

## FY24 ARA: Focus on ramp up of new specialty chemicals plants

In its FY24 annual report, SRF's management has outlined i) higher chemicals capex intensity from 2HFY25; ii) signs of pick up in the agrochemicals industry, iii) higher ref gas demand from domestic and Middle East markets to offset weakness in US market; iv) positive outlook for the pharma business; v) ramp-up of nine dedicated facilities commissioned in FY24, and vi) shift towards new PTFE grades and ambition to venture into new fluoropolymers. On the back of this, company expects chemicals business to register a ~20% growth in FY25 and a strong momentum beyond FY25. Apart from this, company is working on its cost structures in order to maximise the plant efficiency. On the packaging films, company indicated challenges to persist (especially on the BOPET side) on account of supply outweighing demand. However, commissioning of the aluminium foil should bode well. We maintain BUY (click [here](#) for deep dive report) with unchanged estimates and Sep'25 TP of INR 2,795.

- Chemicals capex intensity to pick up pace from 2HFY25:** After having faced multiple challenges in specialty chemicals business in FY24, company expects growth momentum to pick up in FY25 owing to the strong pipeline of active ingredients coming on stream. Company would be looking to ramp up its nine dedicated facilities which got commissioned at Dahej in FY24. Moreover, company wants to go back to higher capex intensity from 2HFY25 after spending INR 17bn in the chemicals business in FY24. Besides, company has started seeing progress in its pharma segment. (During FY24, INR 30bn worth of plants got capitalised of which INR 18bn was for specialty chemical plants while INR 12bn was for PTFE and R32 plants along with capacity expansion of AHCI plant).
- Higher ref gas demand from domestic and Middle East markets to offset weakness in US:** In FY25, for refrigerant gases, SRF expects increased domestic as well Middle East demand while a subdued demand from US market. Moreover, management expects pricing pressure on refrigerant gases to be down. Further, on PTFE, company is ramping up new grades (free flow and fine cuts). Management believes this will help the company to venture out into new fluoropolymers at a faster pace. Altogether, company expects overall chemicals business to register ~20% sales growth in FY25 and a strong momentum beyond FY25.
- Maintain BUY with Sep'25 TP of INR 2,795:** In the packaging business, management expects challenges to persist on account of demand-supply imbalances, especially on BOPET side. However, it expects a better performance from Hungary plant owing to energy price stabilisation. Further, commissioning of aluminium plant should bode well. In the technical textiles business, company expects an improved performance in FY25 on account of higher utilisation, lower costs, and value added products in belting fabrics and polyester industrial yarn. On the operational front, company has implemented energy efficiency initiatives leading to energy savings of ~12,243 MWh in FY24. We continue to maintain BUY with unchanged estimates and SoTP based Sep'25 TP of INR 2,795.

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,795
Upside/(Downside)	21.7%
Previous Price Target	2,795
Change	0.0%

### Key Data – SRF IN

Current Market Price	INR2,295
Market cap (bn)	INR680.8/US\$8.2
Free Float	42%
Shares in issue (mn)	296.2
Diluted share (mn)	296.2
3-mon avg daily val (mn)	INR1,456.6/US\$17.4
52-week range	2,697/2,040
Sensex/Nifty	75,075/22,821
INR/US\$	83.5

### Price Performance

%	1M	6M	12M
Absolute	-11.2	-6.3	-9.3
Relative*	-13.1	-13.3	-23.7

\* To the BSE Sensex

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.

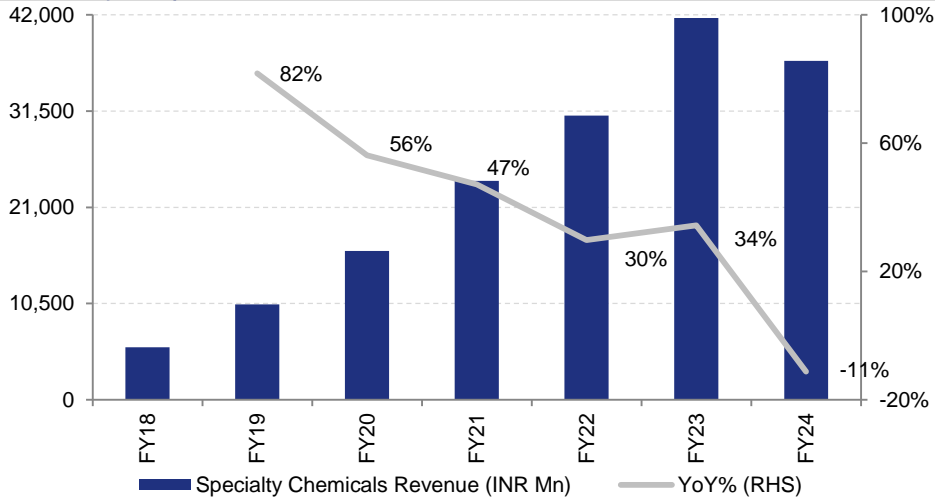
Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	145,918	129,104	151,071	176,255	203,999
Sales Growth (%)	18.5	-11.5	17.0	16.7	15.7
EBITDA	35,292	25,841	31,695	39,313	47,442
EBITDA Margin (%)	23.7	19.7	21.0	22.3	23.3
Adjusted Net Profit	21,623	13,357	16,952	22,173	27,887
Diluted EPS (INR)	73.0	45.1	57.2	74.9	94.1
Diluted EPS Growth (%)	14.5	-38.2	26.9	30.8	25.8
ROIC (%)	18.2	10.4	11.2	13.1	15.0
ROE (%)	22.9	12.3	13.9	15.9	17.2
P/E (x)	31.4	50.9	40.1	30.7	24.4
P/B (x)	6.6	5.9	5.2	4.6	3.9
EV/EBITDA (x)	20.2	27.9	22.7	18.2	14.9
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.5

