

July 24, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	3,071		3,167	
Sales (Rs. m)	1,64,265	1,80,167	1,68,497	1,84,633
% Chng.	(2.5)	(2.4)		
EBITDA (Rs. m)	32,368	37,729	32,322	37,680
% Chng.	0.1	0.1		
EPS (Rs.)	54.7	64.8	54.5	64.5
% Chng.	0.3	0.4		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,31,385	1,46,931	1,64,265	1,80,167
EBITDA (Rs. m)	25,841	27,184	32,368	37,729
Margin (%)	19.7	18.5	19.7	20.9
PAT (Rs. m)	13,357	12,508	16,255	19,264
EPS (Rs.)	44.9	42.1	54.7	64.8
Gr. (%)	(38.2)	(6.4)	30.0	18.5
DPS (Rs.)	5.4	5.0	6.6	7.8
Yield (%)	0.2	0.2	0.2	0.2
RoE (%)	12.3	10.4	12.2	12.9
RoCE (%)	12.3	11.6	12.9	13.7
EV/Sales (x)	7.4	6.6	5.9	5.4
EV/EBITDA (x)	37.9	35.8	30.1	25.7
PE (x)	70.2	74.9	57.6	48.6
P/BV (x)	8.2	7.4	6.7	6.0

Key Data

52-W High / Low	Rs.3,325 / Rs.2,127
Sensex / Nifty	82,184 / 25,062
Market Cap	Rs.934bn/ \$ 10,807m
Shares Outstanding	296m
3M Avg. Daily Value	Rs.1985.42m

Shareholding Pattern (%)

Promoter's	50.26
Foreign	18.23
Domestic Institution	18.85
Public & Others	12.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	3.2	21.9	33.1
Relative	3.0	13.0	29.8

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Chemicals segment to drive growth

Quick Pointers:

- Rs2.5bn capex announced for new agrochemical plant at Dahej, Gujarat
- Launched R467A, an in-house patented product

SRF (SRF IN) reported consolidated revenue of Rs38bn, reflecting +10% YoY and -11.5% QoQ change, driven by volume recovery in key agrochemical intermediates, momentum in recently launched products & higher realizations and increased volumes for BOPP. Chemicals segment recorded 24% YoY growth followed by 6% YoY growth in packaging films while technical textiles declined by 11% YoY.

Going forward, we expect continued strength in refrigerants segment and some signs of recovery in the agrochemicals. However, pricing pressure from Chinese competitors continue to remain a threat for few products of the company. At a valuation of 49x FY27 EPS, we maintain "Hold," on the stock with a target price of Rs3,071, based on a sum-of-the-parts (SOTP) valuation approach.

- Chemicals business grows by 24% YoY:** Consolidated revenue at Rs38.2bn (10.2% YoY, -11.5% QoQ; PLe: Rs37bn, Consensus: Rs39.6), increased YoY due to an increase in the Chemicals business revenue by 24%, due to uptick in agrochemical intermediates and robust performance of refrigerants segment supported by higher realizations. Gross Margin stood at 50%, up from 48.2% in Q4FY25 and 47.3% in Q1FY25, due to a decrease in raw material prices.
- Margin expansion in chemicals segment drove a 440bps YoY increase in EBIT Margin to 16.4%:** EBITDA stood at Rs8.3bn (PLe: Rs7bn, Consensus: Rs8.2bn) (37.5% YoY, -13.3% QoQ). EBITDAM stood at 21.7% in Q1FY26 vs 22.2% in Q4FY25 and 17.4% in Q1FY25. EBIT in the Chemicals segment was up 64% YoY, but down 33% QoQ. EBIT Margin increased by 660bps YoY to 27.3%. The packaging film segment saw a robust 62% YoY increase in EBIT, with EBIT margin increasing to 9.9% vs 6.5% in Q1FY25, due to higher sales of higher value products and aluminum foil. Technical textile segment saw a 44% YoY decrease in EBIT with EBIT margin declining to 8.1% vs 13% in Q1FY25.
- Key concall takeaways:** (1) Registration of new AI & launch of a pharma intermediate during the quarter. (2) Domestic demand of fluorochem remained weak, but exports remained strong. (3) Started commercial sales of patented R467A, a replacement of R22. (4) Rs4.9bn BOPP line at Indore to come up in 24m. (5) R32 capacity at full utilization, 60% sales domestic, export rest. (6) PTFE exit utilization at 75-80% FY26 end. (7) Several AIs in various stages of launch. (8) Technical textile business is expected to face margin pressure in near term; it is expected to report similar performance as FY25 in FY26. (9) overall net debt Rs32-33bn

