

Estimate change	↑
TP change	↑
Rating change	↑

CMP: INR2,831 TP: INR3,540 (+25%) Upgrade to Buy

Outlook improves for the Chemicals business

Operating performance above our estimates

- SRF posted a decent overall performance in 3QFY25. However, the Chemicals business and the Packaging Films business displayed material improvement during the quarter. Margins for the Chemicals business improved 120bp/620bp YoY/QoQ, while the same for the Packaging Films business improved 240bp/70bp YoY/QoQ.
- The overall macro scenario is showing some signs of revival for the Chemicals business (67% EBIT mix in FY25E), coupled with management's expectation of strong sequential growth in 4QFY25 with further improvement from FY26. This will be led by a healthy launch pipeline and demand recovery in specialty chemicals, a ramp-up of exports/domestic volumes in the Fluorochemicals business and pricing improvement in the overall chemicals business.
- Factoring in the improving macro scenario and healthy near-term outlook in the Chemicals business, we raise our FY25/FY26/FY27E EBITDA by 4%/5%/ 10%.
- We earlier downgraded the stock following its 4QFY21 results, anticipating a slowdown in overall business momentum. SRF has underperformed the overall indices during the last three years (SRF's share price CAGR has been 3.6% vs. Nifty/Sensex CAGRs of ~10.2%/10.6%). However, considering the healthy business outlook across segments, we **upgrade SRF to BUY** (from Neutral) valuing the stock on an SoTP basis to arrive at our TP of INR3,540.

Margin improvements in Chemicals and Packaging drive performance

- SRF reported an overall revenue of INR34.9b (in line) in 3QFY25, up ~14% YoY. EBITDA margins contracted 40bp YoY to 18.7% (est. of 17.1%). EBITDA stood at INR6.5b (est. of INR6.1b), down 12% YoY. Adj. PAT grew 12% YoY to INR3.1b (est. of INR2.6b), adjusted for a forex loss of INR342m in 3QFY25.
- Chemicals'** revenue (43%/69% of total sales/EBIT in 3QFY25) grew 7% YoY to INR15b, while EBIT grew YoY to INR3.6b. EBIT margin expanded 120bp YoY to 24.3%. The Specialty Chemicals business saw a gradual increase in demand, and the Fluorochemicals business gained strong OEM support for refrigerants domestically, while the Chloromethanes segment remained stable.
- Packaging Film's** revenue (40%/17% of total sales/EBIT in 3QFY25) grew 27% YoY to INR13.8b, while EBIT grew 2x YoY to INR904m. Margin expanded 240bp YoY to 6.5%. The Packaging Films business reported healthy growth, with SRF maintaining a strong industry position. However, Aluminum Foil margins faced pressure due to lower-cost imports from China and Thailand.
- Technical Textiles'** revenue (15%/11% of total sales/EBIT in 3QFY25) grew 11% YoY to INR5b. EBIT declined 14% YoY to INR589m. EBIT margin contracted 350bp YoY to 11.6%. The Technical Textiles business underperformed due to weak demand and margins in Belting Fabrics, while the Polyester Industrial Yarn segment achieved full capacity utilization.

Bloomberg	SRF IN
Equity Shares (m)	296
M.Cap.(INRb)/(USD\$)	839.2 / 9.7
52-Week Range (INR)	2849 / 2089
1, 6, 12 Rel. Per (%)	27/17/19
12M Avg Val (INR M)	1492

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	145.5	176.6	209.0
EBITDA	27.3	38.7	50.7
PAT	12.7	21.4	29.9
EBITDA (%)	18.8	21.9	24.2
EPS (INR)	42.7	72.0	100.4
EPS Gr. (%)	(10.1)	68.5	39.5
BV/Sh. (INR)	411	466	549

Ratios

Net D/E	0.4	0.4	0.3
RoE (%)	10.7	16.4	19.8
RoCE (%)	9.0	12.8	15.4
Payout (%)	37.3	23.6	16.9

Valuations

P/E (x)	66.3	39.3	28.2
EV/EBITDA (x)	32.5	23.0	17.6
Div Yield (%)	0.5	0.6	0.6
FCF Yield (%)	0.7	0.3	1.1

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	50.3	50.3	50.5
DII	17.8	17.8	14.6
FII	18.4	18.3	19.6
Others	13.6	13.7	15.4

Note: FII includes depository receipts

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)

Research Analyst: Meet Jain (Meet.Jain@MotilalOswal.com) / **Nirvik Saini** (Nirvik.Saini@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- The **Chemicals business** is witnessing a revival with further recovery in 4QFY25. The company is expecting strong growth in Specialty chemicals led by healthy launch pipelines of Active Ingredients (AIs). Further, the PTFE segment is likely to see positive traction from FY26. In HFCs, SRF is seeing price improvements both in domestic and global markets that are likely to improve further.
- **The Packaging business** faces a demand-supply imbalance in BOPET (which is softening now), while BOPP margins may decline. Hungary is expected to benefit from increased sales and lower energy costs. The aluminum foil is likely to contribute positively in FY26E.
- **Capex:** For FY25 the company has plans to incur a capex of ~INR15b, and going forward on future projects, the capex will be in the range of ~INR15b-20b.

