

India

Underweight (no change)

Highlighted Companies

Astec Lifesciences Ltd

REDUCE, TP Rs1073, Rs1510 close

We forecast revenue growth at 13% CAGR and PAT at 14.9% CAGR over FY21-24F for Astec Lifesciences. The uncertainty to earnings is high as its only product class SBI triazoles sales are declining globally.

SRF Limited

HOLD, TP Rs2067, Rs2316 close

A major portion of earnings is driven by commodity verticals like nylon tyre cord and BOPP/PET films. We have concerns over sustainability of earnings and hence, our HOLD rating on the stock.

Summary Valuation Metrics

P/E (x)	Mar22-F	Mar23-F	Mar24-F
Astec Lifesciences Ltd	50.23	37.72	29.92
SRF Limited	52.61	43.48	37.58
P/BV (x)	Mar22-F	Mar23-F	Mar24-F
Astec Lifesciences Ltd	7.49	5.93	4.76
SRF Limited	8.53	7.24	6.14
Dividend Yield	Mar22-F	Mar23-F	Mar24-F
Astec Lifesciences Ltd	0.12%	0.16%	0.21%
SRF Limited	0.17%	0.2%	0.2%

Chemicals - Others

Interesting case of SRF & Astec valuations

- SRF supplies intermediaries for SDHI fungicides (apart from many other chemicals) while Astec Lifesciences sells SBI triazoles.
- Globally, SBI triazoles are facing headwinds and are being replaced by SDHI (succinate dehydrogenase inhibitor) fungicides.
- While SRF isn't cheap, its underlying businesses are growing. However, Astec, despite declining underlying businesses, trades at a P/E almost similar to SRF.

SRF and Astec valuations look interesting; REDUCE rating on Astec

By any stretch of imagination, SRF is not trading cheap at 42x, more so when almost 50% of its EBITDA comes from cyclical businesses. However, business-wise it has one of the most robust chemical businesses after Navin Fluorine, in our view. It has a time-tested relationship with clients like Syngenta, Bayer, and BASF to supply underlying chemical intermediates for agrochemicals. One of its agrochemicals intermediary business lines, SDHI, is likely to grow fast (global SDHI sales can post 10% CAGR over the next five years, last nine years' growth was 12% CAGR). On the other hand, Astec Lifesciences' portfolio is a mirror image of the SDHI portfolio of SRF. It is totally dependent on Sterol Biosynthesis Inhibitors or SBI triazoles whose global sales are declining at 2.7% CAGR over the last six years. Sales of SBI triazoles peaked globally at US\$3.6bn in CY14 and in CY20 sales were at US\$3.07bn (Source: IHSMARKIT). Please note that quarterly variations notwithstanding, even if Astec goes for herbicide manufacturing, then also it can barely cover the decline in its SBI triazole portfolio. Despite such contrasting fortunes, both stocks trade at the same valuation, which is ~42x one-year forward EPS. We have a Reduce rating on Astec Lifesciences.

We cut Astec FY22F/23F EPS and introduce FY24F EPS

Against our yearly EPS estimate of Rs33.8, Astec Lifesciences has delivered an EPS of Rs11.3 in 1HFY22, which is 35% below 1HFY21 EPS. While traditionally 2H is stronger compared to 1H, still Astec Lifesciences' FY22F EPS is likely to be at least 24% below consensus EPS estimate of Rs39. Future growth will be contingent upon new capex as well as a sedate decline in SBI triazoles. If SBI triazole business keeps declining at a 3-4% CAGR, then the company will struggle to deliver growth. We cut our FY22F/23F EPS from Rs33.8/Rs44 to Rs30/Rs40, respectively, and introduce FY24F EPS at Rs50.

We value SRF at +2SD of LT mean valuation, but retain HOLD rating

We value SRF at 33.5x FY24F EPS to arrive at our target price of Rs2,067. While SRF's EPS is unlikely to surprise us positively, the tailwinds in chemicals and continued strong relations with key customers like Syngenta, Bayer and BASF (these three companies accounted for 71% of its overall exports in FY21) can keep the valuation high. Between FY14-21, SRF's exports to Syngenta and Bayer grew 10x and 37x, respectively. Please note that the growth in exports to Syngenta is despite nil exports of one key chemical, 3-Chloro-5-Trichloromethylcyclopentene, which contributed 10% to its exports in FY17.

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Figure 1: We cut our FY22F and FY23F estimates for Astec Lifesciences by 11% and 3.5%, respectively

Rs mn	Old Estimates		New Estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	6,688	7,719	6,207	7,143	(7.2)	(7.5)
EBITDA	1,224	1,495	1,114	1,435	(9.0)	(4.0)
EBITDA Margins (%)	18.3	19.4	18.0	20.1	(35 bps)	73 bps
Profit After Tax	662	811	588	783	(11.2)	(3.4)
EPS (Rs/share)	33.8	41.5	30.1	40.0	(11.1)	(3.5)