Exhibit 1: Valuation – SOTP-based TP at Rs3,071; Retain 'Hold' rating

	EBITDA (Rs mn) FY27E	Target EV/EBITDA multiple	Total Enterprise Value (Rs mn)
Specialty Chemicals	29,188	27	7,88,088
Packaging Films Business	7,428	15	1,11,416
Technical Textiles Business	3,513	13	45,674
Total Enterprise Value	40,130		9,45,178
less : Net Debt			36,081
Total			9,09,097
No of shares			296
TP			3,071

Source: PL

Exhibit 2: Q1FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	38,186	34,641	10.2	37,069	3.0	43,133	(11.5)	1,64,265	1,46,931	11.8
Gross Profit	19,079	16,371	16.5	18,002	6.0	20,809	(8.3)	80,655	69,939	15.3
Margin (%)	50.0%	47.3%		48.6%		48.2%		49.1%	47.6%	
EBITDA	8,298	6,034	37.5	7,035	18.0	9,574	(13.3)	32,368	27,184	19.1
Margin (%)	21.7%	17.4%		19.0%		22.2%		19.7%	18.5%	
Other Income	291	253	15.3	332	(12.2)	345	(15.6)	1,327	1,327	-
Depreciation	2,032	1,882	8.0	1,986	2.3	1,952	4.1	8,364	7,715	8.4
EBIT	6,557	4,405	48.9	5,380	21.9	7,967	(17.7)	25,332	20,797	21.8
Interest	799	965	(17.2)	922	(13.3)	894	(10.6)	3,658	3,760	(2.7)
PBT before exceptional items	5,758	3,440	67.4	4,458	29.2	7,074	(18.6)	21,674	17,037	27.2
Total Tax	1,435	909	57.8	1,215	18.1	1,813	(20.8)	5,418	4,529	19.6
ETR (%)	25%	26%		27%	(8.5)	26%	(2.8)	25%	27%	(6.0)
Adj. PAT	4,323	2,530	70.9	3,243	33.3	5,261	(17.8)	16,255	12,508	30.0
Exceptional Items	0	0		0		0		0	0	
PAT	4,323	2,530	70.9	3,243	33.3	5,261	(17.8)	16,255	12,508	30.0

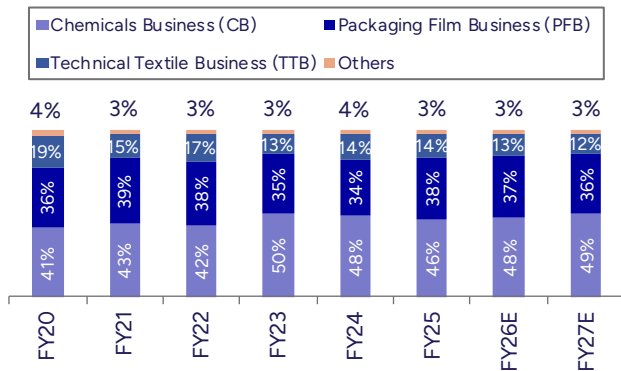
Source: Company, PL

Exhibit 3: Segmental Details (Rs mn)

Y/e March	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Revenue from Operations	30,567	35,734	34,698	34,267	34,913	43,133	38,186
Chemicals Business (CB)	13,941	18,161	14,820	13,578	14,957	23,553	18,390
Packing Film Business (PFB)	10,907	11,824	13,363	14,206	13,848	14,122	14,182
Technical Textile Business (TTB)	4,584	4,689	5,253	5,355	5,098	4,584	4,666
Others	1,136	1,062	1,262	1,128	1,011	874	949
Less : Inter Segment Revenues	37	37	56	24	0		
Total Segment Revenue	30,530	35,697	34,641	34,243	34,913	43,133	38,186
Add : Other Unallocable Income							
Net Revenue from Operations	30,530	35,697	34,641	34,243	34,913	43,133	38,186
Change (YoY %)	-12%	-6%	4%	8%	14%	21%	10%
Chemicals Business (CB)	-21%	-14%	-11%	-5%	7%	30%	24%
Packing Film Business (PFB)	-9%	3%	22%	27%	27%	19%	6%
Technical Textile Business (TTB)	8%	9%	13%	6%	11%	-2%	-11%
Others	23%	13%	6%	-11%	-11%	-18%	-25%
Change (QoQ %)	-4%	17%	-3%	-1%	2%	24%	-11%
Chemicals Business (CB)	-2%	30%	-18%	-8%	10%	57%	-22%
Packing Film Business (PFB)	-3%	8%	13%	6%	-3%	2%	0%
Technical Textile Business (TTB)	-9%	2%	12%	2%	-5%	-10%	2%
Others	-10%	-7%	19%	-11%	-10%	-14%	9%
Revenue Mix (%)							
Chemicals Business (CB)	46%	51%	43%	40%	43%	55%	48%
Packing Film Business (PFB)	36%	33%	39%	41%	40%	33%	37%
Technical Textile Business (TTB)	15%	13%	15%	16%	15%	11%	12%
Others	4%	3%	4%	3%	3%	2%	2%
Profit/Loss Before Interest and Tax	4,567	6,161	4,844	4,175	5,287	9,056	6,942
Chemicals Business (CB)	3,219	4,977	3,064	2,461	3,638	7,485	5029.2
Packing Film Business (PFB)	449	331	868	828	904	1,046	1402
Technical Textile Business (TTB)	688	698	677	713	589	401	376.4
Others	212	156	236	172	157	124	134.3
Less: Other Un-allocable Expenditure	410	828	439	400	637	1,089	384.7
Unallocated Exp as % of Rev	1.3%	2.3%	1.3%	1.2%	1.8%	2.5%	1.0%
EBIT (incl Other Income)	4,157	5,333	4,405	3,774	4,650	7,968	6,557
Less: Other Income	188	234	253	333	396	345	291
EBIT	3,969	5,099	4,153	3,441	4,253	7,623	6,266
Less: Finance Costs	674	900	965	938	963	894	799
PBT	3,483	4,433	3,440	2,837	3,687	7,074	5,758