Valuation and view

- The Chemicals business (Fluorochemicals and Specialty Chemicals) has started witnessing recovery and is expected to further improve (CAGR ~29% over FY25-27E). The Specialty Chemicals segment is seeing demand recovery, pricing improvement, and a better product pipeline (3-4 AIs were registered), while the Fluorochemicals business is showing strong traction in the domestic market, with ramp-up of export volumes and growth in PTFE.
- Improving the business scenario of the Chemicals business is also expected to drive up the margins led by operating leverage, a higher mix of VAP, and improving realization. EBIT margin is expected to recover to ~27%/28.5% by FY26/FY27 from 23% in FY25.
- The packaging business has also shown improvement (Demand-supply imbalance to continue in BOPET, albeit softening), while the Technical Textiles business is likely to continue the current growth momentum. We expect packaging/technical textile business revenue CAGR to be ~14%/8% over FY25-27E. Packaging margins are expected to improve to 9%/12% in FY26E/FY27E vs. 6.5% in FY25E led by a higher VAP mix, while Technical textile margins too will see some improvement to 16%/17% vs. ~13% in FY25E respectively.
- We earlier downgraded the stock following its 4QFY21 results, anticipating a slowdown in overall business momentum. SRF has underperformed the overall indices during the last three years (SRF's share price CAGR has been 3.6% vs. Nifty/Sensex CAGRs of ~10.2%/10.6%). However, considering the healthy business outlook across segments, we build in revenue/EBITDA/Adj. PAT CAGR of 20%/36%/53% over FY25-27E.
- We **upgrade SRF to BUY** from Neutral, valuing the stock on an SoTP basis to arrive at our TP of INR3,540.

Consolidated - Quarterly Earnings Model

(INR m)

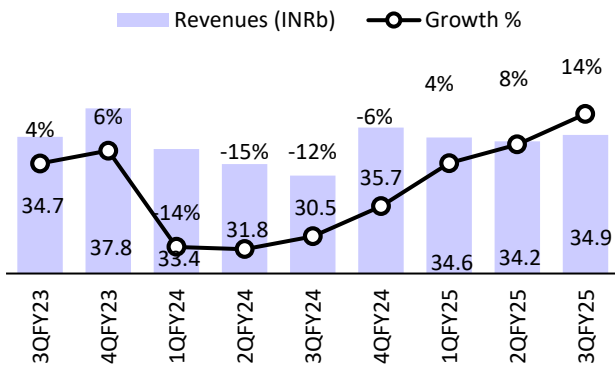
Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	33,384	31,774	30,530	35,697	34,641	34,243	34,913	41,678	1,31,385	1,45,476	35,422	-1
YoY Change (%)	-14.3	-14.8	-12.0	-5.5	3.8	7.8	14.4	16.8	-11.6	10.7	16.0	
Total Expenditure	26,184	25,320	24,691	28,581	28,435	28,637	28,375	32,745	1,04,777	1,18,191	29,356	
EBITDA	7,200	6,453	5,839	7,116	6,207	5,606	6,538	8,934	26,608	27,284	6,066	8
Margins (%)	21.6	20.3	19.1	19.9	17.9	16.4	18.7	21.4	20.3	18.8	17.1	
Depreciation	1,566	1,612	1,689	1,859	1,882	1,939	1,943	2,100	6,726	7,864	1,950	
Interest	656	793	674	900	965	938	963	940	3,023	3,806	920	
Other Income	118	291	188	234	253	333	396	350	830	1,332	300	
PBT before EO expense	5,095	4,339	3,664	4,591	3,612	3,063	4,029	6,244	17,689	16,948	3,496	
Extra-Ord expense & DO	237	191	181	158	172	226	342	0	767	741	0	
PBT	4,858	4,148	3,483	4,433	3,440	2,837	3,687	6,244	16,922	16,207	3,496	
Tax	1,265	1,140	949	211	918	822	976	1,530	3,565	4,247	856	
Rate (%)	24.8	26.3	25.9	4.6	25.4	26.9	24.2	24.5	20.2	25.1	24.5	
Reported PAT	3,593	3,008	2,534	4,222	2,522	2,014	2,711	4,713	13,357	11,961	2,639	
Adj PAT	3,830	3,199	2,715	4,380	2,695	2,240	3,053	4,713	14,124	12,701	2,639	16
YoY Change (%)	-39.5	-38.1	-48.4	-25.8	-29.6	-30.0	12.4	7.6	-37.7	-10.1	-3	
Margins (%)	11.5	10.1	8.9	12.3	7.8	6.5	8.7	11.3	10.8	8.7	7.5	

