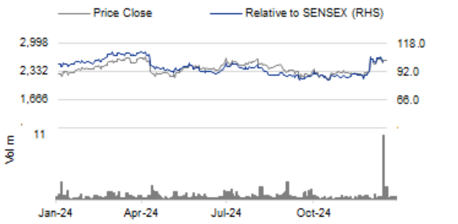
India

REDUCE *(no change)*

Consensus ratings*:	Buy 11 Hold 10 Sell 11
Current price:	Rs2,584
Target price:	Rs1,540
Previous target:	Rs1,540
Up/downside:	-40.4%
InCred Research / Consensus:	-34.0%
Reuters:	SRFL.NS
Bloomberg:	SRF IN
Market cap:	US$10,548m
	Rs765,947m
Average daily turnover:	US$21.9m
	Rs1587.5m
Current shares o/s:	296.4m
Free float:	49.7%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.2	17.1	13.9
Relative (%)	18.0	22.0	5.7

Major shareholders	% held
Promoter & Promoter Group	50.3
Kotak Mahindra AMC	4.0
Life Insurance Corporation Of India	3.1

SRF Limited

Amazing belief but earnings won't come

- Investors are overly optimistic about SRF, despite repeated earnings disappointments, with projected EPS missing estimates by significant margin.
- While sales to the agrochemicals sector have rebounded, lower HFC sales and declining margin are expected to lead to further earnings disappointments.
- The stock is highly overvalued at 75x FY25F EPS, with a single-digit RoE, making a market correction likely.

Investors' belief is holding price despite repeated disappointments

Investors continue to place immense faith in SRF, despite repeated earnings downgrades over the past three years. The FY24 EPS projected in FY23 missed estimate by 50%, and FY25F EPS is expected to fall short by 40%. Over the last 24 months, earnings have consistently disappointed, and the company has made questionable capital allocation decisions. We still do not see any signs of an earnings recovery. We anticipate that consensus earnings will miss actual EPS by 30% in FY25F and FY26F. While the stock may witness speculative price surges based on news, such as "a 200% rise in R-32 prices," these rallies are unlikely to be sustainable. Furthermore, Bloomberg consensus EPS often fails to adjust after quarterly disappointments. In many cases, quarterly estimates and yearly estimates lack correlation, leading us to believe that while consensus EPS cuts may not occur, the estimates will still remain unachievable. In our view, a business that struggles to generate even a 10% RoE and trades at 75x current year earnings is extremely overvalued. However, it is ultimately up to investors to assign the multiples.

Revival in agrochemicals led to a rebound in other chemicals

Excluding HFC exports, other chemical sales bottomed out in FY24 & are likely to see a 17% YoY rise in FY25F. However, lower HFC sales at normalized prices (much lower than the levels seen in FY23, which was a once-in-a-multi-decade event) will result in lower margin & earnings disappointments. It's important to note that going ahead, pure-play agrochemical companies, whose valuations have collapsed, are likely to perform better than intermediate suppliers like Aarti Industries & SRF. It would be prudent to stay cautious of rumours driving stock prices. Also, R-32, R-134A, R-410A, and R-125 have a high GWP (global warming potential) compared to HFO-1234ze, which can easily replace R-32 (the least-polluting HFC). As a result, volume & price of legacy HFCs will continue to decline.

At 75x current year EPS, SRF is just too costly for single-digit RoE

Given the most likely EPS of Rs34, SRF is trading at a high 75x FY25F EPS. With a single-digit RoE, this valuation appears excessively costly, especially considering that consensus earnings for FY25F, FY26F, and FY27F are likely to miss estimates by 20%, 30%, and 25%, respectively. Stock price correction is inevitable, and the current narratives will eventually fall flat. While the stock hasn't shown any significant movement in the last three years; based on its EPS performance, it should have halved in value. We maintain our REDUCE rating on the stock with a target price of Rs1,540.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	148,703	131,385	137,795	151,574	166,732
Operating EBITDA (Rsm)	35,292	25,841	24,119	26,216	28,743
Net Profit (Rsm)	21,623	13,357	10,432	11,720	13,332
Core EPS (Rs)	73.0	45.1	35.2	39.5	45.0
Core EPS Growth	14.5%	(38.2%)	(21.9%)	12.4%	13.7%
FD Core P/E (x)	35.42	57.34	73.42	65.35	57.45
DPS (Rs)	6.4	4.0	4.0	4.0	4.0
Dividend Yield	0.25%	0.15%	0.15%	0.15%	0.15%
EV/EBITDA (x)	22.62	31.23	33.17	30.50	27.75
P/FCFE (x)	127.61	188.20	68.14	159.74	116.92
Net Gearing	31.4%	35.8%	27.6%	25.1%	21.6%
P/BV (x)	7.42	6.67	6.17	5.69	5.22
ROE	22.9%	12.3%	8.7%	9.1%	9.5%
% Change In Core EPS Estimates			(0.43%)	(0.36%)	(0.28%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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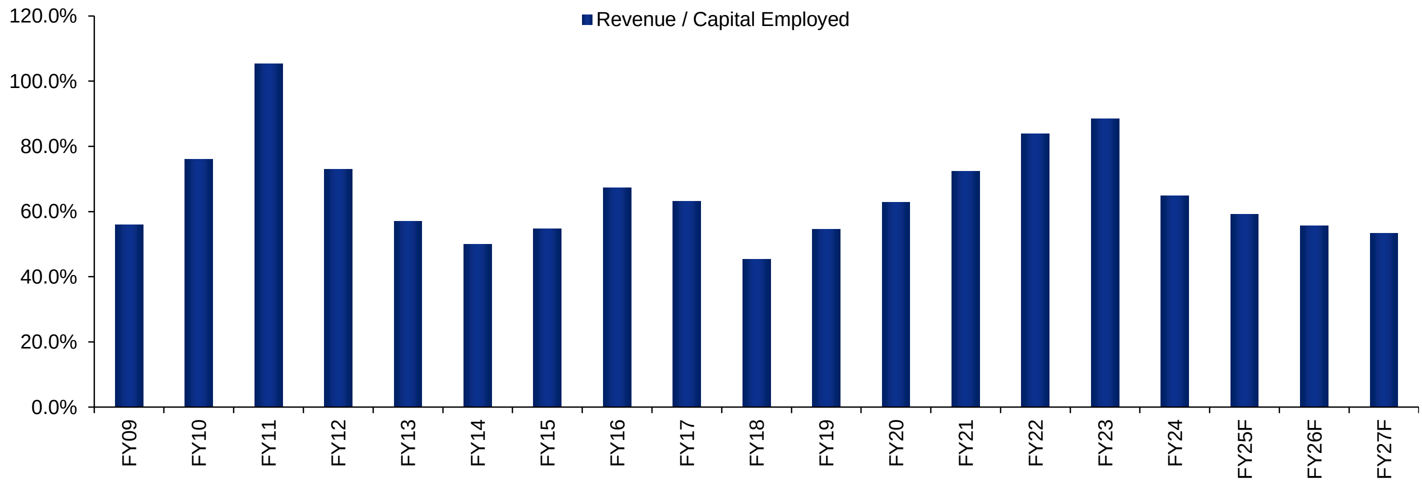
Figure 1: Revenue of the chemicals business lags capital employed significantly over the last 15 years, with the only exception being the post Covid-19 pandemic rise in refrigerant prices leading to higher revenue

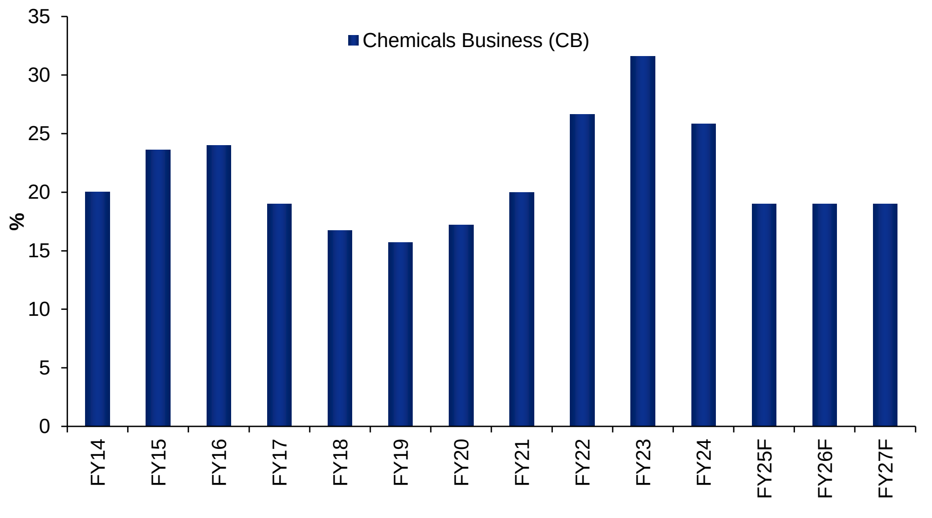


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Peak refrigerant business is way behind us