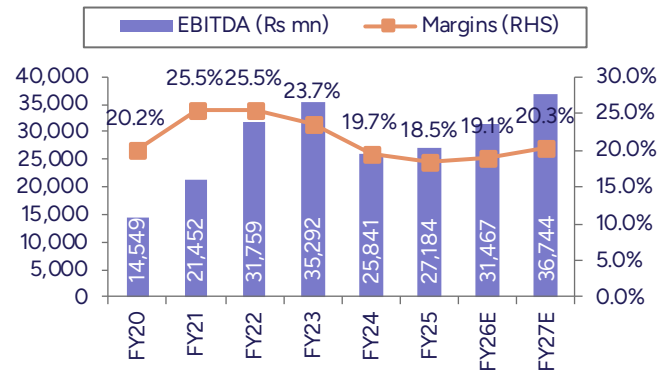
Source: Company, PL

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



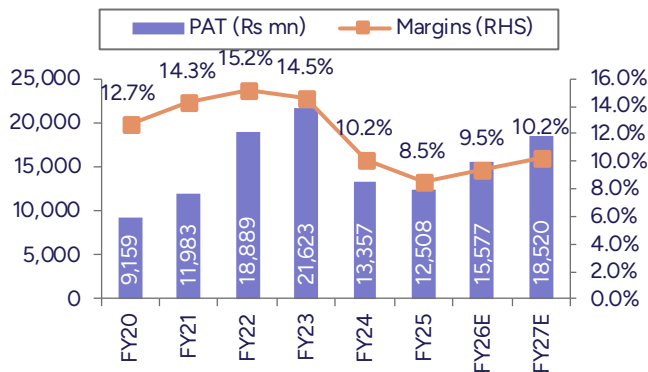
Source: Company, PL

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



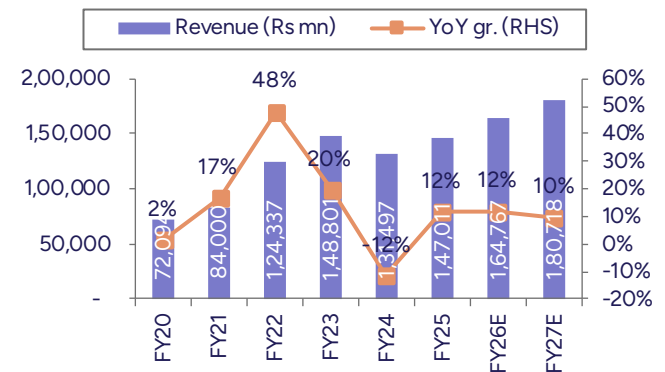
Source: Company, PL

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



Source: Company, PL

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



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,31,385	1,46,931	1,64,265	1,80,167
YoY gr. (%)	(11.6)	11.8	11.8	9.7
Cost of Goods Sold	67,088	76,992	83,610	89,574
Gross Profit	64,297	69,939	80,655	90,594
Margin (%)	48.9	47.6	49.1	50.3
Employee Cost	9,350	10,425	11,655	12,783
Other Expenses	29,106	32,330	36,632	40,082
EBITDA	25,841	27,184	32,368	37,729
YoY gr. (%)	(26.8)	5.2	19.1	16.6
Margin (%)	19.7	18.5	19.7	20.9
Depreciation and Amortization	6,726	7,715	8,364	9,197
EBIT	19,115	19,469	24,004	28,532
Margin (%)	14.5	13.3	14.6	15.8
Net Interest	3,023	3,760	3,658	4,174
Other Income	830	1,327	1,327	1,327
Profit Before Tax	16,922	17,037	21,674	25,685
Margin (%)	12.9	11.6	13.2	14.3
Total Tax	3,565	4,529	5,418	6,421
Effective tax rate (%)	21.1	26.6	25.0	25.0
Profit after tax	13,357	12,508	16,255	19,264
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	13,357	12,508	16,255	19,264
YoY gr. (%)	(38.2)	(6.4)	30.0	18.5
Margin (%)	10.2	8.5	9.9	10.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	13,357	12,508	16,255	19,264
YoY gr. (%)	(38.2)	(6.4)	30.0	18.5
Margin (%)	10.2	8.5	9.9	10.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	13,357	12,508	16,255	19,264
Equity Shares O/s (m)	297	297	297	297
EPS (Rs)	44.9	42.1	54.7	64.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,69,640	1,82,137	1,98,034	2,20,034
Tangibles	1,64,429	1,76,926	1,92,823	2,14,823
Intangibles	5,211	5,211	5,211	5,211
Acc: Dep / Amortization	37,224	44,939	53,303	62,500
Tangibles	36,032	43,747	52,111	61,309
Intangibles	1,191	1,191	1,191	1,191
Net fixed assets	1,32,416	1,37,198	1,44,731	1,57,534
Tangibles	1,28,397	1,33,179	1,40,712	1,53,514
Intangibles	4,019	4,019	4,019	4,019