Source: Company data, JM Financial. Note: Valuations as of 06/Jun/2024

## FY24 Annual Report Analysis

**Inventory destocking impacted specialty chemicals sales:** SRF's specialty chemicals revenue declined in FY24 owing to an extended inventory destocking cycle globally leading to pricing pressure for some products. During FY24, the company commissioned 9 facilities worth INR 18bn at Dahej which are currently underutilised. Management has indicated that with increase in utilisation at these plants, operating leverage will come into play leading to higher EBIT margin in the business.

**Exhibit 1. Specialty chemicals revenue declined 11% YoY in FY24**

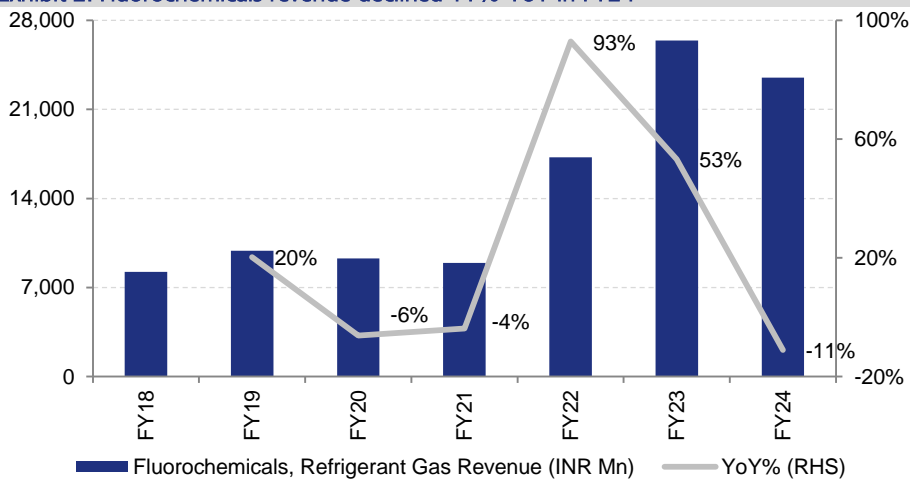


Source: Company

The management has indicated a continued focus on active ingredients, with all of them on stream in FY24, and on overall pharmaceuticals segment through their Chemicals Technology Group.

**Weakness in domestic market and Chinese dumping impacted Fluorochemicals sales:** Similar to Specialty Chemicals, Fluorochemicals segment too saw a decline in revenues for SRF caused by a weak domestic market in the beginning of FY24, Chinese dumping in domestic and international markets leading to refrigerant gas price pressure and HFC destocking in the US. These factors contributed to low product prices and low demand affecting SRF's segment revenues. However, the management is confident of strong domestic and international demand for HFCs, particularly in India, the Middle East, and South East Asia, in FY25.

**Exhibit 2. Fluorochemicals revenue declined 11% YoY in FY24**

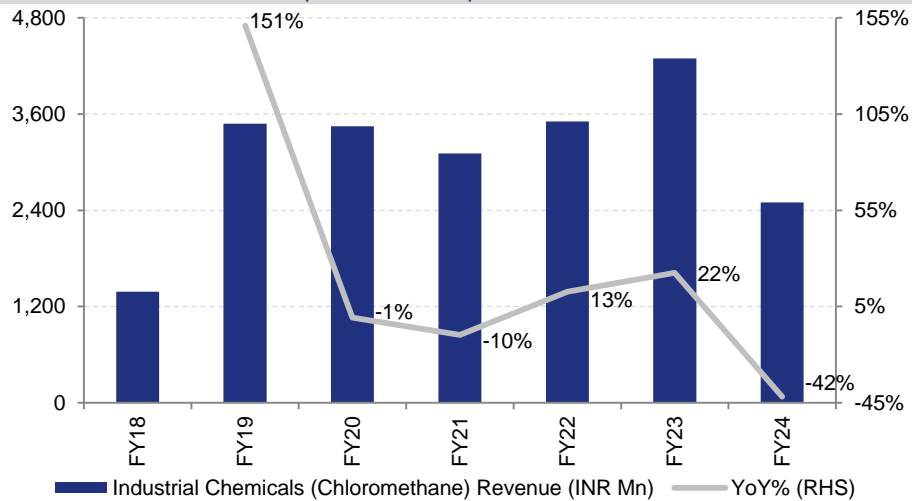


Source: Company

The company has stated that it has increased its market share in Dymel propellant category in both domestic and international markets by expanding the customer base across

geographies. In fluoropolymers, the company highlighted that it has been focusing on bulk products till now and has started focusing on ramping up new grades like free flow and fine cuts. Regarding industrial chemicals, the company has indicated that the chloromethane is going through a weak cycle with some signs of improvement due to agrochemicals demand.