Key Performance Indicators

Y/E March	FY24E				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Consolidated										
Segment Revenue (INRm)										
Technical Textile	4,647	5,062	4,584	4,689	5,253	5,355	5,098	5,298	18,980	21,004
Chemicals	16,605	14,263	13,941	18,161	14,820	13,578	14,957	20,885	62,970	64,239
Packaging Film	10,948	11,215	10,907	11,824	13,363	14,206	13,848	14,307	44,893	55,723
Others	1,187	1,269	1,136	1,062	1,262	1,128	1,011	1,189	4,653	4,590
Segment Revenue Growth (%)										
Technical Textile	-18.6	8.6	7.6	8.9	13.1	5.8	11.2	13.0	0.2	10.7
Chemicals	-3.6	-22.1	-20.6	-13.6	-10.8	-4.8	7.3	15.0	-15.0	2.0
Packaging Film	-26.8	-15.7	-9.3	2.5	22.1	26.7	27.0	21.0	-13.4	24.1
Other	12.4	26.4	23.0	12.6	6.3	-11.1	-10.9	12.0	18.5	-1.4
Segment Results (INRm)										
Technical Textile	607	750	688	698	677	713	589	795	2,742	2,774
Chemicals	4,601	3,478	3,219	4,977	3,064	2,461	3,638	5,639	16,274	14,802
Packaging Film	513	773	449	331	868	828	904	1,001	2,065	3,601
Others	232	331	212	156	236	172	157	190	930	755
Segment EBIT Margins (%)										
Technical Textile	13.1	14.8	15.0	14.9	12.9	13.3	11.6	15.0	14.4	13.2
Chemicals	27.7	24.4	23.1	27.4	20.7	18.1	24.3	27.0	25.8	23.0
Packaging Film	4.7	6.9	4.1	2.8	6.5	5.8	6.5	7.0	4.6	6.5
Others	19.5	26.1	18.7	14.7	18.7	15.2	15.5	16.0	20.0	16.4
Cost Break-up										
RM Cost (% of sales)	50.9	51.0	50.9	51.4	52.7	53.6	51.7	51.3	51.1	52.3
Staff Cost (% of sales)	6.5	7.1	8.0	6.9	7.3	7.4	7.5	6.3	7.1	7.1
Power and Fuel Cost (% of sales)	10.6	10.8	10.5	9.2	9.9	10.1	9.5	9.5	10.2	9.7
Other Cost (% of sales)	10.4	10.7	11.5	12.6	12.2	12.6	12.6	11.5	11.3	12.2
Gross Margins (%)	49.1	49.0	49.1	48.6	47.3	46.4	48.3	48.7	48.9	47.7
EBITDA Margins (%)	21.6	20.3	19.1	19.9	17.9	16.4	18.7	21.4	20.3	18.8
EBIT Margins (%)	16.9	15.2	13.6	14.7	12.5	10.7	13.2	16.4	15.1	13.3

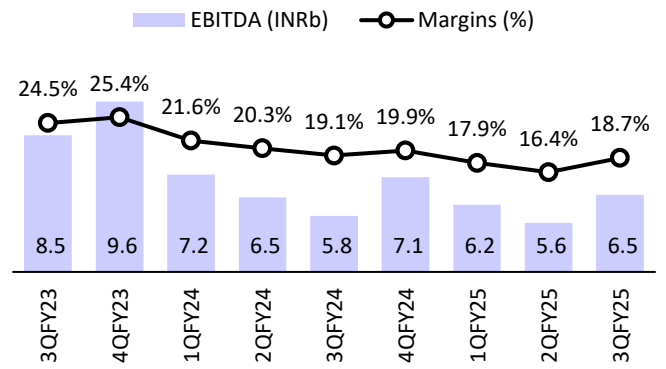
Key Exhibits

Exhibit 1: Consolidated revenue trend



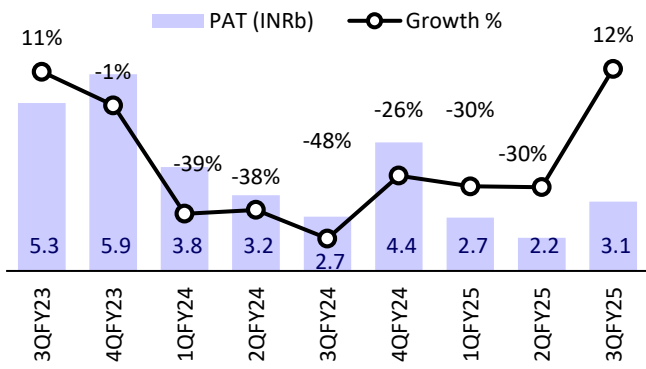
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