The rise in refrigerant prices led to super-normal margin in the chemicals business in FY23 ›

Figure 2: Normally, chemical business makes 19-20% EBIT margin but the rise in US refrigerant prices led to a supernormal margin of 30%+ in FY23



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Why did refrigerant gas prices rise in FY23? This was due to 1) US levying ADD on Chinese imports, and 2) post-Covid supply chain crisis ➤

Refrigerant gas (ref gas) prices rose in FY23 due to several factors:

1. **US anti-dumping duties (ADD) on Chinese imports:** The US imposed anti-dumping duties on certain Chinese refrigerants, particularly HFCs (hydrofluorocarbons), to protect domestic manufacturers. This restricted the supply of low-cost refrigerants from China, creating upward pressure on prices in the global market.
2. Post-Covid supply chain crisis: The pandemic caused significant disruptions in global supply chains, including those for raw materials and components used in refrigerant gas production. With factories shut down, logistical bottlenecks, and labour shortages, the supply of refrigerant gases could not meet the demand rebound post-Covid, leading to price spikes.

Both factors worked together, with the ADD creating a supply constraint and the post-Covid recovery exacerbating the supply-demand mismatch.

Refrigerants—EPA directives will lead to lower exports of R-134A, HFC-125, HFC-32; HFO-1234ZE to gain market share in the US ➤

The US Environmental Protection Agency (EPA) has been gradually reducing the consumption of hydrofluorocarbons (HFCs), potent greenhouse gases used primarily in refrigeration, air-conditioning, and other industrial applications. This effort is a part of the global initiative under the Kigali Amendment to the Montreal Protocol, which aims to phase down HFCs due to their high global warming potential (GWP).

In Oct 2021, the EPA introduced a rule to reduce HFC production and consumption in the US by 85% by 2036. This phasedown started with a 10% reduction in 2022, followed by more significant cuts over the years. The reductions are based on a quota system, where each company involved in HFC production or import is allocated a limited quota, pushing the industry toward adopting lower-GWP alternatives, such as hydrofluoroolefins (HFOs) and natural refrigerants (e.g., ammonia, CO_2).

The EPA has been assigning consumption and production allowances annually to companies, setting limits on how much HFCs they can produce or import. This quota system ensures compliance with the overall phasedown targets, with stricter quotas coming into effect periodically to drive further reductions.

The most recent reductions in the HFC consumption quota, enforced by the EPA, aim to accelerate the shift to environmentally friendly refrigerants, support innovation in alternatives, and help the US meet its climate goals. The phasedown is expected to significantly contribute to reducing the impact of HFCs on climate change by lowering overall greenhouse gas emissions.

After the EPA guidelines, exports of HFCs to the US have decreased significantly

Figure 3: The table below shows the EPA HFC consumption quota for CY24-28 in the US

Table 2: HFC Phasedown Schedule and Consumption & Production Allowance Caps

Year	Consumption & Production Allowance Caps as a Percentage of Baseline	Consumption and Production Allowance Caps in MMTEVe*
Baseline	Consumption: 302.5 MMTEVe Production: 382.5 MMTEVe	
2020–2023	90 percent	Consumption: 273.5 Production: 344.3
2024–2028	60 percent	Consumption: 181.5 Production: 229.5
2029–2033	30 percent	Consumption: 90.8 Production: 114.8
2034–2035	20 percent	Consumption: 60.5 Production: 76.5
2036 & after	15 percent	Consumption: 45.4 Production: 57.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS

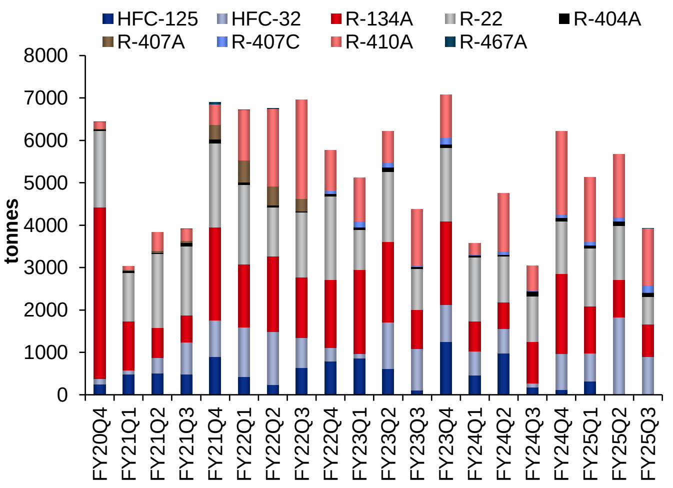
Figure 4: As is evident, the bulk of refrigerant exports by GFL and SRF (which generated substantial profits for them in FY23) have very high GWP; consequently, their exports are declining

Table 1: 18 Individual HFCs Listed in the AIM Act

Chemical Name	Common Name	Exchange Value*
CHF_2CHF_2	HFC–134	1,100
CH_2FCF_3	HFC–134a	1,430
CH_2FCHF_2	HFC–143	353
$CHF_2CH_2CF_3$	HFC–245fa	1,030
$CF_3CH_2CF_2CH_3$	HFC–365mfc	794
CF_3CHFCF_3	HFC–227ea	3,220
$CH_2FCF_2CF_3$	HFC–236cb	1,340
CHF_2CHFCF_3	HFC–236ea	1,370
$CF_3CH_2CF_3$	HFC–236fa	9,810
$CH_2FCF_2CHF_2$	HFC–245ca	693
$CF_3CHFCHFCF_2CF_3$	HFC–43–10mee	1,640
CH_2F_2	HFC–32	675
CHF_2CF_3	HFC–125	3,500
CH_3CF_3	HFC–143a	4,470
CH_3F	HFC–41	92
CH_2FCH_2F	HFC–152	53
CH_3CHF_2	HFC–152a	124
CHF_3	HFC–23	14,800

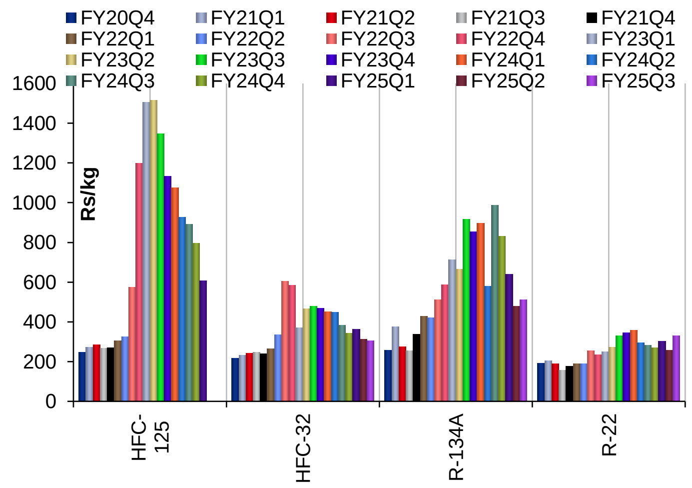
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: SRF's HFC exports are falling…