**Exhibit 3. Industrial Chemicals (Chloromethane) Revenue**

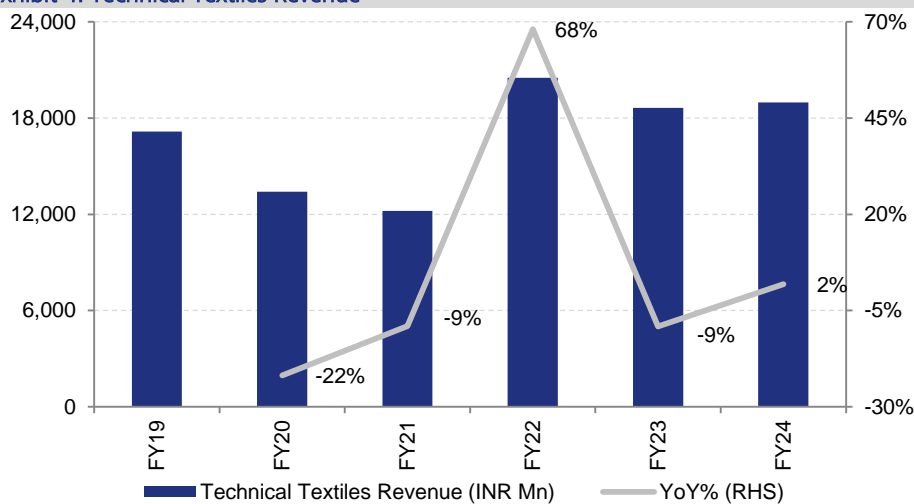


Source: Company

In FY24, the company commissioned INR 12bn worth of facilities in the fluorochemicals segment including plants for PTFE and R32 and capacity expansion of AHCI plant. On the whole, the management is expecting the chemicals business to achieve a growth of ~20% in FY25.

**Technical Textiles:** SRF's technical textiles segment saw a marginal improvement in revenue in FY24. The company has announced that it is now supplying Tyre Cord Fabric (TCF) to all major tyre companies in India. The company has indicated a healthy demand for belting fabrics and polyester industrial yarns in FY24. Additionally, the company has commissioned a new polyester industrial yarn capacity in FY24 and is expanding the belting fabrics capacity.

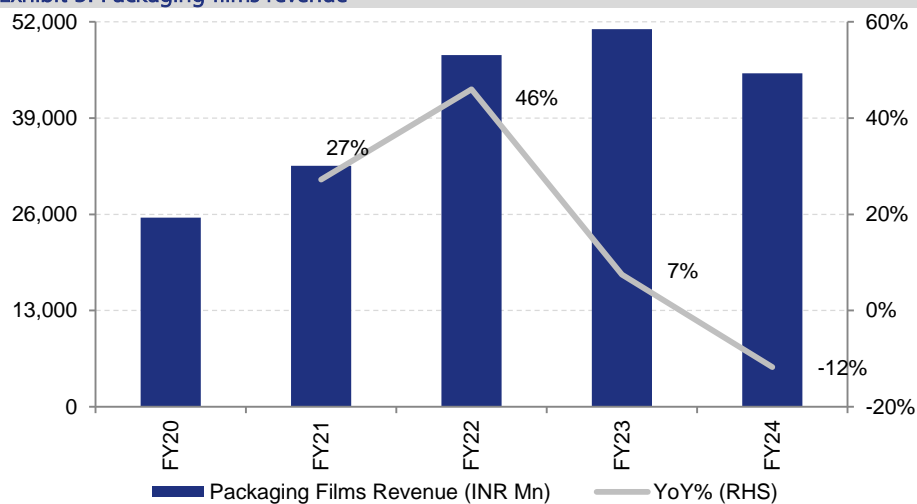
**Exhibit 4. Technical Textiles Revenue**



Source: Company, JM Financial

**Packaging Films:** SRF's packaging films segment revenue saw a decrease in FY24, owing to cyclical downturn due to capacity additions in India and overseas, as per the company. It is expecting that the demand-supply normalization in the segment, particularly in the BOPET film category, will take some time. Company stated that its facility in Hungary faced difficulties but it expects the performance to improve with energy prices stabilizing now. The company commissioned a state-of-the-art aluminium foil plant in FY24. Additionally, it is currently installing Capacitor Grade BOPP film line capacity which will cater to demand from electronics and EV manufacturing in India.

**Exhibit 5. Packaging films revenue**



Source: Company, JM Financial

**Exhibit 6. SRF packaging film capacity as of FY24**

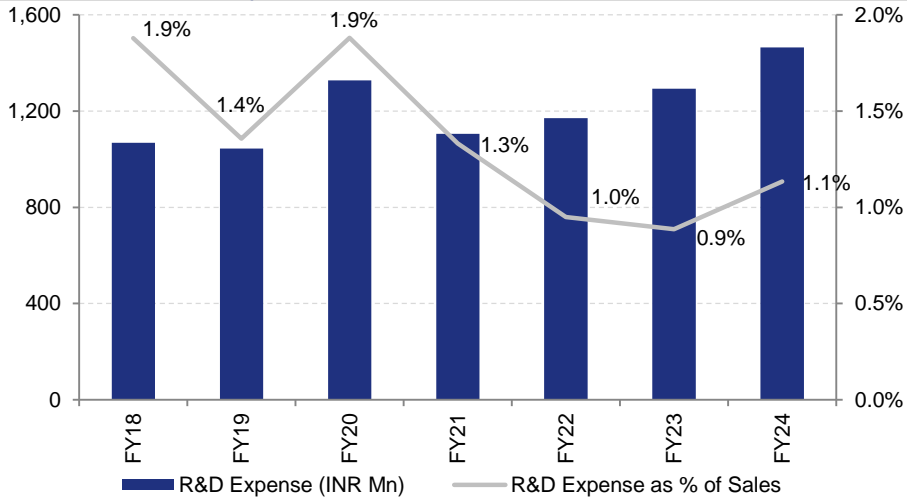
Plant Location	BOPP (MT)	BOPET (MT)	PET Resin Film (MT)	Aluminium Foil (MT)
Kashipur		6,500		
Indore SEZ		55,000	87,500	
Indore DTA	94,000	32,000		
Jetapur				20,000
Rayong, Thailand	46,000	70,000	72,000	
Jaszfenyszaru, Hungary		40,000		
Durban, South Africa	30,000			
<b>Total</b>	<b>1,70,000</b>	<b>2,03,500</b>	<b>1,59,500</b>	<b>20,000</b>