SOURCES: INCRED RESEARCH, COMPANY REPORTS

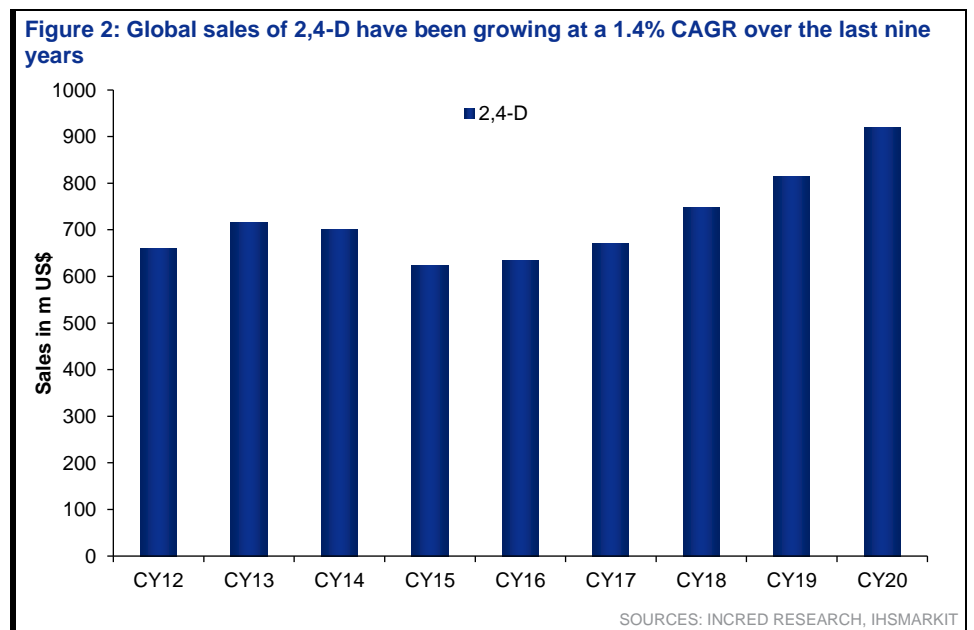
SDHI, SBI triazole fungicide firms' valuations

It's quite amusing how the stock market is treating SBI triazole and SDHI fungicide manufacturing companies. At the start, SBI triazole is being replaced by SDHI fungicide globally and hence, while SDHI fungicide sales are growing at a 12% CAGR (in US\$ terms) SBI triazole sales are declining at a 0.3% CAGR. In Indian market, Astec makes SBI triazole while SRF supplies raw materials for SDHI fungicides, and both are trading at 42x FY23F PE, which means the sustained high growth in coming years has already been priced in.

Astec makes 2,4-D and SBI triazole group fungicides

Astec Lifesciences is primarily a 2,4-D and SBI triazole group fungicide manufacturer. While 2,4-D sales are still growing (albeit at an anaemic rate) at a 1.4% CAGR over CY12-20, SBI triazole sales are declining over the last nine years at a 0.3% CAGR in US\$ terms. The prices of almost all chemicals under this broad category are always volatile, which leads to volatile margins for the company.

2,4-D sales has been growing, albeit at an anaemic pace ➤



2,4-D is a 75-year-old herbicide with multiple manufacturers ➤

2,4-dichlorophenoxyacetic acid (2,4-D) is a mature commodity herbicide, but remains important as a low-cost broadleaf weed control product for many crops. Several formulations exist for numerous end-use products, primarily as a sole active ingredient but also with mixture partners.

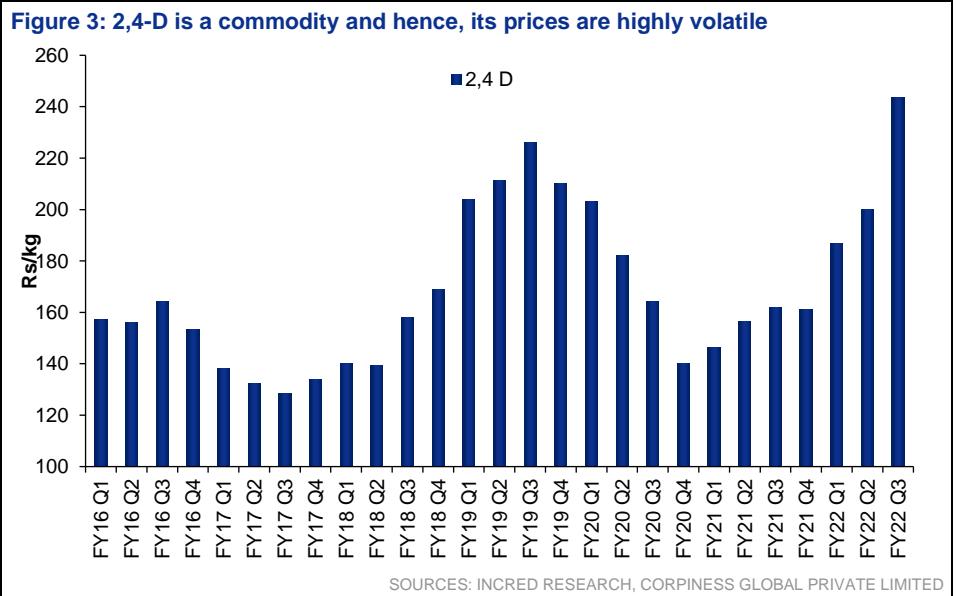
2,4-D had multiple negative developments in the recent past ➤

1. In May 2020, India's Ministry of Agriculture proposed a ban on 27 pesticides, including 2,4-D. In a subsequent addendum, the ministry agreed to an exemption for pesticide exports from the proposed ban.
2. Australia's APVMA proposed a range of restrictions on 2,4-D, in Oct 2019 following re-evaluation and sought public comments by Jan 2020. Upon receiving public comments, APVMA decided to restrict the usage of 2,4-D ([APVMA Special Gazette 3 Sep 2020](#)).

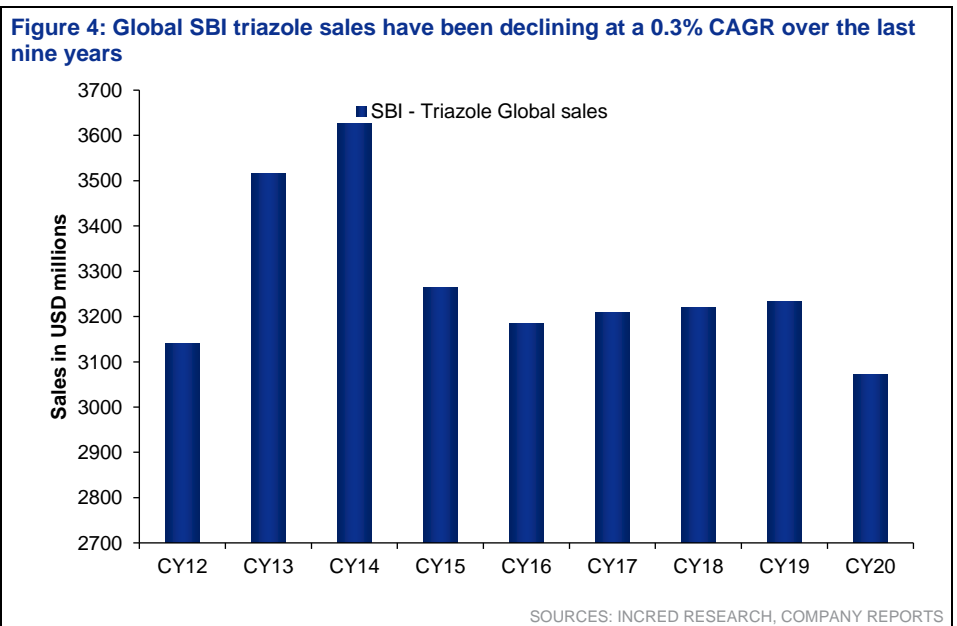
Being a 75-year-old generic, 2,4-D has multiple supplier ➤

