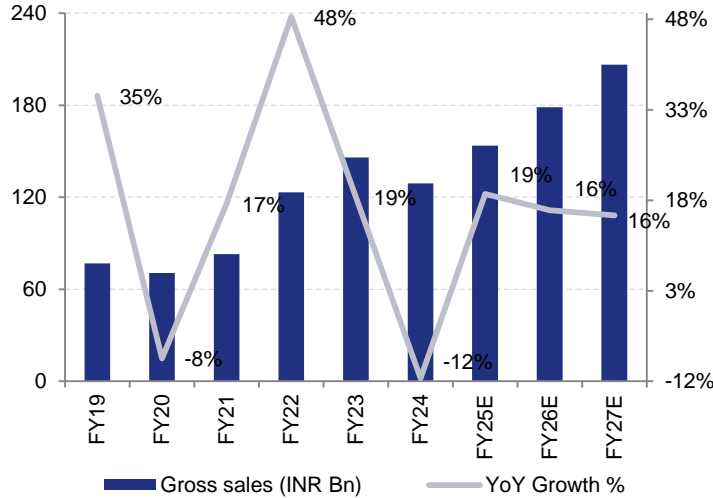
Source: Company, JM Financial

**Exhibit 4. Change in estimates**

	New	Old	Difference
<b>Revenue (INR Mn)</b>			
FY25	153,701	151,071	1.7%
FY26	178,793	176,255	1.4%
FY27	206,537	203,999	1.2%
<b>EBITDA (INR Mn)</b>			
FY25	31,326	31,695	-1.2%
FY26	38,781	39,313	-1.4%
FY27	46,993	47,442	-0.9%
<b>PAT (INR Mn)</b>			
FY25	16,668	16,952	-1.7%
FY26	21,764	22,173	-1.8%
FY27	27,541	27,887	-1.2%
<b>EPS (INR)</b>			
FY25	56	57	-1.7%
FY26	73	75	-1.8%
FY27	93	94	-1.2%