SOURCE: INCRED RESEARCH, COMPANY REPORTS

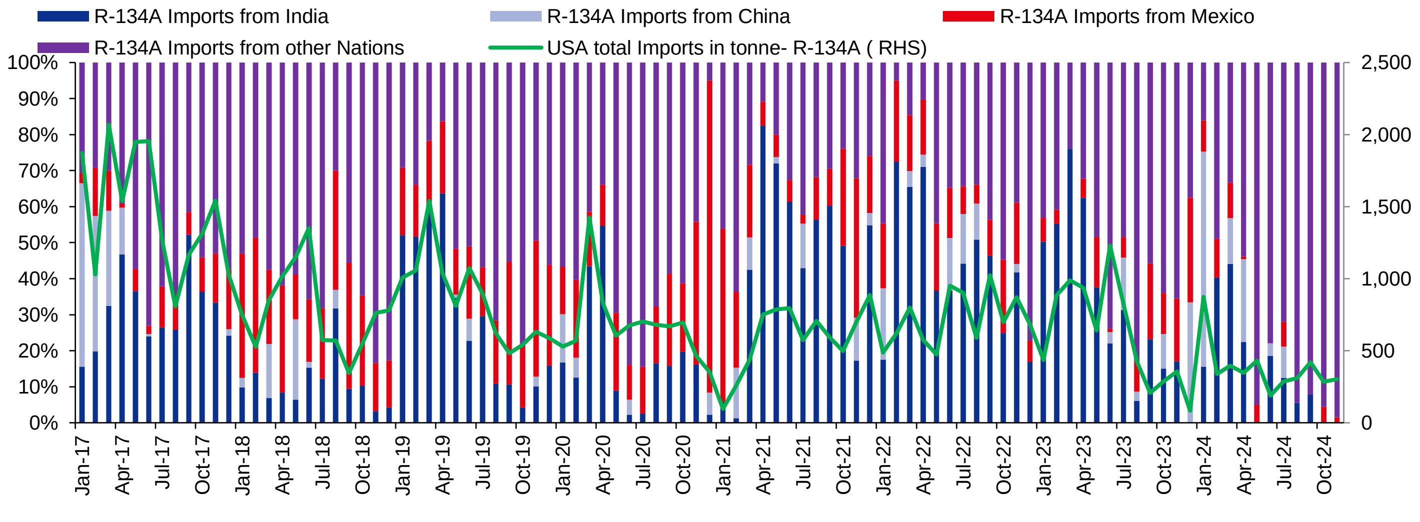
Figure 6: …and its prices are also collapsing



SOURCE: INCRED RESEARCH, COMPANY REPORTS

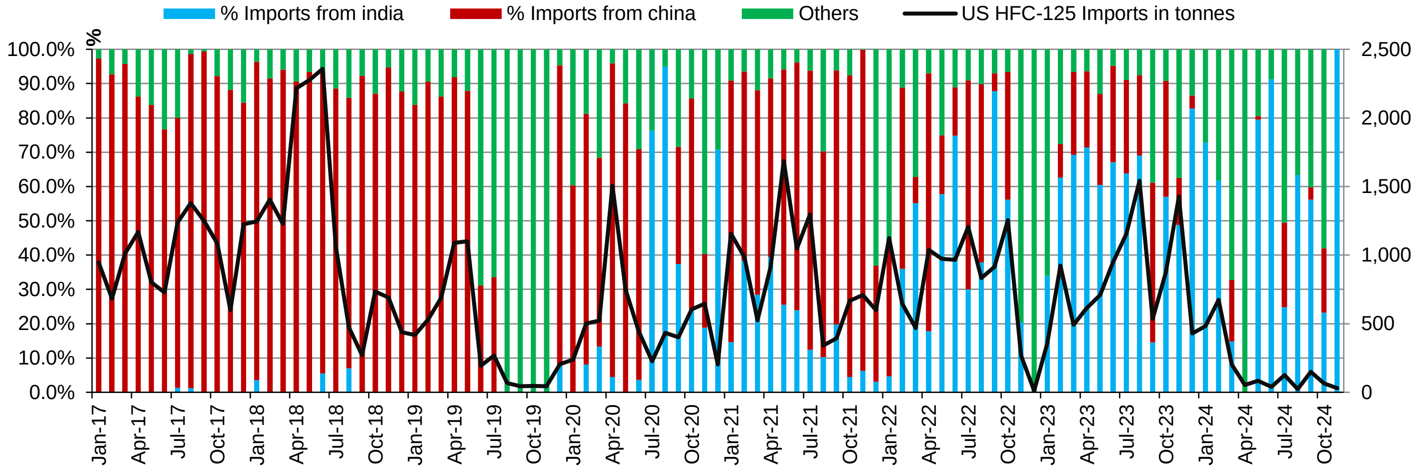
US imports of HFC-125, R-134A, R-410A are also collapsing

Figure 7: R-134A imports in the US are collapsing and at the same time, Indian companies are losing massive market share



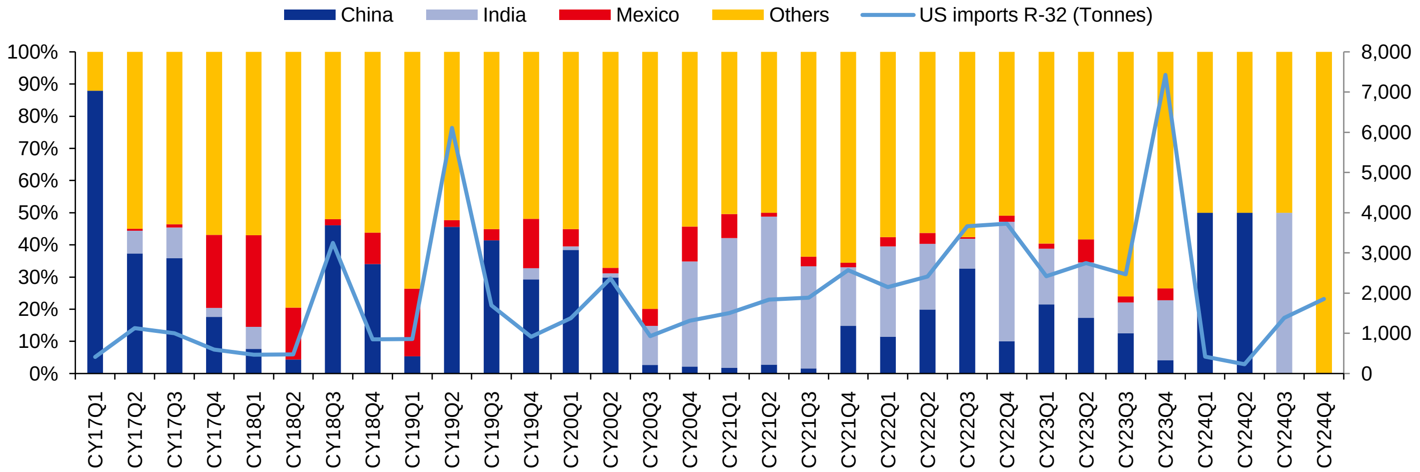
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: HFC-125 imports in the US are close to zero



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Similarly, R-32 imports are happening and there is no sign of a structural deficit



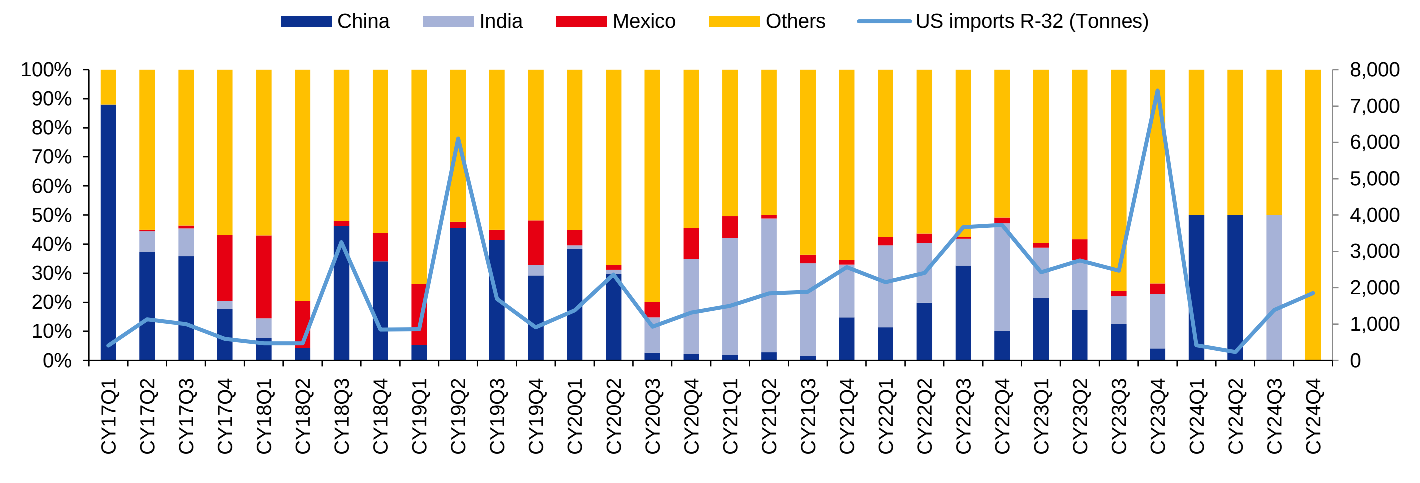
SOURCE: INCRED RESEARCH, COMPANY REPORTS

The recent excitement over R-32 short supply in the US market was irrational, at best

Apart from a Linked-In post by a retailer in Florida, we haven't found any evidence of supply chain tightness in the US. Please click the link to the article that was posted on Linked-In (https://www.linkedin.com/company/igasusa/).US imports are steady. Walmart has not increased the prices of either R-410A, R-32, R-22 or for that matter any refrigerant gas as such.