Source: Company, JM Financial

**Research & Development:** SRF's R&D expenses increased to INR ~1.5bn in FY24, which was ~1.1% of total sales in the year. Company has stated that it has filed 37 patents in FY24 taking the total patents filed to 443. It has been granted 17 new patents in the year taking the total patents granted to 149.

These patents have been driven by the company's Chemicals Technology Group (CTG), with 450+ professionals, where the focus is on Active and Non-active Ingredients for agrochemicals & pharmaceutical sectors and advanced refrigerants. Apart from this, the company has a dedicated Technical Textile R&D facility at its manufacturing site in Manali, near Chennai and a packaging film R&D facility at its Indor SEZ site.

**Exhibit 7. In FY24, R&D Expense stood at INR ~1.5bn (1.1% of sales)**

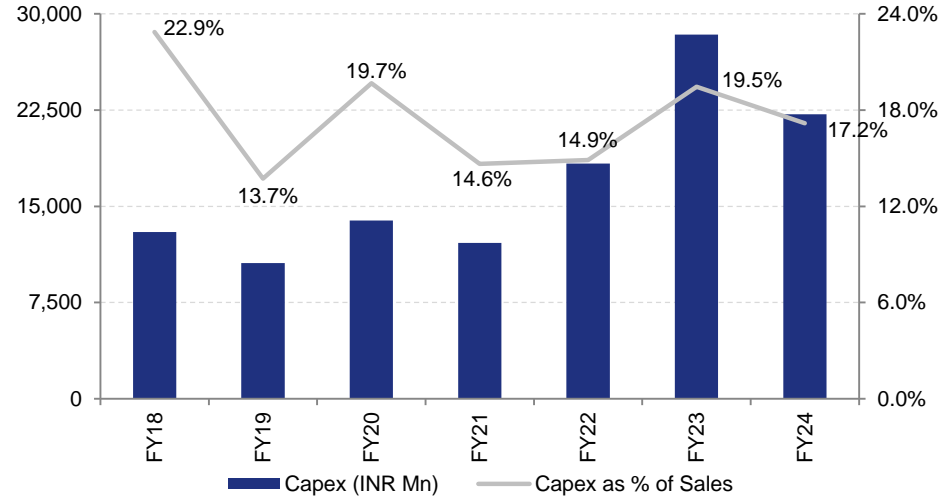


Source: Company, JM Financial

The company has stated that it has launched 15 new products for agro and pharma sectors in FY24. The R&D team has worked on 44 new molecules with 34 undergoing scale-up studies and 70% being commercially produced. The company has commercialized multiple BOPET and BOPP products in the Packaging Films segment and has developed a new type of Solid Woven Fabric in the Technical Textiles segment. Apart from this, the company has developed food-grade liners, commercialised TUF 5 & TUF 6 and developed high-tensile and tear-resistant fabrics for heavy duty tarpaulins.

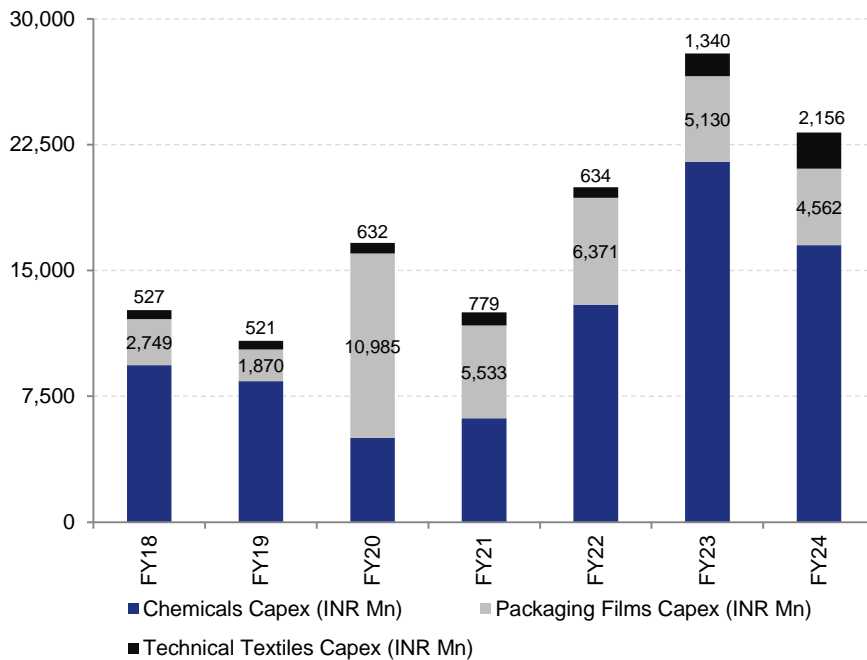
**Capex:** SRF's capex for FY24 stood at INR ~23bn which was ~17% of total sales with the chemicals segment taking the largest share. The firm spent INR ~16.5bn capex in the chemicals segment, INR ~4.5bn in packaging films and INR ~2.1bn in technical textiles. During the year, the company announced a capex of INR 2.8bn for a dedicated manufacturing facility for capacitor grade BOPP film at Indore and a capex of INR 2.4bn for an agrochemical intermediate facility at Dahej.