- Nufarm
- Dow Dupont
- Atul Limited
- UPL
- Adama
- Nitrokemia
- Agrosan
- Ancom
- Amvac
- Atanor
- Meghmani
- CAC Group

...which results in volatile product prices ➤

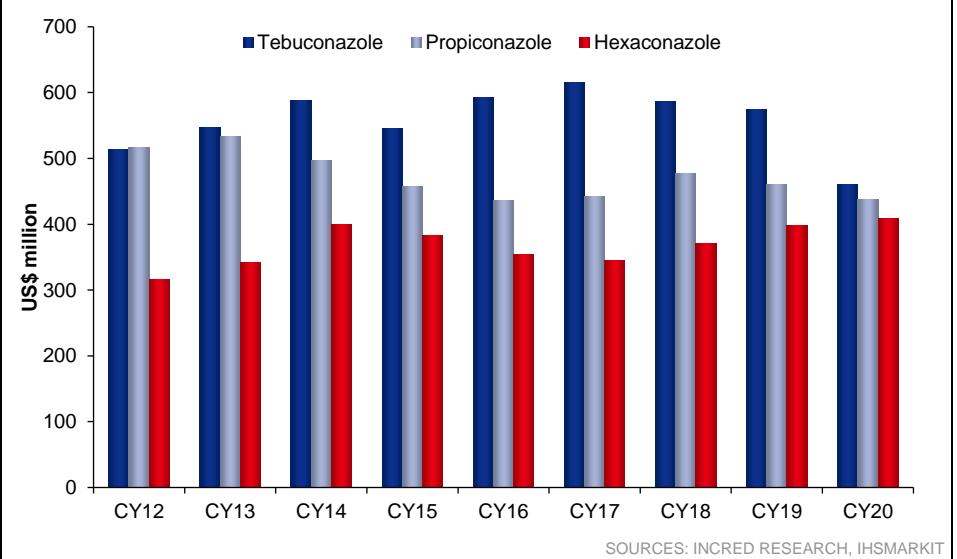


SBI triazole market is dying ➤



Astec primarily manufactures tebuconazole and propiconazole whose position is even worse ▶

Figure 5: Tebuconazole sales are declining at a 1.5% CAGR and propiconazole sales falling at a 2.3% CAGR over the last nine years; only hexaconazole performance is OK



All these molecules have multiple manufacturers which makes their prices highly volatile ▶

Figure 6: Tebuconazole prices have been volatile...

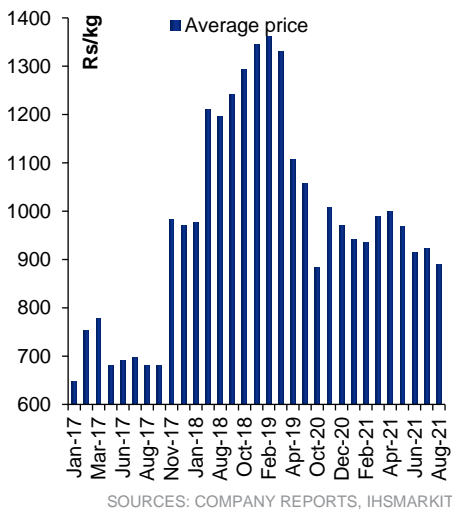


Figure 7: ... like that of propiconazole...