American imports of R-32 declined in CY24

Figure 1: Overall imports of R-32 declined in CY24; however, it's very unlikely that America's supply chain would be devoid of R-32



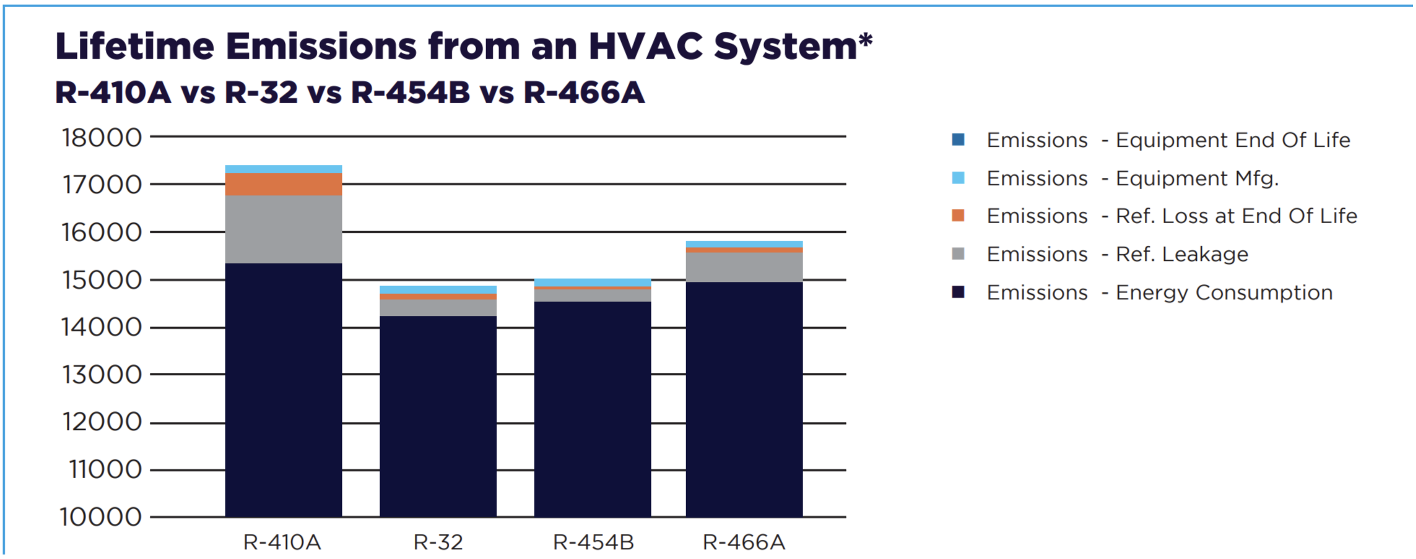
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Remember, that as per EPA guidelines, GWP quota has declined by 30%

As mentioned earlier, EPA has reduced HFC consumption, in terms of GWP, by 30% for FY24, FY25 and FY26 on the base of FY23.

The emission of CO_2 is much better explained in this graph

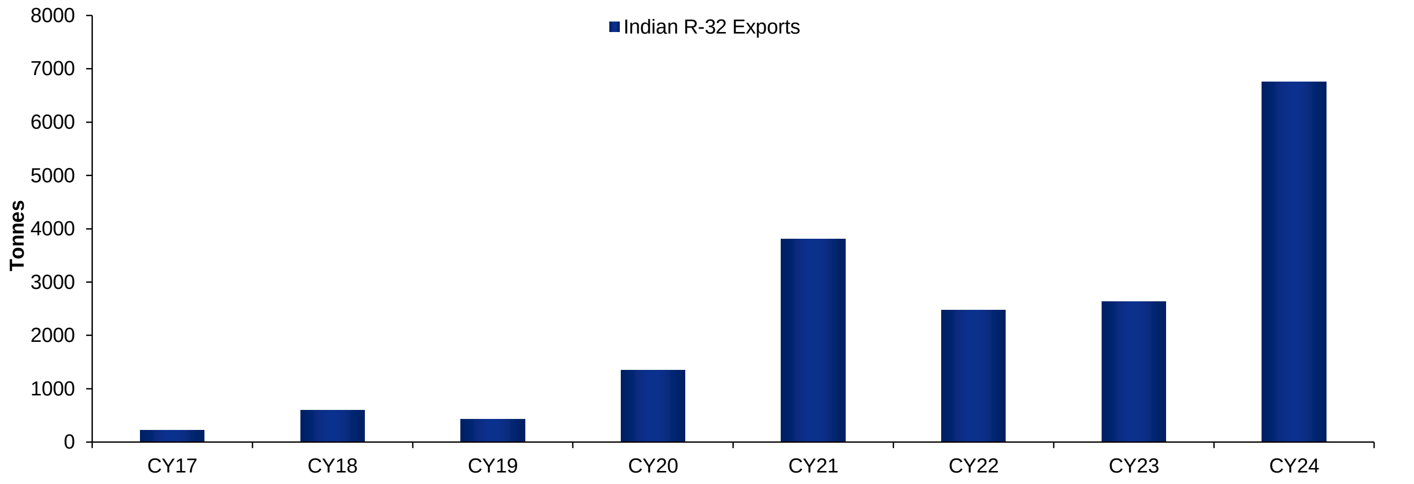
Figure 2: R-410A will not be used in the US, given the strict EPA guidelines and overall emission being 20% higher than in R-32



SOURCE: INCRED RESEARCH, HTTPS://WWW.R32REASONS.COM/DOCS/DEFAULT-SOURCE/DEFAULT-DOCUMENT-LIBRARY/THE-FACTS-ABOUT-R-32-AND-R-454B.PDF

R-32 exports from India have also not decreased; rather, they have increased exponentially

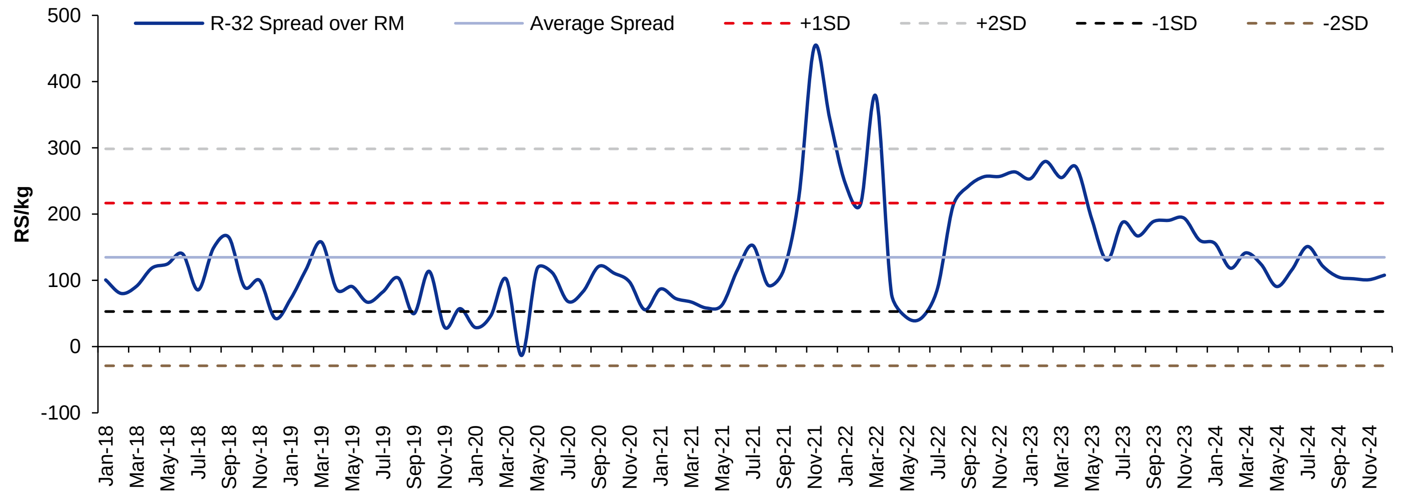
Figure 3: India's R-32 exports increased exponentially in CY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