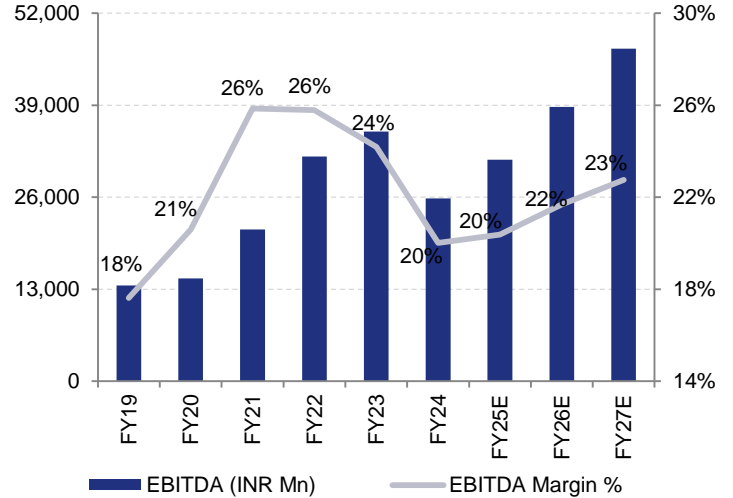
Source: JM Financial

**Exhibit 5. Sales expected to see 17% CAGR over FY24-27E**



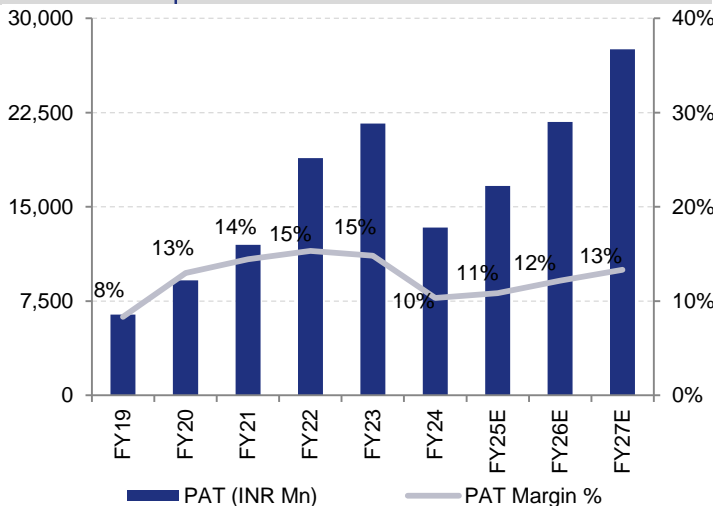
Source: Company, JM Financial

**Exhibit 6. EBITDA expected to see 22% CAGR over FY24-27E**



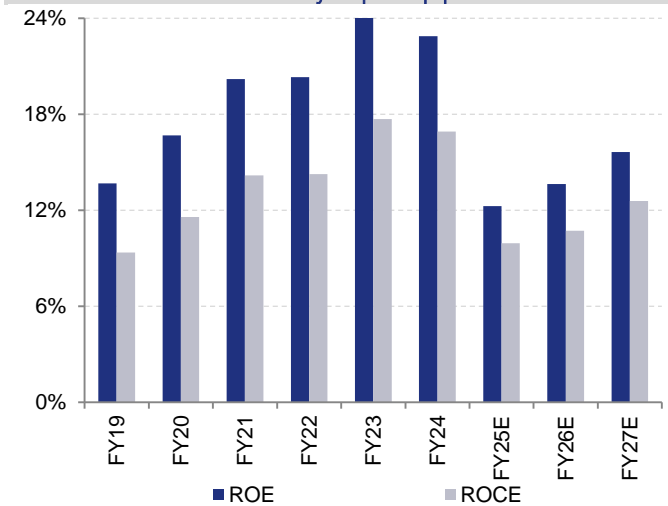
Source: Company, JM Financial

**Exhibit 7. PAT expected to see 27% CAGR over FY24-27E**



Source: Company, JM Financial

**Exhibit 8. SRF's RoE/RoCE likely to pick up post FY25E**



Source: Company, JM Financial

## Valuation

### Exhibit 9. Our Sep'25 TP for SRF stands at INR 2,780/share

Segments	Sep'26 EBITDA (INR bn)	EV/EBITDA multiple (x)	Value (INR bn)		Value (INR/share)	
Technical Textile Business	4	6	23	79		
Chemicals Business	31	25	775	2,617		
Packaging Films Business	8	6	49	166		
Others	1	6	8	26		
<b>Total Business EBITDA</b>	<b>44</b>		<b>856</b>	<b>2,888</b>		
Less: Gross Debt			39	131		
Add: Cash & Cash Equivalents			6	21		
<b>TP</b>	<b>-</b>	<b>-</b>	<b>823</b>	<b>2,780</b>		
Sep'26E consolidated EPS				83		
<b>Implied P/E multiple</b>	<b>-</b>	<b>-</b>		<b>33</b>		

Source: JM Financial

### Exhibit 10. SRF is currently trading at ~38x 1-year forward consensus P/E multiple



Source: Company, JM Financial

### Exhibit 11. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,368	2,780	52.5	42.1	32.2	25.5	6.1	5.4	4.7	4.1	28.7	23.7	19.0	15.5	12.3	13.6	15.6	17.1
UPL	BUY	537	650	NM	23.3	15.1	NM	1.5	1.4	1.3	NM	14.7	8.9	7.7	NM	-3.4	6.2	9.0	NM
PI Industries	HOLD	4,008	3,850	36.5	38.7	33.1	28.6	7.0	5.9	5.0	4.3	28.3	24.7	21.2	18.2	21.0	16.5	16.4	16.1
Deepak Nitrite	BUY	2,899	2,685	48.9	38.7	32.1	27.3	8.2	6.9	5.7	4.8	35.2	25.3	21.3	17.9	18.2	19.4	19.6	19.1
Clean Science	BUY	1,477	1,765	64.3	51.3	38.1	29.9	13.0	10.5	8.2	6.5	46.3	35.9	27.3	21.0	22.1	22.6	24.2	24.3
Navin Fluorine	BUY	3,534	4,105	76.6	53.5	38.3	30.2	7.3	6.6	5.8	5.1	45.9	33.2	24.7	20.3	10.0	13.0	16.2	18.0
Fine Organics	SELL	5,264	3,840	43.8	41.2	40.7	40.2	8.7	7.4	6.4	5.7	31.6	28.8	28.2	27.5	21.8	19.4	16.9	15.0
Galaxy Surfactants	HOLD	2,822	2,620	33.2	31.6	28.6	26.3	4.6	4.0	3.6	3.1	21.0	19.6	17.8	16.1	14.8	13.6	13.2	12.7
PCBL Ltd.	BUY	292	335	22.4	22.9	17.7	13.8	3.4	3.0	2.5	2.1	14.9	11.3	9.8	8.4	16.2	13.8	15.4	16.8
Aether Industries	BUY	918	1,030	126.4	70.2	46.9	35.7	5.9	5.4	4.9	4.3	89.1	47.1	32.5	23.9	5.8	8.1	11.0	12.8
Anupam Rasayan	HOLD	793	860	67.7	47.3	31.6	24.1	3.2	2.9	2.7	2.4	25.2	20.8	15.9	13.1	5.0	6.4	8.8	10.4
Archean Chemicals	BUY	741	715	28.6	17.0	13.5	11.6	5.4	4.1	3.2	2.5	19.0	11.1	8.3	6.5	20.4	27.6	26.8	24.5
Tatva Chintan Pharma Chem	HOLD	1,072	1,130	82.6	59.6	39.7	27.6	3.4	3.2	3.0	2.8	36.4	29.3	20.6	15.4	4.8	5.6	7.9	10.5