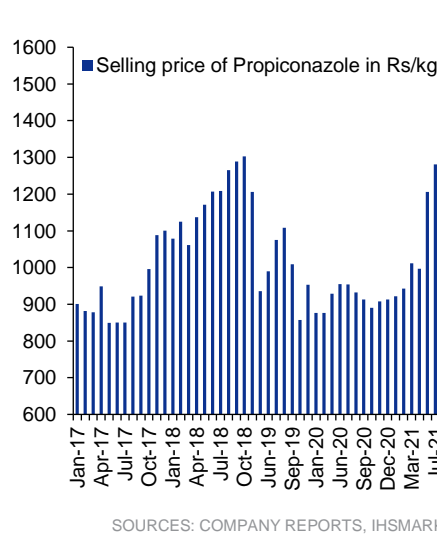


Figure 8: ...and hexaconazole

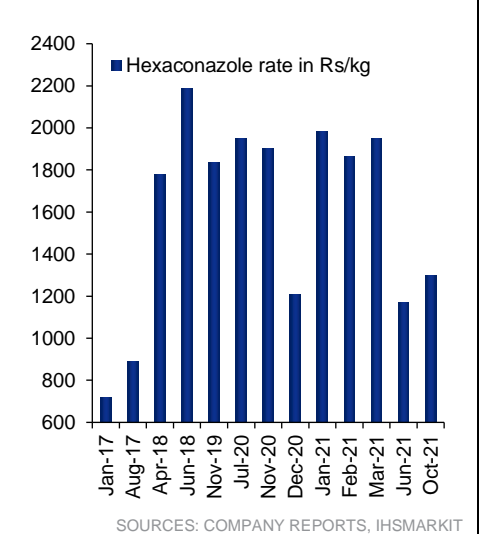
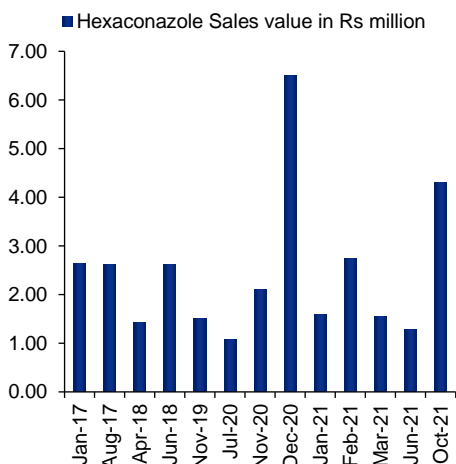
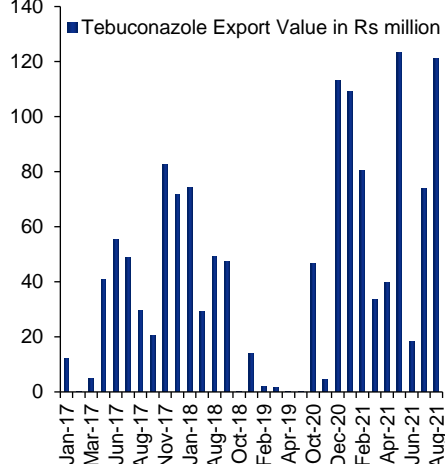


Figure 9: Astec has been exporting hexaconazole intermittently



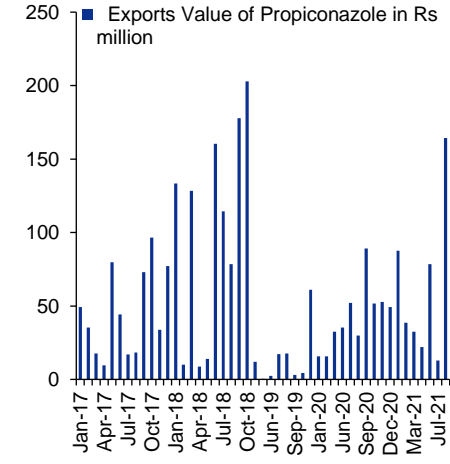
SOURCES: COMPANY REPORTS, IHSMARKIT

Figure 10: Tebuconazole exports have picked up a bit so far in FY22



SOURCES: COMPANY REPORTS, IHSMARKIT

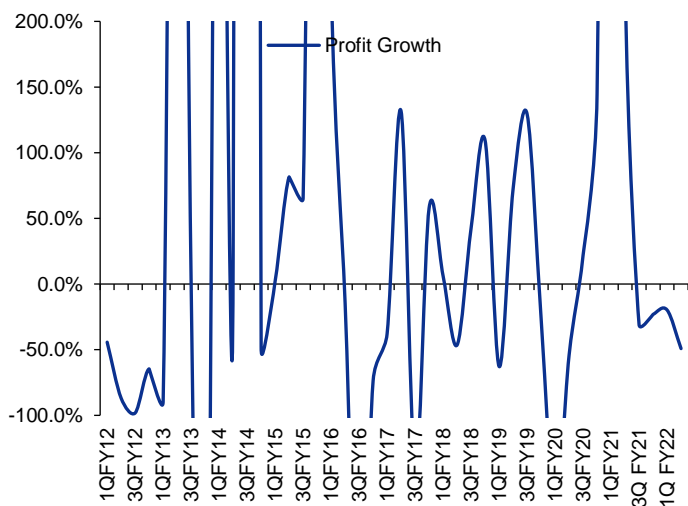
Figure 11: Propiconazole exports have been sedate at best



SOURCES: COMPANY REPORTS, IHSMARKIT

Profits of Astec have not been growing and are unlikely to grow in FY22F ➤

Figure 12: Volatility in profits of Astec is extreme and it is indeed surprising that it still trades at 50-60x EPS



SOURCES: COMPANY REPORTS, INCRED RESEARCH

Figure 13: Consensus EPS translates into 170.3% growth in H2 FY22F over H1FY21, but anaemic exports don't indicate any future growth

	FY22F	FY23F	FY24F
Consensus EPS	39.40	50.18	63.90
InCred EPS	30.0	40.0	50.0
1H FY22 EPS	11.30		
1H FY21 EPS	17.40		
Decline in EPS	-35.1%		
Growth build in H2	170.3%		

SOURCES: COMPANY REPORTS, INCRED RESEARCH

SRF and its role in SDHI fungicides

SRF supplies chemicals intermediaries which are used in manufacturing SDHI fungicides, and it is doing well over the past several years. Data and scientific evidence show that SBI triazole sales are on the decline. It's a different matter altogether that the equity market is rewarding both SBI triazole manufacturer, Astec Lifesciences, as well as SDHI manufacturer, SRF, with equally lofty P/E multiples.

SBI triazole faces multiple headwinds ➤

1. A broad spectrum of disease control enabled triazole fungicides to become the backbone of the cereal fungicide market. At the same time, usage in specialty markets such as fruits and vegetables have also increased.
2. The impact of Covid-19 was higher for SBI triazole, given a higher relative exposure in the maize and oilseed rape/canola segments - which were impacted somewhat by the downturn in biofuel demand and therefore their prices in 2020. Prices rallied somewhat in the second-half of the year.

3. There is also sustained pressure on SBI triazole in Europe, in terms of potential regulatory action, which may be a constraining factor in future growth if renewals are not done.
4. This is likely to benefit the competing SDHI segment as well as the 'other' fungicide segment which contains many new modes of actions that may replace the triazole element in mixture formulations to some extent. This may be achieved through strategic licencing of third-party actives.
5. Cyproconazole, difenoconazole, fluquinconazole, metconazole and myclobutanil are all candidates for substitution in the European Union or EU, which may pose a problem for future growth.

There are some new triazoles, but Astec is not making them ►

Given the recent introduction of mefentrifluconazole by BASF, and the active's reported ability to tackle resistance issues with other triazoles owing to enzyme binding activity on an average 100 times greater than a range of leading triazoles currently in the market, the active is likely to grow strongly.