Capital Work In Progress	8,053	8,110	14,213	14,213
Goodwill	-	-	-	-
Non-Current Investments	5,605	5,773	3,919	3,919
Net Deferred tax assets	(9,112)	(10,196)	(10,196)	(10,196)
Other Non-Current Assets	1,976	2,838	2,838	2,838
Current Assets				
Investments	4,056	7,045	7,045	7,045
Inventories	23,265	23,490	26,261	28,803
Trade receivables	19,428	21,695	24,254	26,602
Cash & Bank Balance	4,075	3,538	14,973	19,633
Other Current Assets	1,980	1,681	1,880	2,062
Total Assets	2,04,819	2,15,571	2,44,772	2,67,723
Equity				
Equity Share Capital	2,974	2,974	2,964	2,964
Other Equity	1,11,816	1,23,288	1,37,543	1,54,446
Total Networth	1,14,790	1,26,262	1,40,507	1,57,410
Non-Current Liabilities				
Long Term borrowings	22,511	26,599	26,599	26,599
Provisions	714	826	826	826
Other non current liabilities	2,609	3,818	3,818	3,818
Current Liabilities				
ST Debt / Current of LT Debt	26,691	19,813	31,501	34,550
Trade payables	21,978	23,316	26,067	28,590
Other current liabilities	6,139	4,384	4,902	5,376
Total Equity & Liabilities	2,04,819	2,15,571	2,44,772	2,67,723

Source: Company Data, PL Research


Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	16,922	17,037	21,674	25,685
Add. Depreciation	6,726	7,715	8,364	9,197
Add. Interest	3,023	3,760	3,658	4,174
Less Financial Other Income	830	1,327	1,327	1,327
Add. Other	(762)	(121)	(1,327)	(1,327)
Op. profit before WC changes	25,909	28,390	32,368	37,729
Net Changes-WC	(1,145)	(176)	(2,746)	(2,519)
Direct tax	(3,826)	(3,339)	(5,387)	(6,393)
Net cash from Op. activities	20,939	24,875	24,235	28,817
Capital expenditures	(22,017)	(12,223)	(22,000)	(22,000)
Interest / Dividend Income	265	355	1,327	1,327
Others	(521)	(2,972)	1,854	-
Net Cash from Invst. activities	(22,273)	(14,840)	(18,819)	(20,673)
Issue of share cap. / premium	-	-	(10)	-
Debt changes	5,404	(4,291)	11,688	3,050
Dividend paid	(2,137)	(2,132)	(1,951)	(2,312)
Interest paid	(3,612)	(3,931)	(3,658)	(4,174)
Others	(407)	(335)	(49)	(49)
Net cash from Fin. activities	(752)	(10,689)	6,020	(3,485)
Net change in cash	(2,087)	(653)	11,436	4,660
Free Cash Flow	(1,231)	12,560	2,235	6,817