Source: Companies, JM Financial

## Financial Tables (Consolidated)

Income Statement						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	145,918	129,104	153,701	178,793	206,537	
Sales Growth	18.5%	-11.5%	19.1%	16.3%	15.5%	
Other Operating Income	2,784	2,282	0	0	0	
<b>Total Revenue</b>	<b>148,703</b>	<b>131,385</b>	<b>153,701</b>	<b>178,793</b>	<b>206,537</b>	
Cost of Goods Sold/Op. Exp	71,252	66,956	79,156	91,184	104,301	
Personnel Cost	8,138	9,350	10,285	11,314	12,445	
Other Expenses	34,020	29,238	32,934	37,514	42,798	
<b>EBITDA</b>	<b>35,292</b>	<b>25,841</b>	<b>31,326</b>	<b>38,781</b>	<b>46,993</b>	
EBITDA Margin	23.7%	19.7%	20.4%	21.7%	22.8%	
EBITDA Growth	11.1%	-26.8%	21.2%	23.8%	21.2%	
Depn. & Amort.	5,753	6,726	8,169	9,156	10,190	
EBIT	29,539	19,115	23,157	29,625	36,803	
Other Income	749	830	900	900	900	
Finance Cost	2,048	3,023	2,410	2,260	1,935	
PBT before Excep. & Forex	28,240	16,922	21,647	28,264	35,768	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	28,240	16,922	21,647	28,264	35,768	
Taxes	6,617	3,565	4,979	6,501	8,227	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	21,623	13,357	16,668	21,764	27,541	
<b>Adjusted Net Profit</b>	<b>21,623</b>	<b>13,357</b>	<b>16,668</b>	<b>21,764</b>	<b>27,541</b>	
Net Margin	14.5%	10.2%	10.8%	12.2%	13.3%	
Diluted Share Cap. (mn)	296.2	296.2	296.2	296.2	296.2	
<b>Diluted EPS (INR)</b>	<b>73.0</b>	<b>45.1</b>	<b>56.3</b>	<b>73.5</b>	<b>93.0</b>	
Diluted EPS Growth	14.5%	-38.2%	24.8%	30.6%	26.5%	
Total Dividend + Tax	2,133	2,137	1,917	2,503	3,167	
Dividend Per Share (INR)	7.2	7.2	6.5	8.4	10.7	

Source: Company, JM Financial

Cash Flow Statement						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	28,240	16,922	21,647	28,264	35,768	
Depn. & Amort.	5,753	6,726	8,639	9,673	10,707	
Net Interest Exp. / Inc. (-)	2,048	3,023	2,410	2,260	1,935	
Inc (-) / Dec in WCap.	-559	-1,145	-3,858	-2,213	-4,170	
Others	-1,388	-762	0	0	0	
Taxes Paid	-5,077	-3,826	-4,979	-6,501	-8,227	
<b>Operating Cash Flow</b>	<b>29,017</b>	<b>20,939</b>	<b>23,859</b>	<b>31,484</b>	<b>36,013</b>	
Capex	-28,382	-22,169	-20,000	-22,000	-22,000	
Free Cash Flow	635	-1,231	3,859	9,484	14,013	
Inc (-) / Dec in Investments	-1,642	1,073	0	0	0	
Others	410	-1,177	0	0	0	
<b>Investing Cash Flow</b>	<b>-29,614</b>	<b>-22,273</b>	<b>-20,000</b>	<b>-22,000</b>	<b>-22,000</b>	
Inc / Dec (-) in Capital	0	300	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	1,736	5,055	-2,000	-4,000	-9,000	
Others	459	-6,072	-4,327	-4,763	-5,102	
<b>Financing Cash Flow</b>	<b>2,196</b>	<b>-717</b>	<b>-6,327</b>	<b>-8,763</b>	<b>-14,102</b>	
<b>Inc / Dec (-) in Cash</b>	<b>1,599</b>	<b>-2,052</b>	<b>-2,468</b>	<b>721</b>	<b>-89</b>	
Opening Cash Balance	4,481	6,045	3,994	1,526	2,247	
Closing Cash Balance	6,080	3,994	1,526	2,247	2,157	