R-32 spreads over its raw material have fallen…

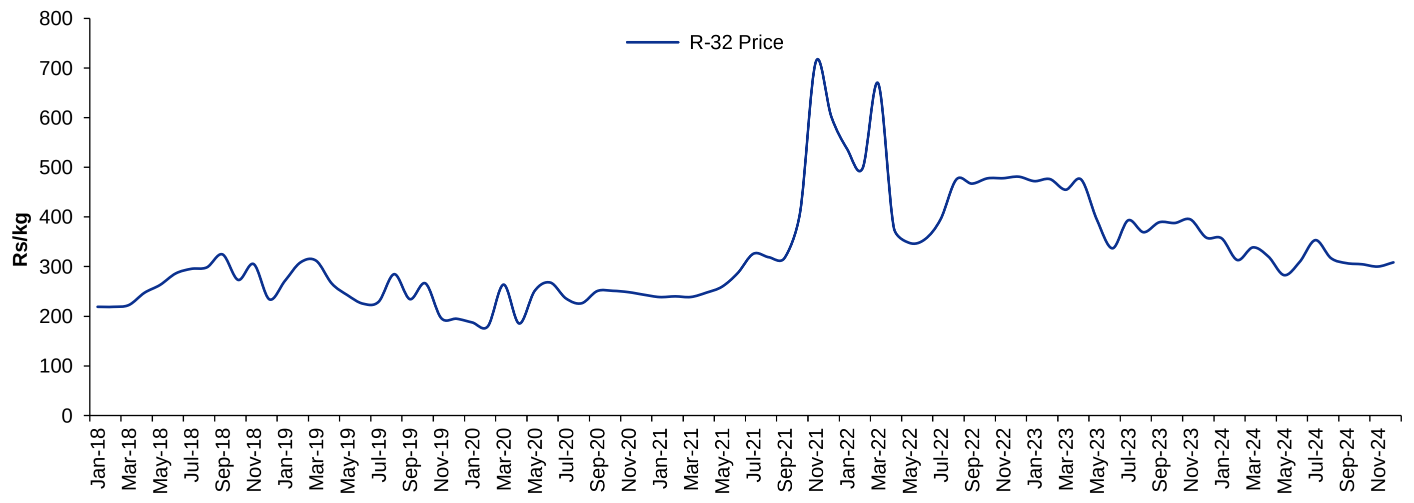
Figure 4: R-32 spreads over raw material are falling



SOURCE: INCRED RESEARCH, COMPANY REPORTS

…and so does its absolute export price

Figure 5: India's export price of R-32 has not shown any increase



SOURCE: INCRED RESEARCH, COMPANY REPORTS

R-32 is in huge oversupply in the global market

There is no straightforward data on global demand for R-32. However, Daikin estimates that around 280m refrigeration units are in operation worldwide that use R-32 as the refrigerant. In 2023, global sales of ACs were 170m units, with China purchasing 90m units and Indian demand at 12m units. We have used the following framework for the calculation of R-32 demand:

1. Estimate overall new AC sales per year.
2. Assume 75% of new ACs sold will use R-32.
3. Based on replacement demand of 10% and incremental demand coming from 75% of the new ACs sold, we have calculated the global demand for R-32.

Daikin estimated that at the end of 2023, the number of ACs that used R-32 as refrigerant was ~280m units

Daikin estimated that at the end of 2023, approximately 280m air-conditioners (ACs) used R-32 as the refrigerant. This highlights the growing adoption of R-32, a more environmentally-friendly refrigerant, compared to older ones like R-22 and R-410A, due to its lower global warming potential (GWP). The shift to R-32 reflects the industry's efforts to comply with global regulations aimed at reducing greenhouse gas emissions from HVAC systems.

We assume global sales of ACs will post a 4-5% CAGR over the next four-to-five years

In 2023, 170m units of ACs were sold globally. Given the environmental concerns, almost 75% of the new ACs use R-32 as the base refrigerant. Assuming 3-4% growth in global AC sales, we are likely to see ~185m AC units being sold in in CY25F.

Hence, demand for R-32 in CY25F is likely to be around 310kt

The amount of R-32 refrigerant used in each air-conditioning unit can vary depending on the type and size of the unit. On an average, typical air-conditioners use approximately:

- 0.5-1.0kg of R-32 for smaller residential split units (up to 1.5t).
- 1.5-2.0kg of R-32 for larger residential or commercial split units (2-5t).
- 2.5-3.0kg of R-32 for larger commercial and industrial units.

The refrigerant charge depends on the design, cooling capacity, and efficiency of the air-conditioner. For example, a 1t unit may require around 0.7-1.0kg of R-32, while larger 5t units might need more. These figures are approximations, and the actual amount can vary across manufacturers and models.

For simplification, we have assumed that on an average ~2kg of R-32 is used per unit. Now, R-32 demand will come from two sources:

1. Refilling of old ACs.
2. New AC sales.

Based on the above, the calculation is as follows:

1. Refilling in old ACs = 280m X 10% X 2= 56,000t is the refilling demand.
2. New R-32 demand in CY25F= 2,55,000t.

Overall demand for R-32 = 3,10,000t.

However, China alone had 500kt of R-32 production capacity in CY21

As of 2021-end, China's R-32 refrigerant production capacity was approximately 500,000MT (metric tonne) per year. This capacity is distributed among several major manufacturers, including:

a. **Shandong Dongyue Chemical Co. Ltd.**: A leading producer of R-32 and other fluorinated refrigerants.

b. **Zibo Feiyuan Chemical Co. Ltd.**: Established in 2004, this company produces R-32 and other refrigerant components, with an annual output of 20,000MT of R-32.

c. **Qingdao Shingchem New Material Co. Ltd.**: Reports a production capacity of 7,000t per year for R-32.

d. **Henin Refrigerant Co. Ltd.**: Claims a production capacity of 500,000MT for R-32.

Add to it is Indian capacity of more than 125kt

a. SRF, a leading Indian specialty chemicals manufacturer, has R-32 production capacity of approximately 29,000-30,000t per year. Additionally, SRF produces nearly 7,000t of R-125 refrigerant annually.
b. Navin Fluorine International (NFIL) currently has an annual R-32 production capacity of approximately 4,500t. The company plans to double this capacity by Feb 2025F, aiming to meet the growing demand for R-32 refrigerant.
c. Gujarat Fluorochemicals (GFL) has announced a capital expenditure of Rs1.25bn to expand its R-32 production capacity by 10,000t,
d. Chemours India - A subsidiary of The Chemours Company, it produces a range of refrigerants, including R-32, serving both domestic and international markets.
e. Honeywell India - Honeywell's Indian operations manufacture various refrigerants, with R-32 being a significant product in its portfolio.
f. Arkema India - Arkema's Indian facilities produce R-32, among other refrigerants, catering to the rising demand in the region.
g. Zhejiang Juhua based in Vadodara, India - A Chinese company with operations in India, it manufactures R-32 refrigerant, contributing to the local supply chain.
h. Dongyue Group - A Chinese enterprise, it has established production facilities in India for R-32, enhancing the domestic manufacturing capacity.

Hence, if there is a war somewhere there cannot be a shortage of R-32

Given the widespread global production capacity for R-32, particularly in key manufacturing hubs like India and China, there would likely be no major shortage of R-32 in the event of localized conflicts or disruption in certain regions. Many of the leading R-32 producers, such as SRF, Navin Fluorine International and Gujarat Fluorochemicals, have established production facilities with substantial output capacities to meet both domestic and international demand. However, disruption to global supply chains due to geopolitical tensions or trade restrictions could still cause temporary fluctuations in availability, but these would be short-term and localized issues rather than a global shortage.

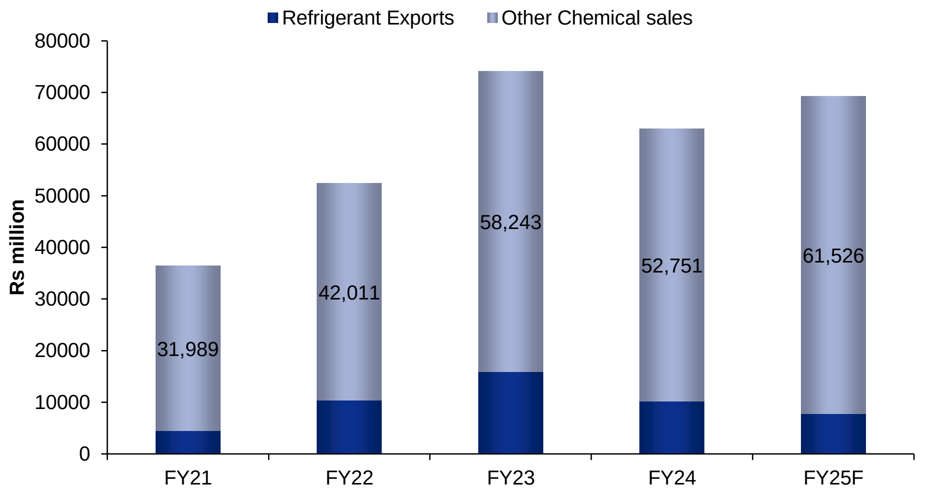
Other chemicals are already staging a recovery

Within the specialty chemicals space, SRF is a major supplier of agrochemical intermediates. The primary customers for their agrochemical intermediate products include global giants such as Syngenta, Bayer, and BASF.