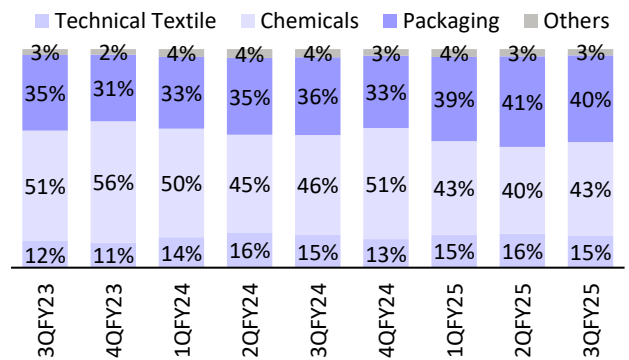
Source: Company, MOFSL

Exhibit 3: Consolidated adjusted PAT trend



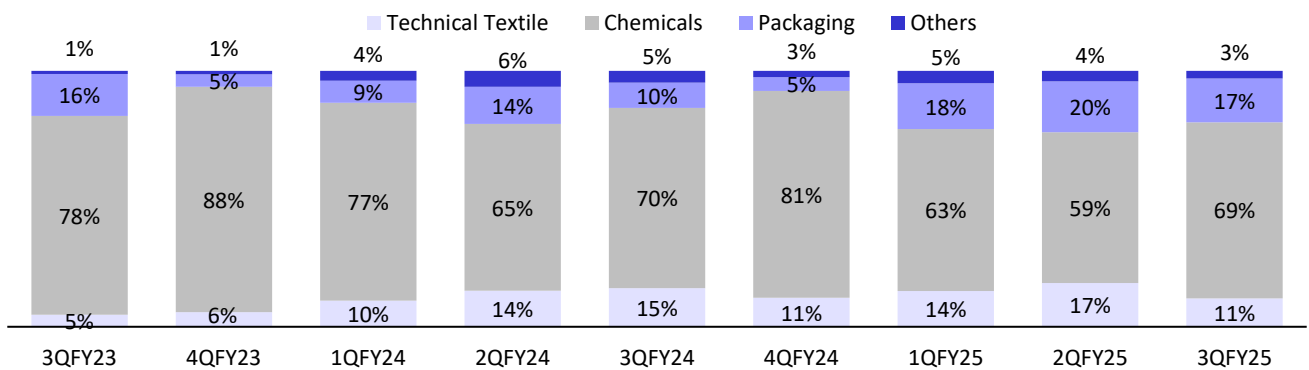
Source: Company, MOFSL

Exhibit 4: Revenue mix trend



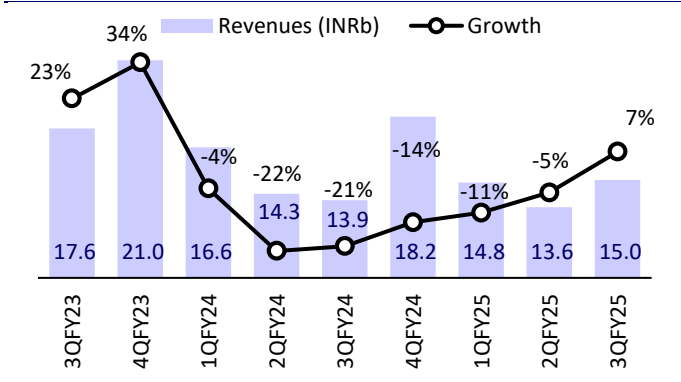
Source: Company, MOFSL

Exhibit 5: EBIT mix trend



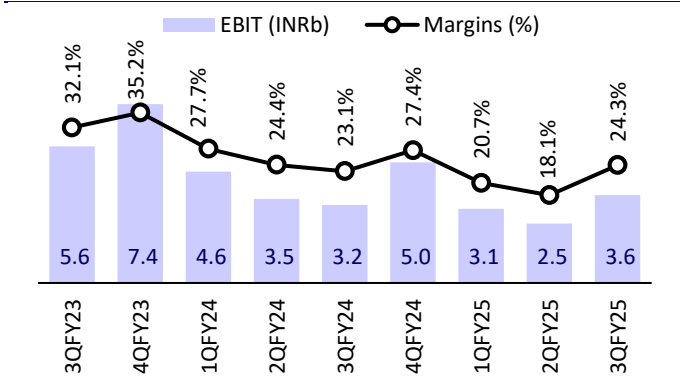
Source: Company, MOFSL

Exhibit 6: Revenue trend in the Chemicals business



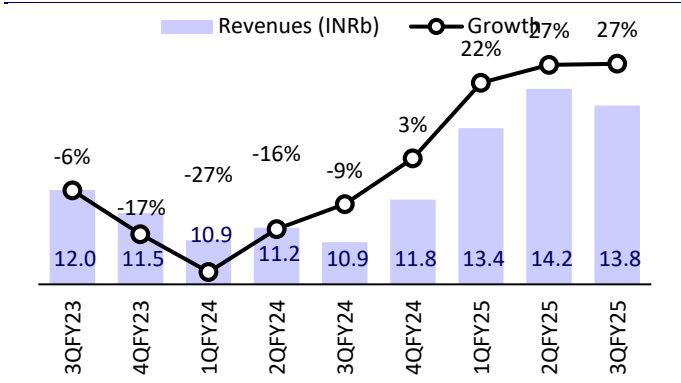
Source: Company, MOFSL

Exhibit 7: EBIT trend in the Chemicals business



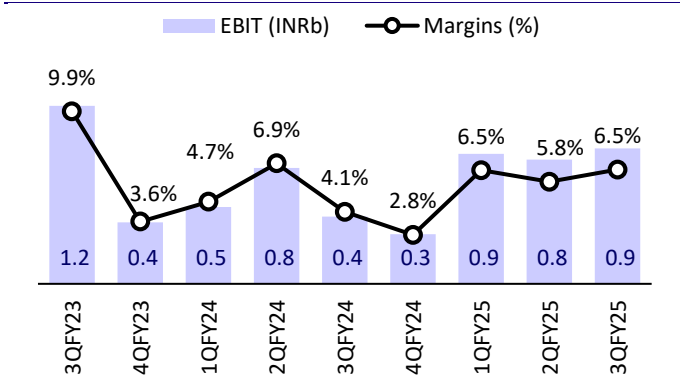
Source: Company, MOFSL

Exhibit 8: Revenue trend in the Packaging Film business



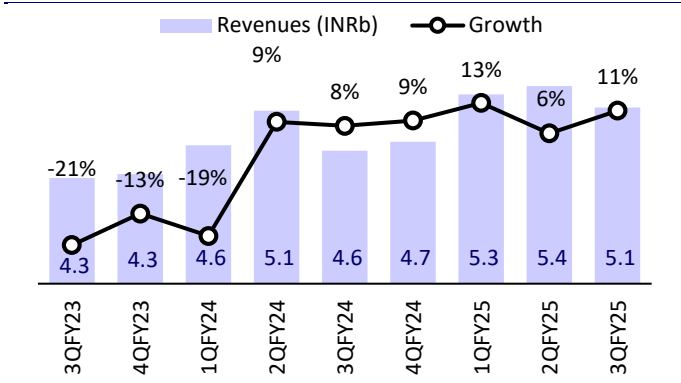
Source: Company, MOFSL

Exhibit 9: EBIT trend in the Packaging Film business



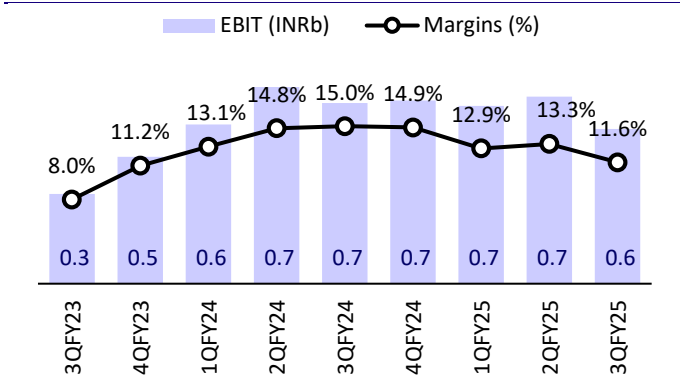
Source: Company, MOFSL

Exhibit 10: Revenue trend in the Technical Textiles business



Source: Company, MOFSL

Exhibit 11: EBIT trend in the Technical Textiles business



Source: Company, MOFSL



Key highlights from the management commentary

Chemicals business: Specialty chemical

- The Specialty chemical business reported strong revenue and margin growth driven by the notable traction gained by the newly launched products while achieving the highest-ever quarterly sales for some products.
- The success of commercialization and ramp-up of the new products will remain a key driver of growth going forward.
- Despite some intermediates continuing to face competition from China, the overall agro segment has started to show signs of recovery with the demand deferment for certain key agro intermediates now witnessing a gradual pickup.
- The management anticipates robust demand from agro in 4QFY25 with a significant performance improvement over 3QFY25
- Most of the new registered products are patented.
- Specialty chemicals witnessed netter margins in 3QFY25 led by a better pricing environment, operating leverage, new products, and increases in overall volumes.
- Going forward, SRF anticipates to clock a revenue growth of ~20% in FY26.
- The company has capitalized ~INR20b over the last two years.