The only positive that can happen for SBI triazole is its usage as a mixing agent with SDHI ►

Given strong forecasts for the SDHI segment, the triazole segment is likely to benefit in a limited way from its inclusion in mixture products with certain SDHIs. Another significant positive in the near term is likely to be continued growth within the Russian and eastern Europe cereal segments, as well as growth in other developing markets such as Southeast Asia.

This will, however, be largely offset by continued resistance to older triazoles as well as the potential for loss of registrations in Europe.

SDHI has a very strong product pipeline ►

1. **Inpyrfluxam** is a SDHI from Sumitomo. Initial launch was done in 2020. In Mar 2020, Sumitomo launched Kaname Flowable (inpyrfluxam) in Japan. In Sep 2020, Sumitomo received the US and Canadian approvals for inpyrfluxam. The EU launch is projected in 2023F. Peak sales are estimated at around US\$200m.
2. **Isoflucypram** (Tiviant/BCS-CN88460) is an SDHI candidate from Bayer CropScience. The molecule was described as setting new standards in cereal disease control including Septoria blotch (*Septoria tritici*). Bayer received the first global approval for the active in New Zealand in 2019 as Vimoyiblon (isoflucypram) and it was initially made available for the 2019/20 cereal-growing season in the country.
3. **Fenpicoxamid** from Corteva, which operates via a novel target site, is likely to be released in 2022F. It is used in crops such as cereals, bananas and ornamentals against *Septoria tritici*, *Puccinia triticina*, *Mycosporella* spp. Estimated peak sales are at around US\$300m.
4. **Fluindapyr**, an SDHI from FMC, will be released in 2022F. It offers a wide crop spectrum, including cereals, soybeans, rice, tree nuts, rape, maize, cotton, F&V or fruits and vegetables, turf and ornamentals, against a wide range of pathogens including Septoria spp. and soybean rust. Peak sales are estimated at around US\$350m.
5. **Metiltetraprole** is a novel phenyl tetrazolone/strobilurin which be released in 2022F. It is a broad-spectrum product for use in cereals. The AI (agrochemical ingredient) is assigned as a sub-set of Quinone outside Inhibitor (QoI) chemistry and is thus reportedly able to control pathogens resistant to other existing strobilurin qoI fungicides, and is likely be positioned as a part of resistance management programme. Peak sales are estimated at around US\$150m.
6. **Florylpicoxamid** from Corteva is an analogue of fenpicoxamid and is expected to be launched in 2023F. Its applications will span multiple growth

stages for improved efficiency, protecting both yield and quality. Peak sales are estimated at around US\$225m.

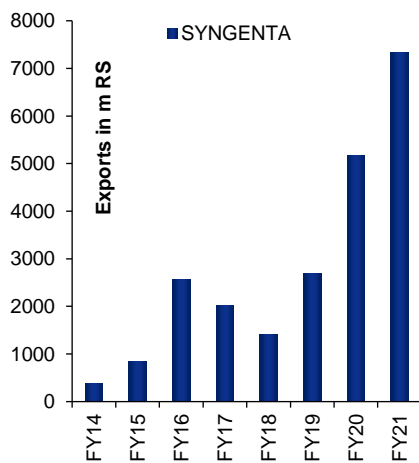
The six new products can add US\$1.3bn peak SDHI sales

The above six products can add to the existing SDHI market worth US\$2.3bn. One can expect this market to touch US\$ 3.7bn in the next five years.

All these new products are being brought into the market by existing clients of SRF

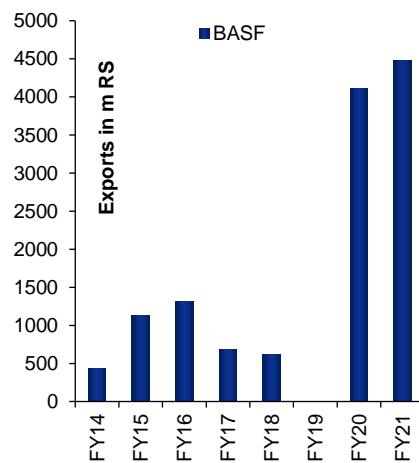
Bayer, Sumitomo, Corteva, FMC and BSAF are existing clients of SRF. Yearly sales to these clients are increasing yoy.

Figure 14: Syngenta is the biggest customer of SRF (accounting for 30% of its exports in FY21)



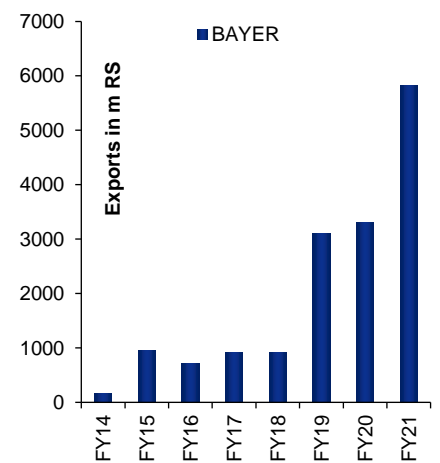
SOURCES: INCRED RESEARCH, CORPINNESS GLOBAL PRIVATE LIMITED

Figure 15: Exports to BASF have picked up in the recent past, and now account for ~22% of exports