**Exhibit 8. Capex spending as a % of sales**



Source: Company, JM Financial

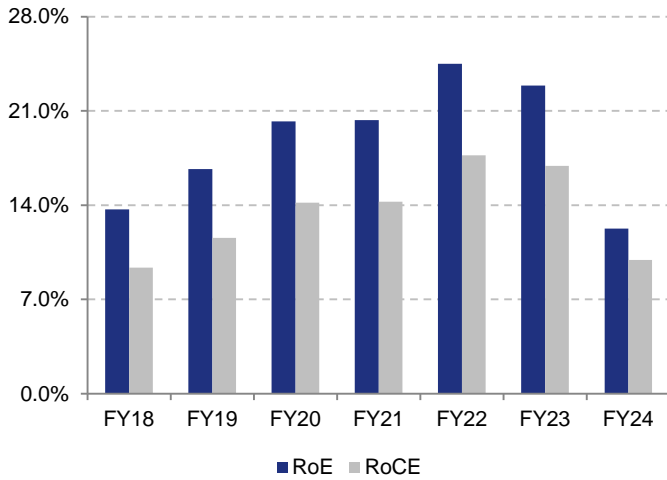
**Exhibit 9. Segmental capex breakup**



Source: Company, JM Financial

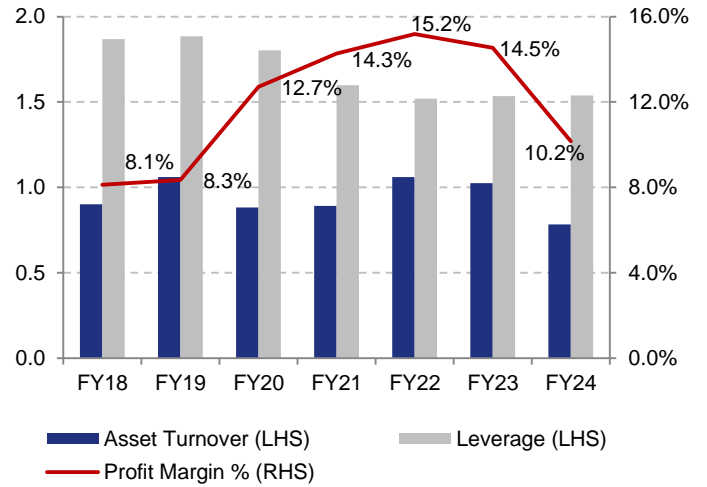
Financials

Exhibit 10. RoE and RoCE have declined



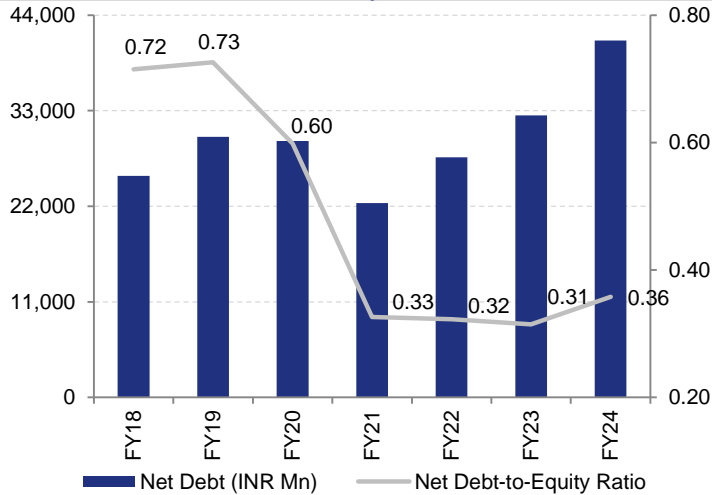
Source: Company, JM Financial

Exhibit 11. DuPont Analysis



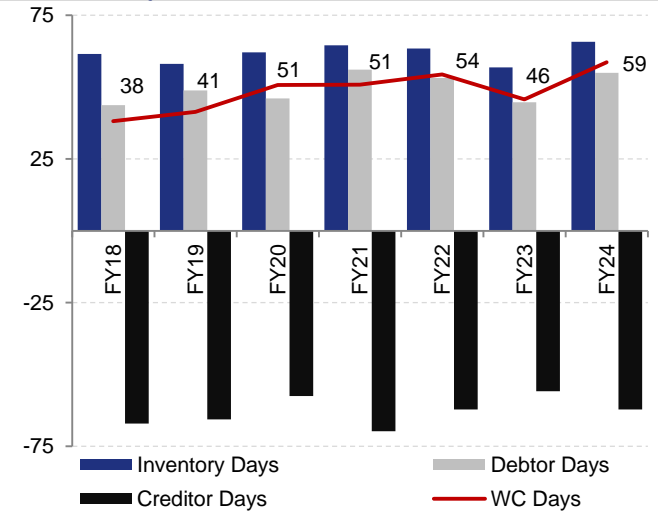
Source: Company, JM Financial

Exhibit 12. Net Debt has increased while Net Debt-to-Equity Ratio has remained stable in the last few years