Chemicals: Fluorochemicals

- **The Fluorochemical business** was largely driven by strong growth in volumes of ref gases in the domestic market led by Strong support for refrigerants from OEMs
- Demand for Dymel®/ Pharma propellant remained strong
- Refrigerant gas demand and pricing are expected to remain strong globally, with the US markets witnessing a decline in HFC consumption due to regulatory changes and a shift to alternatives
- while markets like India and the Middle East are experiencing higher growth rates
- Going forward china's consumption growth will remain a key driver of the growth of refrigerant gas
- The company expects positive traction from FY26 onwards in PTFE
- The current capacity of R32 is 25-28KMT and the company no plans to further expand this
- R32 capacity utilization for 9MFY25 stands at ~65-70%

Packaging film business

- The Packaging Films Business maintained a steady performance and recorded a modest improvement in margins compared to the second quarter.
- SRF remains India's largest exporter of BOPET films, with strong growth in high-impact VAP sales across BOPP and BOPET, supporting performance in challenging market conditions
- South Africa maintained its domestic market leadership with stable results; Hungary saw increased sales to Mainland Europe, while Thailand faced intense competition from Chinese players.
- The company witnessed positive traction in volumes of aluminum foil from both the export and the domestic markets compared to last year; however, the

aluminum foil margins in the domestic markets faced some margin pressure due to lower costs of imports from China

- The demand-supply mismatch in BOPET continued in the short to medium term, while the BOPET demand and prices remained stable in India.
- Freight rates from India & Thailand to the US have started to show early signs of softening.

Technical textiles business:

- The Technical Textiles business performed well owing to the higher sales volume
- Lower demand and pressure on margins in the Belting fabrics segment led to the technical textiles segment remaining muted on a sequential basis.
- Polyester Industrial Yarn achieved the highest-ever capacity utilization while better traction on Polyester Tyre Cord Fabric was witnessed.
- The demand outlook for NTCF and PIY is expected to remain stable, while BF demand is expected to experience moderate growth.
- The aggressive import prices for BF from China continue to hurt margins, creating a persistent challenge for market competitiveness.

Others

- For FY25 the company has plans to incur a capex of ~INR15b and going ahead on future projects the company the capex will be in the range of ~INR15b-20b
- The company witnessed an overall reduction in interest rate in the last 6-8 months and management expects this to flow through in FY26
- Going ahead the management remains confident of finishing the year on a reasonably strong footing.

Valuation and view

- The Chemicals business (Fluorochemicals and Specialty Chemicals) has started witnessing recovery and is expected to further improve (CAGR ~29% over FY25-27E). The Specialty Chemicals segment is seeing demand recovery, pricing improvement, and a better product pipeline (3-4 AIs were registered), while the Fluorochemicals business is showing strong traction in the domestic market, with ramp-up of export volumes and growth in PTFE.
- Improving the business scenario of the Chemicals business is also expected to drive up the margins led by operating leverage, a higher mix of VAP, and improving realization. EBIT margin is expected to recover to ~27%/28.5% by FY26/FY27 from 23% in FY25.
- The packaging business has also shown improvement (Demand-supply imbalance to continue in BOPET, albeit softening), while the Technical Textiles business is likely to continue the current growth momentum. We expect packaging/technical textile business revenue CAGR to be ~14%/8% over FY25-27E. Packaging margins are expected to improve to 9%/12% in FY26E/FY27E vs. 6.5% in FY25E led by a higher VAP mix, while Technical textile margins too will see some improvement to 16%/17% vs. ~13% in FY25E respectively.
- We earlier downgraded the stock following its 4QFY21 results, anticipating a slowdown in overall business momentum. SRF has underperformed the overall indices during the last three years (SRF's share price CAGR has been 3.6% vs. Nifty/Sensex CAGRs of ~10.2%/10.6%). However, considering the healthy business outlook across segments, we build in revenue/EBITDA/Adj. PAT CAGR of 20%/36%/53% over FY25-27E.
- We **upgrade SRF to BUY** from Neutral, valuing the stock on an SoTP basis to arrive at our TP of INR3,540.