SOURCES: INCRED RESEARCH, CORPINNESS GLOBAL PRIVATE LIMITED

Figure 16: Bayer accounted for ~25% of its overall exports in FY21

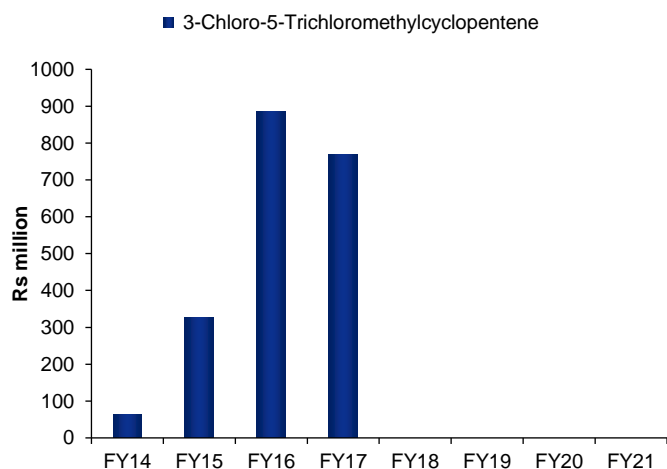


SOURCES: INCRED RESEARCH, CORPINNESS GLOBAL PRIVATE LIMITED

SRF has a resilient chemical innovation set-up – a classic example is exports of 3-Chloro-5-Trichloromethyl cyclopentene to Syngenta ceasing in FY18, but still exports are up 400% over FY18-FY21

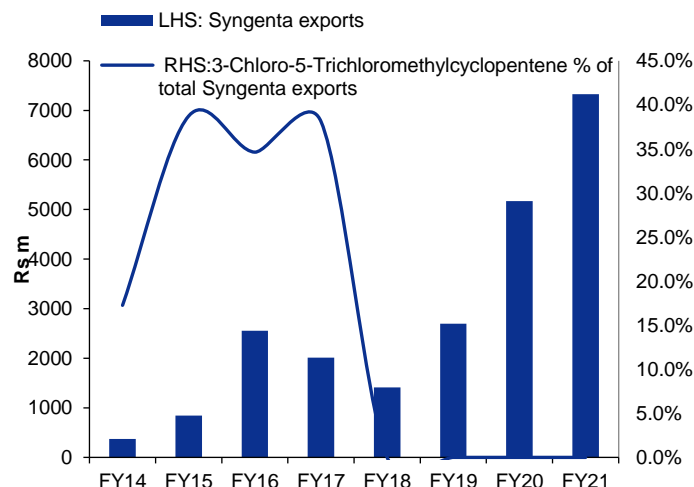
SRF's business model is resilient, and it keeps getting new business from old clients. One such example is the molecule, 3-Chloro-5-Tri Chloro Methyl Cyclo Pentene. SRF used to supply this molecule to Syngenta in FY14/FY15/FY16/FY17. The European Commission's ban on a related agrochemical led to a complete stoppage of this molecule's exports. However, SRF witnessed only a Rs600m decline in exports in FY18, and since then exports to Syngenta are up 5x.

Figure 17: Exports of 3-Chloro-5-Tri Chloro Methyl Cyclo Pentene ceased after FY17 (in FY17, it accounted for ~10% of overall exports and 38% of exports to Syngenta)



SOURCES: INCRED RESEARCH, CORPINESS GLOBAL PRIVATE LIMITED

Figure 18: However, SRF's relationship with Syngenta only grew as its exports rose 5x between FY18-21



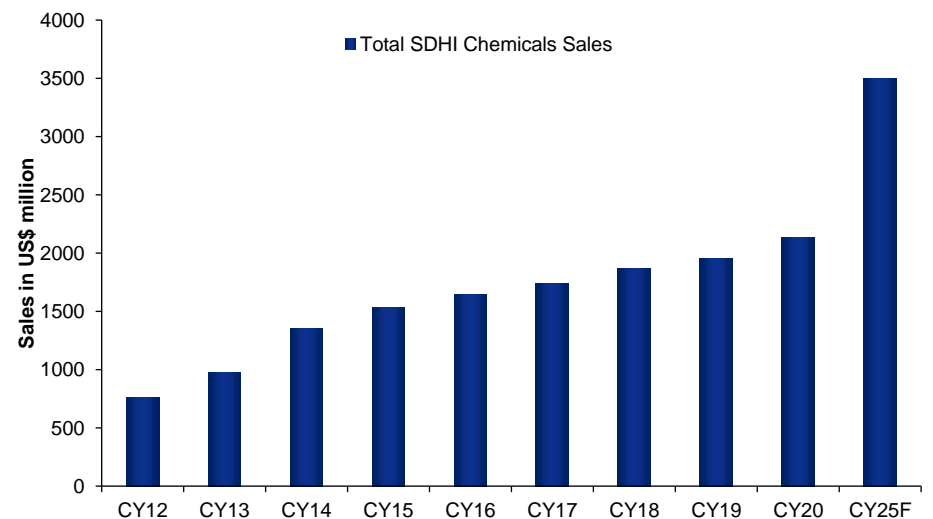
SOURCES: INCRED RESEARCH, CORPINESS GLOBAL PRIVATE LIMITED

Strong relations with Bayer and BASF make us believe that SRF can get a lion's share in new SDHI business ➤

SRF's exports to BASF have risen 10x over FY14-21. To Bayer, SRF exports have risen 37x during the same period. This makes us believe that SRF can get a lion's share in the new SDHI intermediary business from Bayer and BASF.

SDHI fungicide market can become US\$3.5bn market by 2025F, which can provide tailwinds to SRF ➤