Source: Company, JM Financial

Exhibit 13. WC days increased in FY24 owing to a rise in inventory and debtor days



Source: Company, JM Financial

## Assumptions and Estimates

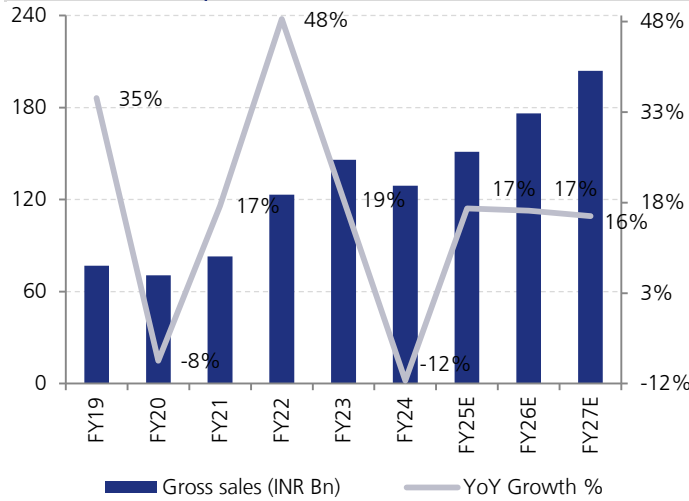
### Exhibit 14. Key assumptions

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	75,516	92,007	1,08,385
Packaging films	17,823	26,533	26,040	32,917	47,792	51,828	44,893	50,035	57,035	67,035
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>1,24,337</b>	<b>1,48,703</b>	<b>1,31,385</b>	<b>1,51,071</b>	<b>1,76,255</b>	<b>2,03,999</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%	20%	22%	18%
Packaging films	26%	49%	-2%	26%	45%	8%	-13%	11%	14%	18%
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>15%</b>	<b>17%</b>	<b>16%</b>
<b>Revenue contribution (%)</b>										
Technical textiles	32%	24%	19%	15%	17%	13%	14%	14%	12%	11%
Chemicals	28%	34%	41%	43%	42%	50%	48%	50%	52%	53%
Packaging films	31%	37%	36%	39%	38%	35%	34%	33%	32%	33%
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	18,879	23,462	27,638
Packaging films	2,298	4,115	5,556	8,977	9,463	5,562	2,065	2,502	3,422	6,033
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>25,020</b>	<b>30,763</b>	<b>37,744</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%	25.0%	25.5%	25.5%
Packaging films	12.9%	15.5%	21.3%	27.3%	19.8%	10.7%	4.6%	5.0%	6.0%	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>16.6%</b>	<b>17.5%</b>	<b>18.5%</b>