Exhibit 12: Valuation methodology

EV/EBITDA	FY27 EBITDA (INRm)	Multiple (x)	EV (INRm)
Technical Textiles	4,915	12	58,985
Chemicals	36,915	24	9,01,476
Packaging Films	11,017	12	1,32,203
Others	1,233	10	12,326
Total EV			11,04,990
Less: Debt			58,202
Less: Minority Interest			-
Add: Cash & Cash Equivalents			6,141
Target Mcap (INR m)			10,52,928
Outstanding Share (m)			297.4
Target Price (INR)			3,540

Source: MOFSL

Exhibit 13: Revisions to our estimates

Earnings Change (INR m)	Old			New			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY27E	FY27E
Revenue	1,46,347	1,73,160	1,99,101	1,45,476	1,76,639	2,09,009	-1	2	5
EBITDA	26,207	36,703	45,909	27,284	38,668	50,659	4	5	10
Adj. PAT	11,770	19,774	26,151	12,701	21,406	29,851	8	8	14

Source: MOFSL

Financials and valuations

Consolidated - Income Statement								(INRm)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	72,094	84,000	1,24,337	1,48,703	1,31,385	1,45,476	1,76,639	2,09,009
Change (%)	1.5	16.5	48.0	19.6	-11.6	10.7	21.4	18.3
Total Expenditure	57,510	62,667	93,305	1,12,371	1,04,777	1,18,191	1,37,970	1,58,350
% of Sales	79.8	74.6	75.0	75.6	79.7	81.2	78.1	75.8
EBITDA	14,584	21,333	31,032	36,332	26,608	27,284	38,668	50,659
Margin (%)	20.2	25.4	25.0	24.4	20.3	18.8	21.9	24.2
Depreciation	3,886	4,531	5,172	5,753	6,726	7,864	8,866	10,021
EBIT	10,698	16,803	25,860	30,579	19,882	19,421	29,802	40,637
Int. and Finance Charges	2,007	1,340	1,159	2,048	3,023	3,806	2,981	2,860
Other Income	491	545	428	749	830	1,332	1,532	1,762
PBT bef. EO Exp.	9,182	16,008	25,128	29,280	17,689	16,948	28,353	39,539
EO Items	997	116	727	-1,040	-767	-741	0	0
PBT after EO Exp.	10,179	16,123	25,856	28,240	16,922	16,207	28,353	39,539
Current Tax	265	4,154	7,139	6,617	3,565	4,261	6,947	9,688
Deferred Tax	-277	-10	-173	0	0	-14	0	0
Tax Rate (%)	-0.1	25.7	26.9	23.4	21.1	26.2	24.5	24.5
Less: Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	10,191	11,979	18,889	21,623	13,357	11,961	21,406	29,851
Adjusted PAT	9,194	11,864	18,162	22,663	14,124	12,701	21,406	29,851
Change (%)	49.4	29.0	53.1	24.8	-37.7	-10.1	68.5	39.5
Margin (%)	12.8	14.1	14.6	15.2	10.8	8.7	12.1	14.3

Consolidated - Balance Sheet								(INRm)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	585	603	2,974	2,974	2,974	2,974	2,974	2,974
Total Reserves	48,748	67,962	82,679	1,00,296	1,11,816	1,19,315	1,35,664	1,60,458
Net Worth	49,333	68,564	85,654	1,03,271	1,14,790	1,22,289	1,38,638	1,63,433
Minority Interest	0	0	0	0	0	0	0	0
Deferred Liabilities	1,755	3,862	6,775	8,092	9,387	9,387	9,387	9,387
Total Loans	40,468	33,950	35,394	43,541	49,202	52,202	56,202	58,202
Capital Employed	91,556	1,06,376	1,27,822	1,54,903	1,73,380	1,83,879	2,04,228	2,31,022
Gross Block	76,934	96,167	1,06,943	1,28,622	1,67,373	1,93,373	2,13,373	2,46,373
Less: Accum. Deprn.	15,540	20,071	25,243	30,997	37,723	45,586	54,452	64,474
Net Fixed Assets	61,394	76,096	81,699	97,626	1,29,650	1,47,786	1,58,920	1,81,899
Goodwill on Consolidation	6	6	0	0	0	0	0	0
Capital WIP	13,933	7,723	16,716	24,055	8,053	53	7,053	2,053
Current Investments	1,985	4,125	3,167	4,901	4,056	4,056	4,056	4,056
Total Investments	2,027	4,167	3,209	4,942	5,267	5,267	5,267	5,267
Curr. Assets, Loans&Adv.	31,265	41,121	56,025	60,735	61,574	64,784	71,149	85,194
Inventory	12,012	14,658	21,385	22,743	23,265	23,959	26,663	30,768
Account Receivables	8,911	12,746	17,925	17,856	19,428	19,131	21,777	25,768
Cash and Bank Balance	1,255	2,820	4,594	6,165	4,075	4,667	3,129	6,141
Loans and Advances	9,088	10,898	12,123	13,972	14,805	17,026	19,580	22,517
Curr. Liability & Prov.	17,211	22,918	29,944	32,642	31,440	34,287	38,437	43,666
Account Payables	11,117	15,852	20,964	22,313	21,978	23,959	27,157	31,337
Other Current Liabilities	5,653	6,544	8,391	9,642	8,660	9,526	10,479	11,527
Provisions	442	522	590	687	802	802	802	802
Net Current Assets	14,054	18,203	26,081	28,093	30,134	30,497	32,712	41,528
Deferred Tax assets	143	181	116	187	276	276	276	276
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	91,556	1,06,376	1,27,822	1,54,903	1,73,380	1,83,879	2,04,228	2,31,022