Chemicals sales, excluding refrigerant gas exports, have already recovered

We have highlighted multiple times that the agrochemical channel inventory destocking phase is over, and the restocking cycle has already begun. This trend is evident in chemical sales (excluding refrigerant gas exports), which bottomed out in FY24 and are likely to witness a 20% growth in FY25F.

Figure 6: SRF is already witnessing a cyclical reversal in chemicals sales; however, it is the expected normalized margin which is leading to earnings disappointment

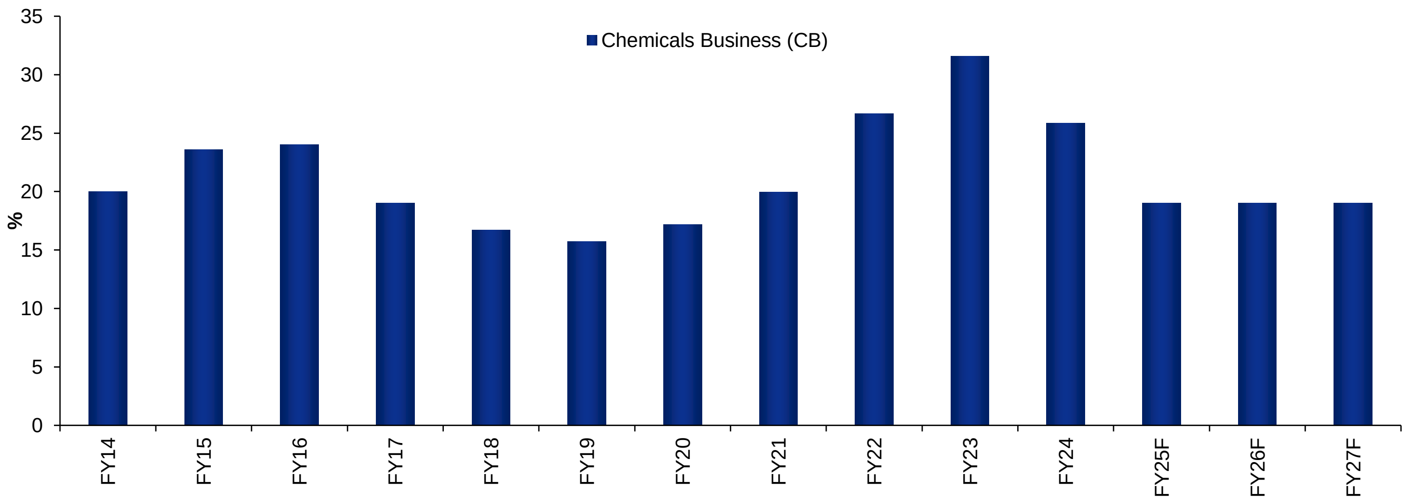


SOURCE: INCRED RESEARCH, COMPANY REPORTS

It's very unlikely that chemicals segment's margin can come back to the highs of FY23 as refrigerant gas price rise was a once-in-a-lifetime event

However, margins are still low because extraordinary prices of refrigerant gas are fading, as they have declined to normalized levels and margins are also back to the same level.

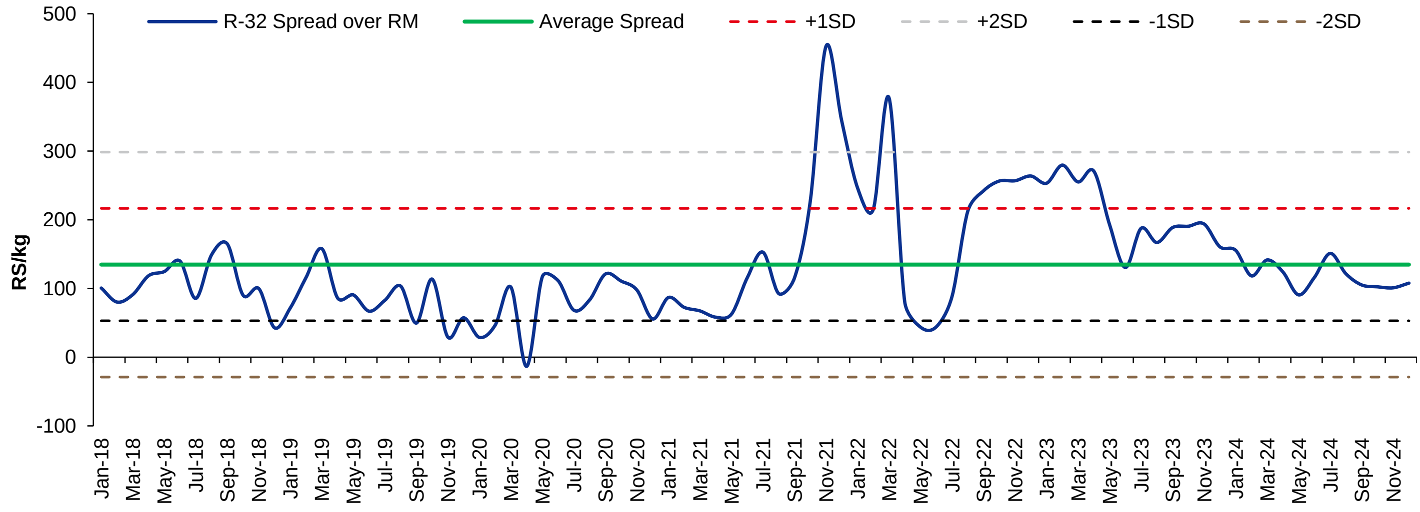
Figure 7: Chemical business margin is unlikely to recover and touch FY23 highs



SOURCES: INCRED RESEARCH, COMPANY REPORTS

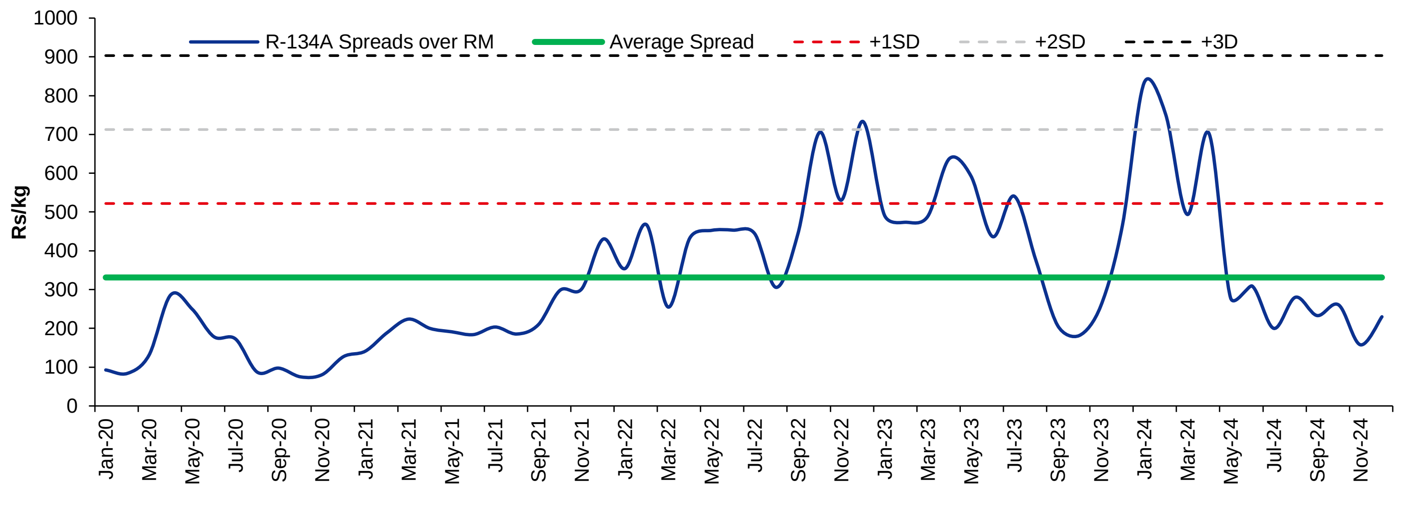
The prices and margins of HFC-125, R-32 and R-22 are already back to their historical levels. Given the oversupply and EPA guidelines, margins cannot recover to the highs of FY23.