Source: Company, JM Financial

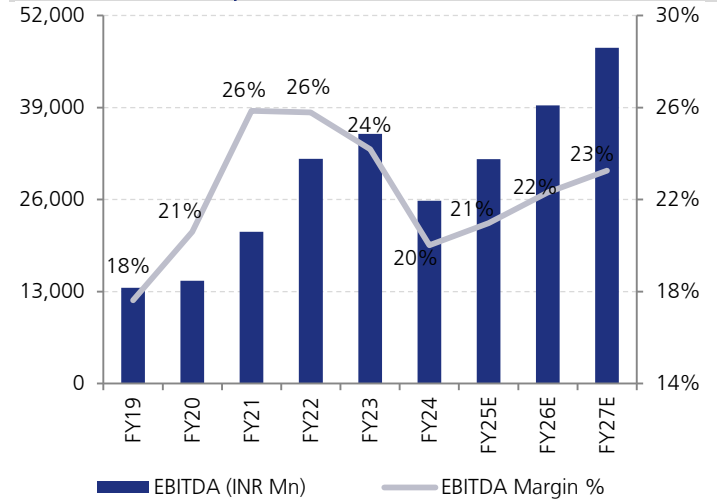


**Exhibit 15. Sales expected to see 16% CAGR over FY24-27E**



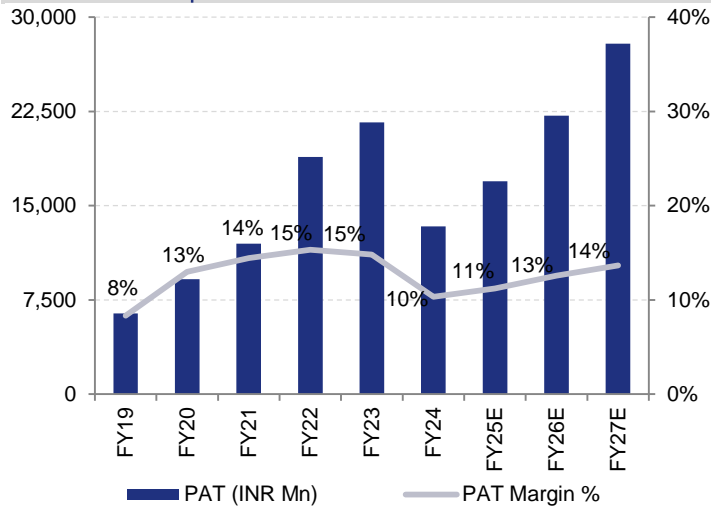
Source: Company, JM Financial

**Exhibit 16. EBITDA expected to see 22% CAGR over FY24-27E**



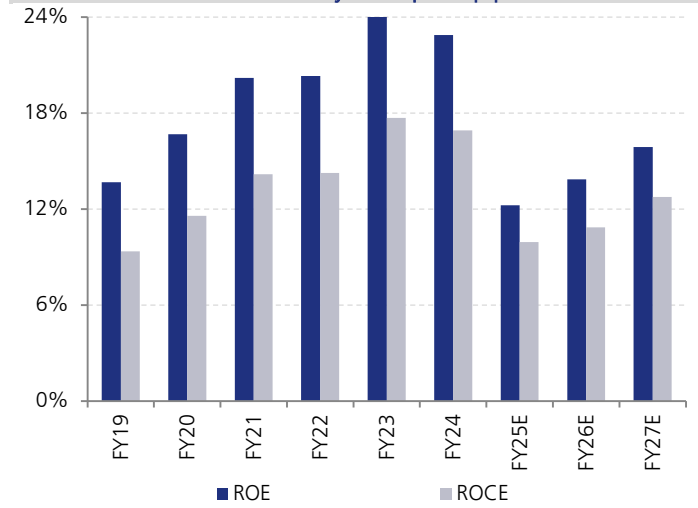
Source: Company, JM Financial

**Exhibit 17. PAT expected to see 28% CAGR over FY24-27E**



Source: Company, JM Financial

**Exhibit 18. SRF's RoE/RoCE likely to be pick up post FY25E**



Source: Company, JM Financial

## Valuation

## Exhibit 19. Our Sep'25 TP for SRF stands at INR 2,795/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	784	2,646
Packaging Films Business	7	6	44	150
Others	1	6	8	26
<b>Total Business EBITDA</b>	<b>44</b>		<b>859</b>	<b>2,901</b>
Less: Gross Debt			39	131
Add: Cash & Cash Equivalents			7	25
<b>TP</b>			<b>828</b>	<b>2,795</b>
Sep'26E consolidated EPS				84
<b>Implied P/E multiple</b>				<b>33</b>

Source: JM Financial

## Exhibit 20. SRF is currently trading at ~37x 1-year forward consensus P/E multiple



Source: Bloomberg

## Exhibit 21. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
SRF	BUY	2,295	2,795	31.4	50.9	40.1	30.7	6.6	5.9	5.2	4.5	20.2	27.9	22.7	18.2	22.9	12.3	13.9	15.9
UPL	BUY	539	650	11.1	NM	23.4	15.1	1.4	1.5	1.4	1.3	6.2	14.7	8.9	7.7	13.6	-3.4	6.2	9.0
PI Industries	HOLD	3,651	3,850	45.4	33.2	35.2	30.2	7.7	6.4	5.4	4.6	33.9	25.6	22.3	19.2	18.4	21.0	16.5	16.4
Deepak Nitrite	BUY	2,279	2,685	39.5	41.5	32.8	27.2	8.2	7.0	5.8	4.9	25.8	29.9	21.5	18.0	22.9	18.2	19.4	19.6
Clean Science	BUY	1,301	1,805	46.8	56.6	45.2	33.5	13.7	11.5	9.2	7.3	33.5	40.7	31.6	23.9	33.2	22.1	22.6	24.2
Navin Fluorine	BUY	3,321	4,105	43.9	72.0	50.2	35.9	7.5	6.9	6.2	5.5	31.2	43.3	31.3	23.3	18.6	10.0	13.0	16.2
Fine Organics	SELL	4,449	3,840	23.1	37.0	34.8	34.4	9.0	7.3	6.2	5.4	16.9	26.4	24.0	23.4	47.6	21.8	19.4	16.9
Galaxy Surfactants	HOLD	2,557	2,620	23.8	30.1	28.7	26.0	4.8	4.2	3.7	3.2	16.0	19.0	17.7	16.0	22.0	14.8	13.6	13.2
PCBL Ltd.	BUY	232	335	19.8	17.8	18.1	14.1	3.1	2.7	2.3	2.0	13.2	12.7	9.6	8.4	16.2	16.2	13.9	15.4
Aether Industries	BUY	798	1,005	76.2	110.3	63.9	41.9	8.0	5.1	4.8	4.3	52.8	72.2	39.6	26.8	16.0	5.8	7.7	10.8
Anupam Rasayan	HOLD	770	860	46.7	65.7	46.0	30.7	3.6	3.1	2.9	2.6	20.4	24.6	20.3	15.5	8.8	5.0	6.4	8.8
Archean Chemicals	BUY	608	715	19.6	23.5	13.9	11.1	5.2	4.4	3.4	2.6	11.5	15.5	8.9	6.5	45.2	20.4	27.6	26.8
Tatva Chintan Pharma Chem	HOLD	1,020	1,130	48.6	78.6	46.5	34.3	4.6	3.2	3.1	2.8	41.5	34.6	24.5	18.5	9.9	4.8	6.8	8.6