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	103,271	114,790	129,541	148,802	173,175	
Share Capital	2,974	2,974	2,974	2,974	2,974	
Reserves & Surplus	100,296	111,816	126,567	145,828	170,201	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	43,541	49,202	47,202	43,202	34,202	
Def. Tax Liab. / Assets (-)	7,906	9,112	9,201	9,201	9,201	
<b>Total - Equity &amp; Liab.</b>	<b>154,717</b>	<b>173,104</b>	<b>185,947</b>	<b>201,208</b>	<b>216,582</b>	
Net Fixed Assets	121,681	137,703	149,064	161,391	172,684	
Gross Fixed Assets	125,108	163,810	183,810	205,810	227,810	
Intangible Assets	1,147	1,195	1,195	1,195	1,195	
Less: Depn. & Amort.	28,630	35,356	43,995	53,668	64,375	
Capital WIP	24,055	8,053	8,053	8,053	8,053	
Investments	5,027	5,349	5,352	5,352	5,352	
Current Assets	60,651	61,492	67,158	74,364	83,168	
Inventories	22,743	23,265	27,697	31,350	36,215	
Sundry Debtors	17,856	19,428	23,130	25,962	29,990	
Cash & Bank Balances	6,080	3,994	1,526	2,247	2,157	
Loans & Advances	2,459	2,111	2,111	2,111	2,111	
Other Current Assets	11,513	12,694	12,694	12,694	12,694	
Current Liab. & Prov.	32,642	31,440	35,627	39,898	44,621	
Current Liabilities	25,606	24,587	28,774	33,045	37,768	
Provisions & Others	7,036	6,853	6,853	6,853	6,853	
Net Current Assets	28,009	30,052	31,532	34,465	38,546	
<b>Total - Assets</b>	<b>154,717</b>	<b>173,104</b>	<b>185,947</b>	<b>201,208</b>	<b>216,582</b>	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	14.5%	10.2%	10.8%	12.2%	13.3%
Asset Turnover (x)	1.0	0.8	0.8	0.9	1.0
Leverage Factor (x)	1.5	1.5	1.5	1.4	1.3
RoE	22.9%	12.3%	13.6%	15.6%	17.1%

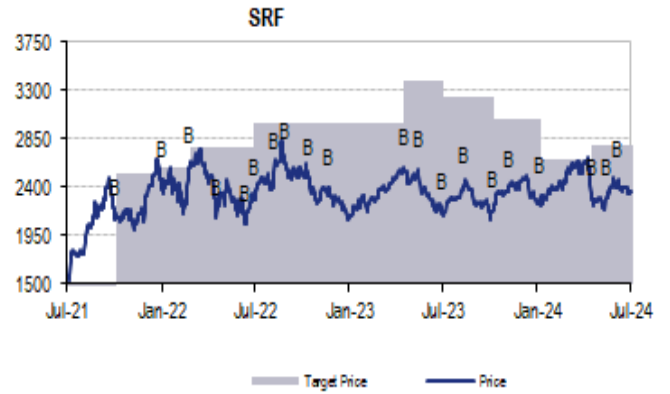
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	348.6	387.5	437.3	502.3	584.6
ROIC	18.2%	10.4%	11.0%	12.9%	14.7%
ROE	22.9%	12.3%	13.6%	15.6%	17.1%
Net Debt/Equity (x)	0.3	0.4	0.3	0.2	0.2
P/E (x)	32.4	52.5	42.1	32.2	25.5
P/B (x)	6.8	6.1	5.4	4.7	4.1
EV/EBITDA (x)	20.8	28.7	23.7	19.0	15.5
EV/Sales (x)	4.9	5.6	4.8	4.1	3.5
Debtor days	44	54	55	53	53
Inventory days	56	65	66	64	64
Creditor days	72	76	78	79	80

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-Oct-21	Buy	2,530	
25-Jan-22	Buy	2,575	1.8
20-Mar-22	Buy	2,765	7.4
10-May-22	Buy	2,765	0.0
5-Jul-22	Buy	2,765	0.0
22-Jul-22	Buy	3,000	8.5
30-Aug-22	Buy	3,000	0.0
21-Sep-22	Buy	3,000	0.0
6-Nov-22	Buy	3,000	0.0
14-Dec-22	Buy	3,000	0.0
10-May-23	Buy	3,380	12.7
7-Jun-23	Buy	3,380	0.0
25-Jul-23	Buy	3,245	-4.0
5-Sep-23	Buy	3,245	0.0
30-Oct-23	Buy	3,040	-6.3
30-Nov-23	Buy	3,040	0.0
31-Jan-24	Buy	2,665	-12.3
9-May-24	Buy	2,795	4.9
6-Jun-24	Buy	2,795	0.0
27-Jun-24	Buy	2,795	0.0

Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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