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	44.9	42.1	54.7	64.8
CEPS	67.5	68.0	82.8	95.7
BVPS	385.9	424.5	472.4	529.2
FCF	(4.1)	42.2	7.5	22.9
DPS	5.4	5.0	6.6	7.8
Return Ratio(%)				
RoCE	12.3	11.6	12.9	13.7
ROIC	10.3	9.0	10.6	11.6
RoE	12.3	10.4	12.2	12.9
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.3	0.2
Net Working Capital (Days)	58	54	54	54
Valuation(x)				
PER	70.2	74.9	57.6	48.6
P/B	8.2	7.4	6.7	6.0
P/CEPS	46.7	46.3	38.1	32.9
EV/EBITDA	37.9	35.8	30.1	25.7
EV/Sales	7.4	6.6	5.9	5.4
Dividend Yield (%)	0.2	0.2	0.2	0.2

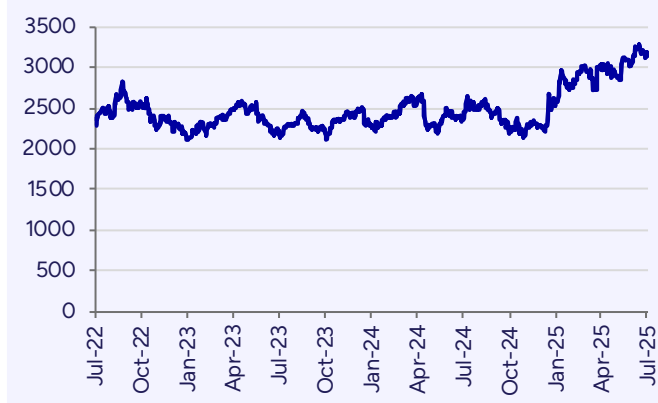
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	34,243	34,913	43,133	38,186
YoY gr. (%)	7.8	14.4	20.8	10.2
Raw Material Expenses	18,341	18,056	22,324	19,107
Gross Profit	15,903	16,857	20,809	19,079
Margin (%)	46.4	48.3	48.2	50.0
EBITDA	5,380	6,196	9,574	8,298
YoY gr. (%)	(14.1)	9.5	37.6	37.5
Margin (%)	15.7	17.7	22.2	21.7
Depreciation / Depletion	1,939	1,943	1,952	2,032
EBIT	3,441	4,253	7,623	6,266
Margin (%)	10.0	12.2	17.7	16.4
Net Interest	938	963	894	799
Other Income	333	396	345	291
Profit before Tax	2,837	3,687	7,074	5,758
Margin (%)	8.3	10.6	16.4	15.1
Total Tax	814	968	1,813	1,435
Effective tax rate (%)	28.7	26.3	25.6	24.9
Profit after Tax	2,023	2,719	5,261	4,323
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,023	2,719	5,261	4,323
YoY gr. (%)	(32.8)	7.3	24.6	70.8
Margin (%)	5.9	7.8	12.2	11.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,023	2,719	5,261	4,323
YoY gr. (%)	(32.8)	7.3	24.6	70.8
Margin (%)	5.9	7.8	12.2	11.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,023	2,719	5,261	4,323
Avg. Shares O/s (m)	296	296	296	296
EPS (Rs)	6.8	9.2	17.8	14.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Hold	3,069	3,231
2	14-May-25	Hold	3,069	2,928
3	08-Apr-25	Hold	2,780	2,721
4	27-Feb-25	Hold	2,820	2,768
5	30-Jan-25	Hold	2,698	2,831
6	08-Jan-25	Reduce	2,018	2,308
7	24-Oct-24	Reduce	2,036	2,248
8	05-Oct-24	Reduce	2,217	2,350
9	25-Jul-24	Reduce	2,048	2,368

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	420	477
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,148	2,030
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,440	5,269
7	GAIL (India)	Hold	184	191
8	Gujarat Fluorochemicals	Reduce	3,541	3,522
9	Gujarat Gas	Sell	404	499
10	Gujarat State Petronet	Hold	348	335
11	Hindustan Petroleum Corporation	Sell	360	437
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	221
14	Jubilant Ingrevia	Hold	713	788
15	Laxmi Organic Industries	Reduce	172	197
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,161	4,933
19	NOCIL	Reduce	172	200
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	PCBL Chemical	BUY	464	409
23	Petronet LNG	Reduce	315	302
24	Reliance Industries	Accumulate	1,555	1,476
25	SRF	Hold	3,069	3,231
26	Vinati Organics	Accumulate	1,882	1,944

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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