Figure 8: R-32 spreads peaked in Dec 2021 and since then are on the decline



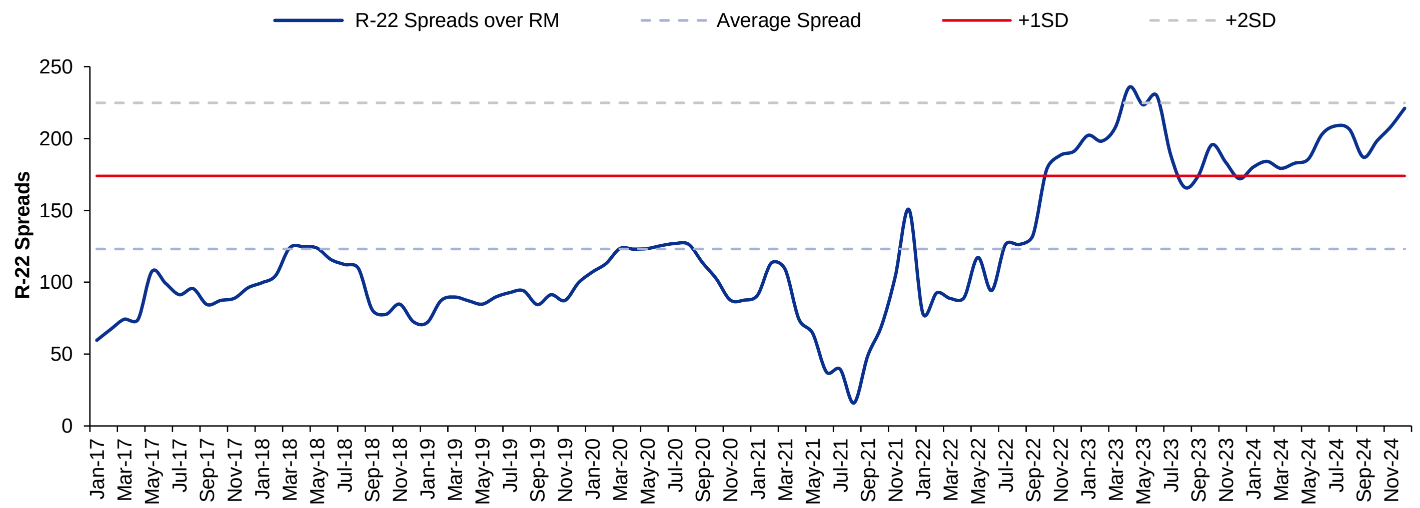
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: R-134A spreads over its raw material around the historical level



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: R-22 margin is still high and touched all-time highs; please note that it has the highest GWP (global warming potential) and its usage will fall as so does its margin



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BOPP and PET are ultracyclical Industries

BOPP (biaxially oriented polypropylene) and PET (polyethylene terephthalate) are considered as ultra cyclical industries. Their cyclical nature stems from their dependence on:

Raw Material Price Volatility

- BOPP relies heavily on polypropylene, a derivative of crude oil, while PET depends on PTA (purified terephthalic acid) and MEG (mono ethylene glycol), both crude-linked inputs. Fluctuations in crude oil prices directly impact margin.
- When raw material prices fall, there's often an inventory write-down or margin compression, while rising prices may boost margin temporarily due to lagged cost pass-through.

Demand-Supply Mismatch

- Both BOPP and PET films have long lead times for capacity additions. Overcapacity, which frequently happens due to clustered commissioning of new plants, leads to margin erosion during downcycles. Conversely, during demand booms, underinvestment causes pricing power to surge.

End-Use Market Volatility

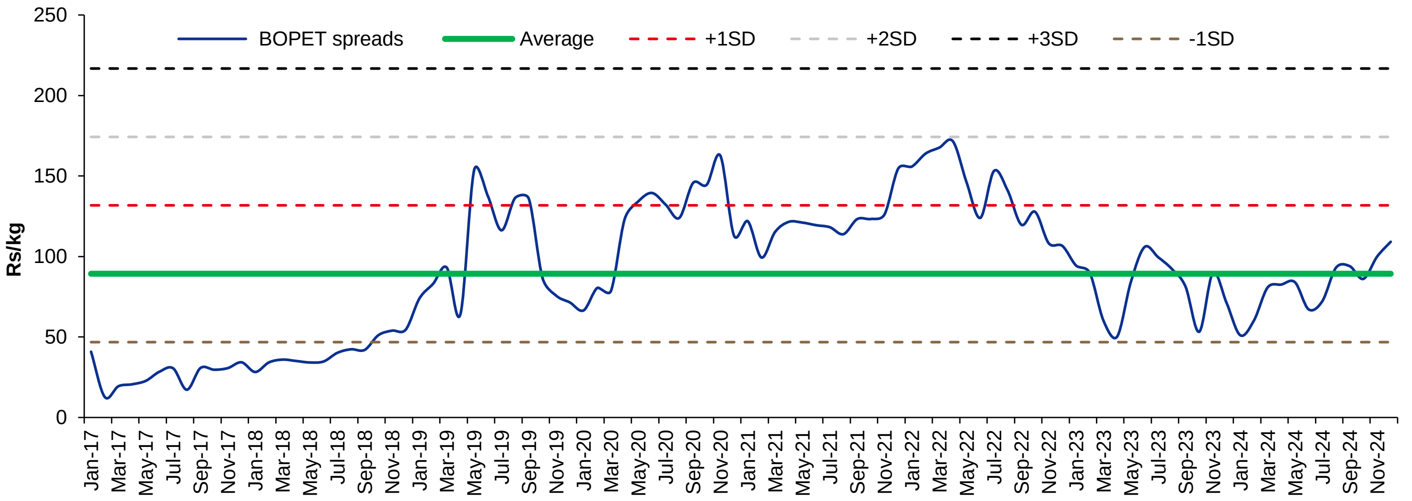
- These films are extensively used in packaging (FMCG, food, beverages) and industrial applications. Economic downturns reduce consumer spending, lowering the demand for packaging materials. Conversely, demand surges during periods of economic growth.

Competition and Lack of Differentiation

- These markets are highly competitive, with many players globally. Minimal product differentiation in commodity-grade films creates price wars, amplifying the cyclicality.

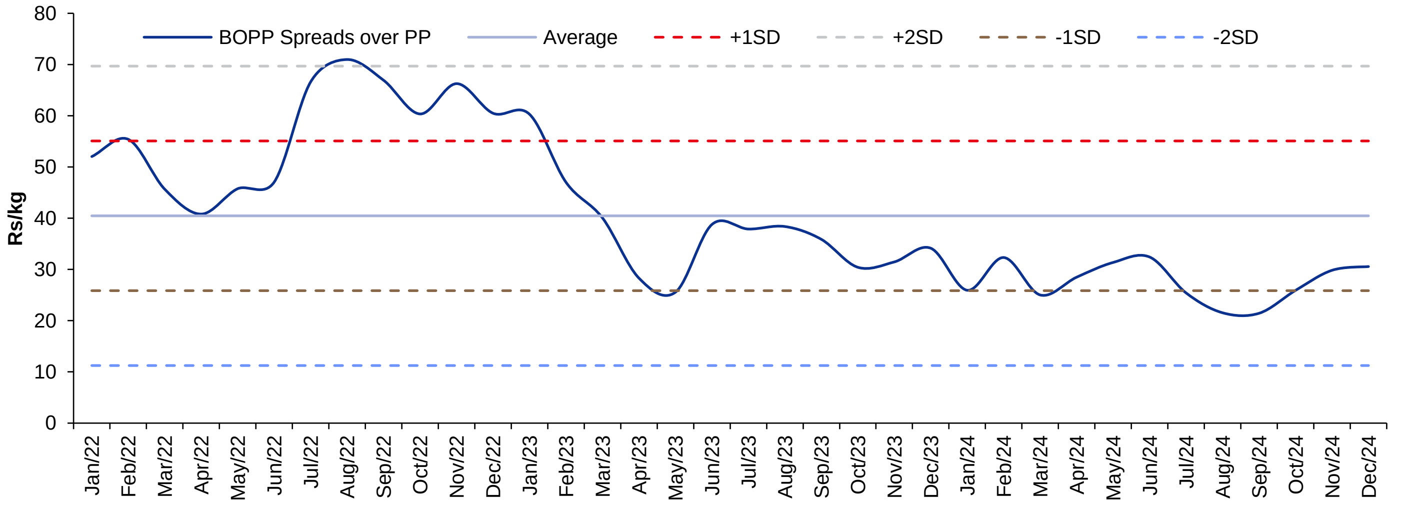
For an oversupplied Industry, BOPET and BOPP spreads are still quite high ➤