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	151,071	176,255	203,999	
Sales Growth	18.5%	-11.5%	17.0%	16.7%	15.7%	
Other Operating Income	2,784	2,282	0	0	0	
<b>Total Revenue</b>	<b>148,703</b>	<b>131,385</b>	<b>151,071</b>	<b>176,255</b>	<b>203,999</b>	
Cost of Goods Sold/Op. Exp	71,252	66,956	76,291	89,009	102,000	
Personnel Cost	8,138	9,350	10,285	11,314	12,445	
Other Expenses	34,020	29,238	32,799	36,620	42,113	
<b>EBITDA</b>	<b>35,292</b>	<b>25,841</b>	<b>31,695</b>	<b>39,313</b>	<b>47,442</b>	
EBITDA Margin	23.7%	19.7%	21.0%	22.3%	23.3%	
EBITDA Growth	11.1%	-26.8%	22.7%	24.0%	20.7%	
Depn. & Amort.	5,753	6,726	8,169	9,156	10,190	
EBIT	29,539	19,115	23,526	30,157	37,252	
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	22,016	28,796	36,217	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	28,240	16,922	22,016	28,796	36,217	
Taxes	6,617	3,565	5,064	6,623	8,330	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	21,623	13,357	16,952	22,173	27,887	
<b>Adjusted Net Profit</b>	<b>21,623</b>	<b>13,357</b>	<b>16,952</b>	<b>22,173</b>	<b>27,887</b>	
Net Margin	14.5%	10.2%	11.2%	12.6%	13.7%	
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>57.2</b>	<b>74.9</b>	<b>94.1</b>	
Diluted EPS Growth	14.5%	-38.2%	26.9%	30.8%	25.8%	
Total Dividend + Tax	2,133	2,137	1,950	2,550	3,207	
Dividend Per Share (INR)	7.2	7.2	6.6	8.6	10.8	

Source: Company, JM Financial

Cash Flow Statement						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	28,240	16,922	22,016	28,796	36,217	
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	-3,436	-2,254	-4,170	
Others	-1,388	-762	0	0	0	
Taxes Paid	-5,077	-3,826	-5,064	-6,623	-8,330	
<b>Operating Cash Flow</b>	<b>29,017</b>	<b>20,939</b>	<b>24,566</b>	<b>31,853</b>	<b>36,359</b>	
Capex	-28,382	-22,169	-20,000	-22,000	-22,000	
Free Cash Flow	635	-1,231	4,566	9,853	14,359	
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	-4,360	-4,810	-5,142	
<b>Financing Cash Flow</b>	<b>2,196</b>	<b>-717</b>	<b>-6,360</b>	<b>-8,810</b>	<b>-14,142</b>	
<b>Inc / Dec (-) in Cash</b>	<b>1,599</b>	<b>-2,052</b>	<b>-1,794</b>	<b>1,043</b>	<b>216</b>	
Opening Cash Balance	4,481	6,045	3,994	2,200	3,243	
Closing Cash Balance	6,080	3,994	2,200	3,243	3,459	

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	103,271	114,790	129,793	149,416	174,096	
Share Capital	2,974	2,974	2,974	2,974	2,974	
Reserves & Surplus	100,296	111,816	126,819	146,442	171,122	
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>186,199</b>	<b>201,822</b>	<b>217,502</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	66,963	74,546	83,656	
Inventories	22,743	23,265	27,223	30,905	35,770	
Sundry Debtors	17,856	19,428	22,734	25,593	29,622	
Cash & Bank Balances	6,080	3,993	2,200	3,243	3,459	
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	35,179	39,466	44,189	
Current Liabilities	25,606	24,587	28,326	32,613	37,336	
Provisions & Others	7,036	6,853	6,853	6,853	6,853	
Net Current Assets	28,009	30,052	31,783	35,080	39,467	
<b>Total - Assets</b>	<b>154,717</b>	<b>173,104</b>	<b>186,199</b>	<b>201,822</b>	<b>217,502</b>	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	14.5%	10.2%	11.2%	12.6%	13.7%
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%	13.9%	15.9%	17.2%

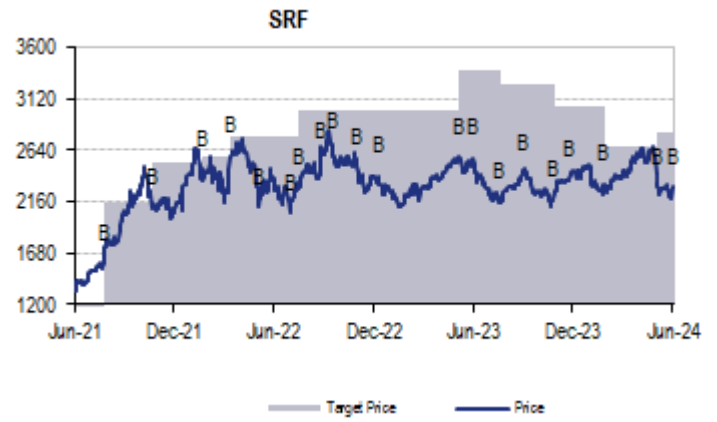
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	348.6	387.5	438.1	504.4	587.7
ROIC	18.2%	10.4%	11.2%	13.1%	15.0%
ROE	22.9%	12.3%	13.9%	15.9%	17.2%
Net Debt/Equity (x)	0.3	0.4	0.3	0.2	0.2
P/E (x)	31.4	50.9	40.1	30.7	24.4
P/B (x)	6.6	5.9	5.2	4.6	3.9
EV/EBITDA (x)	20.2	27.9	22.7	18.2	14.9
EV/Sales (x)	4.8	5.5	4.8	4.1	3.5
Debtor days	44	54	55	53	53
Inventory days	56	65	66	64	64
Creditor days	72	76	79	80	81

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
29-Jul-21	Buy	2,141	
26-Oct-21	Buy	2,530	18.2
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

Recommendation History



## APPENDIX I

### JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
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.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

#### Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

#### Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.