Figure 19: Overall SDHI fungicide sales can increase at a 11% CAGR over CY20-25F

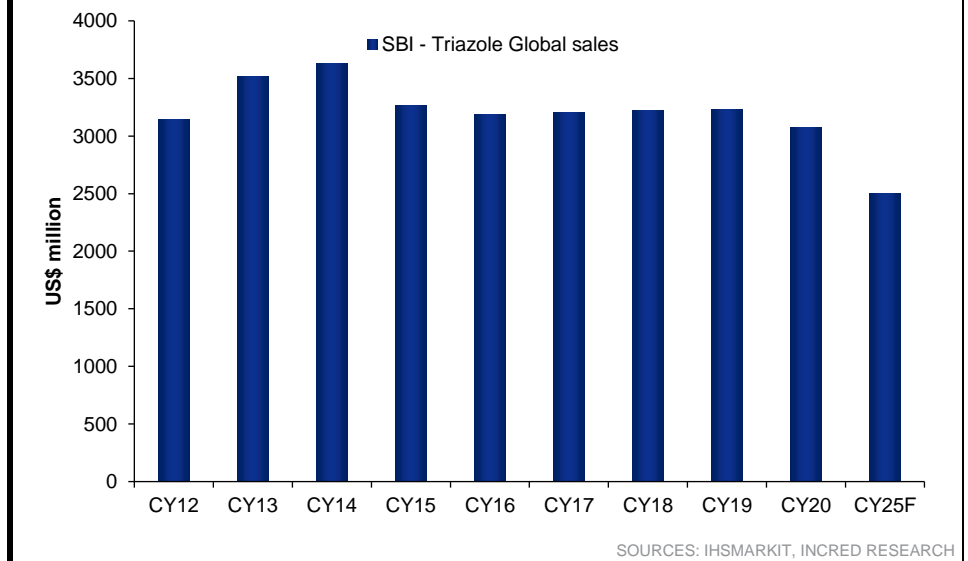


SOURCES: INCRED RESEARCH, IHSMARKIT

On the other hand, SBI triazole market can decline to US\$2.5 bn by CY25F ➤

As explained earlier, SBI triazole market is on the decline and going ahead it may become a mixing agent with SDHI fungicides, which can be a saving grace for the manufacturers. However, increasing regulatory pressure will lead to sustained decline in sales volume.

Figure 20: SBI triazole group of fungicides is facing regulatory headwinds, which can lead to sales declining to US\$2.5bn by CY25F



Interestingly, valuations of SRF and Astec are at the same level

It is very clear that Astec Lifesciences faces a declining product market while SRF enjoys a growing product market. Astec is a generic supplier in a declining market and new growth areas, if any, can barely compensate for the loss in its existing business.

Figure 21: Astec Lifesciences trades at a P/E of 42x one-year forward earnings...

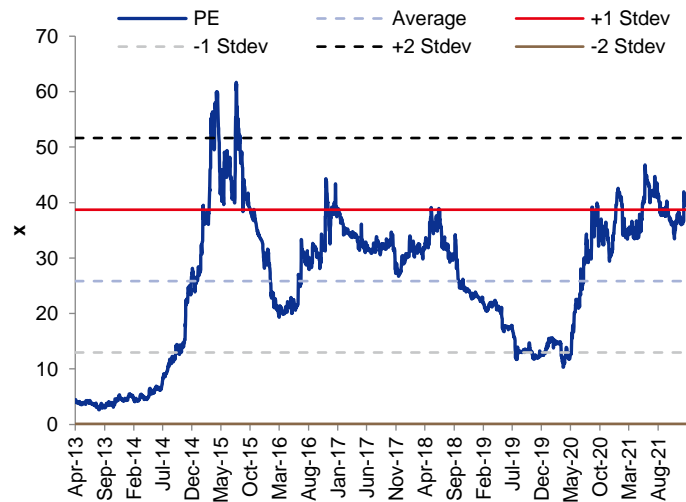
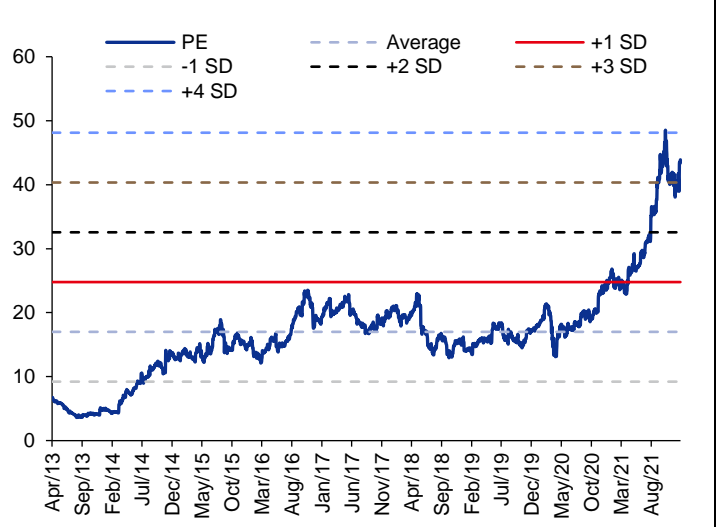
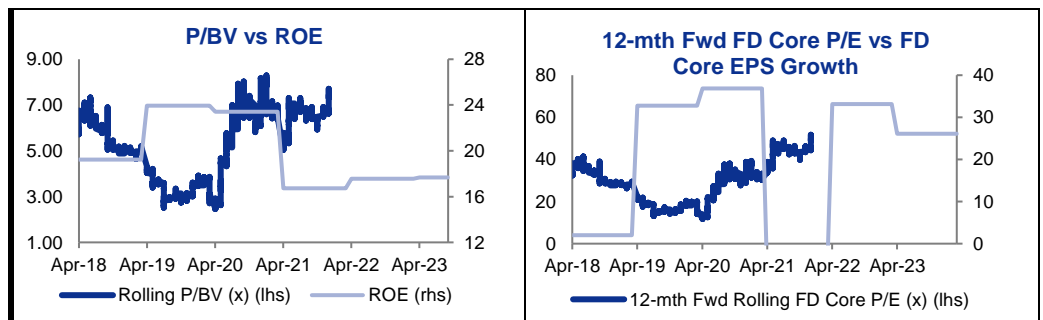


Figure 22: ...while SRF trades at 43x one-year forward EPS



BY THE NUMBERS (Astec Lifesciences Ltd)

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	5,226	5,549	6,207	7,143	8,014
Gross Profit	1,841	2,128	2,197	2,588	2,885
Operating EBITDA	914	1,116	1,114	1,435	1,653
Depreciation And Amortisation	(232)	(257)	(325)	(409)	(487)
Operating EBIT	682	859	789	1,027	1,166
Financial Income/(Expense)	(126)	(48)	(61)	(61)	(56)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	119	79	57	81	210
Profit Before Tax (pre-EI)	676	891	786	1,047	1,320
Exceptional Items	(62)				
Pre-tax Profit	614	891	786	1,047	1,320
Taxation	(138)	(240)	(198)	(264)	(333)
Exceptional Income - post-tax					
Profit After Tax	475	651	588	783	987
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	475	651	588	783	987
Recurring Net Profit	523	651	588	783	987
Fully Diluted Recurring Net Profit	523	651	588	783	987