Figure 11: BOPET companies are currently achieving gross profit of Rs100/kg, which is extraordinarily high; during normal oversupplied periods, gross profit typically ranges between Rs30-50/kg



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: BOPP manufacturing is even simpler, requiring only the melting of PP chips and converting them into films; despite this simplicity, margin remains significantly high



SOURCE: INCRED RESEARCH, COMPANY REPORTS

As per recent analysis, the global capacity utilization rates for biaxially oriented polypropylene (BOPP) and biaxially oriented polyethylene terephthalate (BOPET) films are as follows:

BOPP Industry:

Current Utilization Rate: The average global capacity utilization for BOPP films has fallen below 70%.

Contributing Factors: This decline is primarily due to significant capacity expansions, especially in China, which now accounts for nearly half of the global capacity and demand. The rapid addition of new production lines has led to an oversupply, thereby reducing utilization rates.

BOPET Industry:

Current Utilization Rate: While specific global capacity utilization figures for BOPET films are less readily available, the industry has experienced substantial growth, with a compounded annual growth rate (CAGR) of 4.9% over 2018 to 2023.

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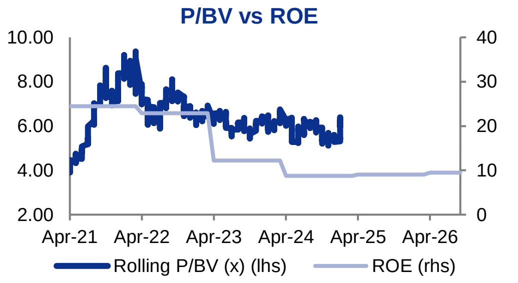
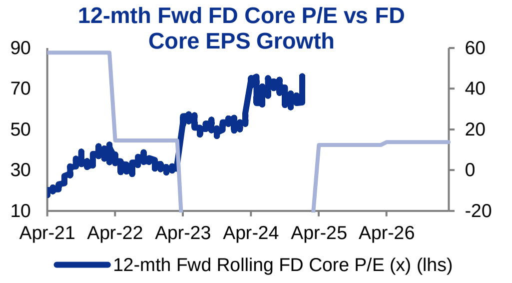
BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	**148,703**	**131,385**	**137,795**	**151,574**	**166,732**
Gross Profit	**148,703**	**131,385**	**137,795**	**151,574**	**166,732**
Operating EBITDA	**35,292**	**25,841**	**24,119**	**26,216**	**28,743**
Depreciation And Amortisation	(5,753)	(6,726)	(7,796)	(8,169)	(8,543)
Operating EBIT	**29,539**	**19,115**	**16,323**	**18,046**	**20,200**
Financial Income/(Expense)	(2,048)	(3,023)	(3,207)	(3,207)	(3,207)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	749	830	830	830	830
Profit Before Tax (pre-EI)	**28,240**	**16,922**	**13,946**	**15,669**	**17,823**
Exceptional Items					
Pre-tax Profit	**28,240**	**16,922**	**13,946**	**15,669**	**17,823**
Taxation	(6,617)	(3,565)	(3,514)	(3,949)	(4,491)
Exceptional Income - post-tax					
Profit After Tax	**21,623**	**13,357**	**10,432**	**11,720**	**13,332**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**21,623**	**13,357**	**10,432**	**11,720**	**13,332**
Recurring Net Profit	21,623	13,357	10,432	11,720	13,332
Fully Diluted Recurring Net Profit	**21,623**	**13,357**	**10,432**	**11,720**	**13,332**

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	35,292	25,841	24,119	26,216	28,743
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(604)	(1,145)	(355)	(2,332)	(2,565)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1,343)	(762)	6,159	29	33
Other Operating Cashflow	(7,357)	(3,798)	(2,991)	(3,859)	(4,945)
Net Interest (Paid)/Received	(2,048)	(3,023)	(3,207)	(3,207)	(3,207)
Tax Paid	5,077	3,826	3,514	3,949	4,491
Cashflow From Operations	**29,017**	**20,939**	**27,239**	**20,794**	**22,550**
Capex	(28,243)	(22,017)	(16,000)	(16,000)	(16,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,371)	(256)			
Cash Flow From Investing	**(29,614)**	**(22,273)**	**(16,000)**	**(16,000)**	**(16,000)**
Debt Raised/(repaid)	6,599	5,404			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,133)	(2,137)	(1,173)	(1,173)	(1,173)
Preferred Dividends					
Other Financing Cashflow	(2,270)	(3,984)	(3,207)	(3,207)	(3,207)
Cash Flow From Financing	**2,196**	**(717)**	**(4,381)**	**(4,381)**	**(4,381)**
Total Cash Generated	1,599	(2,052)	6,859	414	2,170
Free Cashflow To Equity	**6,002**	**4,070**	**11,239**	**4,794**	**6,550**
Free Cashflow To Firm	**1,451**	**1,688**	**14,447**	**8,002**	**9,758**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet					
(Rs mn)	**Mar-23A**	**Mar-24A**	**Mar-25F**	**Mar-26F**	**Mar-27F**
Total Cash And Equivalents	11,065	8,131	14,990	15,404	17,573
Total Debtors	17,856	19,428	20,376	22,414	24,655
Inventories	22,743	23,265	24,400	26,840	29,524
Total Other Current Assets	8,957	5,669	5,027	5,201	5,394
Total Current Assets	**60,622**	**56,493**	**64,793**	**69,858**	**77,146**
Fixed Assets	120,534	136,508	144,712	152,543	160,000
Total Investments	42	1,211	1,211	1,211	1,211
Intangible Assets					
Total Other Non-Current Assets	6,348	10,607	4,445	4,521	4,609
Total Non-current Assets	**126,924**	**148,327**	**150,368**	**158,275**	**165,820**
Short-term Debt	20,425	26,691	26,691	26,691	26,691
Current Portion of Long-Term Debt					
Total Creditors	22,313	21,978	23,050	25,355	27,890
Other Current Liabilities	6,428	6,139	6,153	6,168	6,186
Total Current Liabilities	**49,166**	**54,808**	**55,894**	**58,214**	**60,767**
Total Long-term Debt	23,115	22,511	22,511	22,511	22,511
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,293	2,609	2,609	2,609	2,609
Total Non-current Liabilities	**26,409**	**25,120**	**25,120**	**25,120**	**25,120**
Total Provisions	8,700	10,101	10,098	10,203	10,325
Total Liabilities	**84,275**	**90,029**	**91,112**	**93,538**	**96,212**
Shareholders Equity	103,271	114,790	124,049	134,596	146,754
Minority Interests					
Total Equity	**103,271**	**114,790**	**124,049**	**134,596**	**146,754**

Key Ratios					
	Mar-23A	**Mar-24A**	**Mar-25F**	**Mar-26F**	**Mar-27F**
Revenue Growth	19.6%	(11.6%)	4.9%	10.0%	10.0%
Operating EBITDA Growth	11.1%	(26.8%)	(6.7%)	8.7%	9.6%
Operating EBITDA Margin	23.7%	19.7%	17.5%	17.3%	17.2%
Net Cash Per Share (Rs)	(109.57)	(138.57)	(115.43)	(114.03)	(106.71)
BVPS (Rs)	348.42	387.28	418.52	454.10	495.12
Gross Interest Cover	14.42	6.32	5.09	5.63	6.30
Effective Tax Rate	23.4%	21.1%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	8.8%	8.8%	11.2%	10.0%	8.8%
Accounts Receivables Days	43.91	51.79	52.72	51.52	51.52
Inventory Days	nm	nm	nm	nm	nm
Accounts Payables Days	nm	nm	nm	nm	nm
ROIC (%)	20.0%	11.4%	9.6%	10.0%	10.6%
ROCE (%)	20.9%	11.6%	9.2%	9.6%	10.1%
Return On Average Assets	13.7%	8.3%	6.5%	6.7%	7.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
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Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.