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	30.9	39.9	61.1	76.2	47.5	42.7	72.0	100.4
Cash EPS	44.0	55.1	78.5	95.5	70.1	69.1	101.8	134.1
BV/Share	165.9	230.5	288.0	347.2	385.9	411.1	466.1	549.5
DPS	2.8	4.9	16.8	7.2	7.2	15.0	17.0	17.0
Payout (%)	9.6	12.1	26.4	9.9	16.0	37.3	23.6	16.9
Valuation (x)								
P/E	92	71	46	37	60	66	39	28
Cash P/E	64	51	36	30	40	41	28	21
P/BV	17	12	10	8	7	7	6	5
EV/Sales	12	10	7	6	7	6	5	4
EV/EBITDA	60	41	28	24	33	32	23	18
Dividend Yield (%)	0.1	0.2	0.6	0.3	0.3	0.5	0.6	0.6
FCF per share	-2.3	19.1	9.7	0.0	-6.1	19.7	8.4	30.0
Return Ratios (%)								
RoE	20.3	20.1	23.6	24.0	13.0	10.7	16.4	19.8
RoCE	13.3	13.4	17.2	17.9	10.5	9.0	12.8	15.4
RoIC	15.3	26.3	34.2	34.7	18.2	15.9	21.5	26.0
Working Capital Ratios								
Fixed Asset Turnover (x)	0.9	0.9	1.2	1.2	0.8	0.8	0.8	0.8
Asset Turnover (x)	0.8	0.8	1.0	1.0	0.8	0.8	0.9	0.9
Inventory (Days)	119	133	129	112	127	115	108	108
Debtor (Days)	45	55	53	44	54	48	45	45
Creditor (Days)	110	144	126	110	120	115	110	110
Working Cap. Turnover (Days)	65	67	63	54	72	65	61	62
Leverage Ratio (x)								
Current Ratio	1.8	1.8	1.9	1.9	2.0	1.9	1.9	2.0
Interest Cover Ratio	5	13	22	15	7	5	10	14
Debt/Equity	0.8	0.5	0.4	0.4	0.4	0.4	0.4	0.4

Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	10,706	16,099	25,856	28,240	16,922	16,207	28,353	39,539
Depreciation	3,929	4,531	5,172	5,753	6,726	7,864	8,866	10,021
Interest & Finance Charges	2,016	1,340	1,159	2,048	3,023	3,806	2,981	2,860
Direct Taxes Paid	-1,427	-2,553	-4,016	-6,617	-3,565	-4,247	-6,947	-9,688
(Inc)/Dec in WC	-239	-1,236	-6,645	-408	-2,168	229	-3,754	-5,804
CF from Operations	14,984	18,181	21,527	29,017	20,938	23,859	29,499	36,929
Others	-1,940	-464	-469	0	0	0	0	0
CF from Operating incl EO	13,044	17,717	21,057	29,017	20,938	23,859	29,499	36,929
(inc)/dec in FA	-13,730	-12,047	-18,171	-29,019	-22,748	-18,000	-27,000	-28,000
Free Cash Flow	-685	5,670	2,886	-2	-1,810	5,859	2,499	8,929
(Pur)/Sale of Investments	-886	-1,886	1,028	-1,733	-325	0	0	0
Others	2,813	-1,064	1,265	1,138	800	0	0	0
CF from Investments	-11,803	-14,997	-15,877	-29,614	-22,273	-18,000	-27,000	-28,000
Issue of Shares	0	7,500	2	0	0	0	0	0
Inc/(Dec) in Debt	3,205	-6,856	622	8,147	5,662	3,000	4,000	2,000
Interest Paid	-2,040	-1,574	-1,173	-2,048	-3,023	-3,806	-2,981	-2,860
Dividend Paid	-803	-1,408	-2,117	-2,142	-2,142	-4,462	-5,056	-5,056
Others	-2,337	1,182	-741	-1,789	-1,252	0	0	0
CF from Fin. Activity	-1,975	-1,155	-3,406	2,168	-754	-5,267	-4,038	-5,917
Inc/Dec of Cash	-734	1,565	1,774	1,571	-2,089	592	-1,538	3,012
Opening Balance	1,989	1,255	2,820	4,594	6,164	4,075	4,667	3,129
Closing Balance	1,255	2,820	4,594	6,164	4,075	4,667	3,129	6,141

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

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- 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) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CD SL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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