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	914	1,116	1,114	1,435	1,653
Cash Flow from Invt. & Assoc.					
Change In Working Capital	878	(1,033)	135	(419)	(239)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	17	(13)	6	(4)	1
Other Operating Cashflow	183	127	418	441	565
Net Interest (Paid)/Received	(126)	(48)	(61)	(61)	(56)
Tax Paid	(182)	(230)	(198)	(264)	(333)
Cashflow From Operations	1,684	(82)	1,415	1,130	1,592
Capex	(453)	(1,025)	(760)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries	2				
Acq. Of Subsidiaries/investments	(289)	289			
Other Investing Cashflow	2	5			
Cash Flow From Investing	(738)	(731)	(760)	(1,000)	(1,000)
Debt Raised/(repaid)	(783)	884	(100)	100	(400)
Proceeds From Issue Of Shares	2	7			
Shares Repurchased					
Dividends Paid	(35)	(29)	(36)	(48)	(61)
Preferred Dividends					
Other Financing Cashflow	(129)	(48)	(61)	(61)	(56)
Cash Flow From Financing	(945)	813	(197)	(9)	(517)
Total Cash Generated	1	1	458	121	76
Free Cashflow To Equity	163	71	555	230	192
Free Cashflow To Firm	1,072	(765)	716	190	648

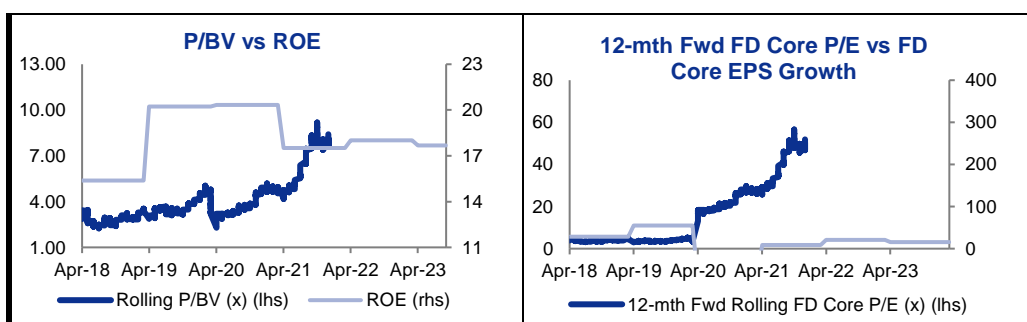
SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd (Astec Lifesciences Ltd)

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	15	16	474	595	671
Total Debtors	1,608	1,872	1,786	1,957	2,196
Inventories	1,212	1,061	1,361	1,566	1,757
Total Other Current Assets	482	356	358	360	361
Total Current Assets	3,318	3,304	3,978	4,477	4,985
Fixed Assets	2,177	3,284	3,719	4,310	4,822
Total Investments					
Intangible Assets					
Total Other Non-Current Assets	222	188	182	187	187
Total Non-current Assets	2,400	3,472	3,901	4,497	5,010
Short-term Debt	987	1,470	1,470	1,470	1,470
Current Portion of Long-Term Debt					
Total Creditors	2,024	1,248	1,701	1,566	1,757
Other Current Liabilities	173	504	403	497	498
Total Current Liabilities	3,184	3,223	3,574	3,533	3,725
Total Long-term Debt		400	300	400	
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities		400	300	400	
Total Provisions	65	60	61	62	63
Total Liabilities	3,248	3,683	3,934	3,995	3,788
Shareholders Equity	2,466	3,092	3,943	4,978	6,205
Minority Interests	3	1	1	1	1
Total Equity	2,469	3,093	3,945	4,980	6,206

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	21.3%	6.2%	11.9%	15.1%	12.2%
Operating EBITDA Growth	19.5%	22.1%	(0.1%)	28.8%	15.2%
Operating EBITDA Margin	17.5%	20.1%	18.0%	20.1%	20.6%
Net Cash Per Share (Rs)	(49.68)	(94.77)	(66.24)	(65.16)	(40.86)
BVPS (Rs)	126.00	157.99	201.52	254.40	317.08
Gross Interest Cover	5.42	18.08	13.04	16.96	20.99
Effective Tax Rate	22.5%	26.9%	25.2%	25.2%	25.2%
Net Dividend Payout Ratio	6.6%	5.4%	6.2%	6.2%	6.2%
Accounts Receivables Days	98.71	114.46	107.52	95.62	94.56
Inventory Days	115.38	121.26	110.20	117.24	118.20
Accounts Payables Days	143.21	174.58	134.20	130.86	118.20
ROIC (%)	13.7%	17.9%	11.8%	14.5%	13.8%
ROCE (%)	18.4%	20.1%	14.6%	16.2%	15.9%
Return On Average Assets	12.3%	11.0%	8.6%	9.8%	10.8%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS (SRF Limited)

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	72,094	84,000	100,622	120,328	136,053
Gross Profit	72,094	84,000	100,622	120,328	136,053
Operating EBITDA	14,584	21,452	23,168	28,050	32,357
Depreciation And Amortisation	(3,886)	(4,531)	(5,051)	(5,831)	(6,806)
Operating EBIT	10,698	16,921	18,118	22,220	25,551
Financial Income/(Expense)	(2,007)	(1,340)	(1,408)	(1,821)	(1,821)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	456	545	850	850	850
Profit Before Tax (pre-EI)	9,147	16,127	17,560	21,248	24,580
Exceptional Items					
Pre-tax Profit	9,147	16,127	17,560	21,248	24,580
Taxation	12	(4,144)	(4,512)	(5,460)	(6,316)
Exceptional Income - post-tax					
Profit After Tax	9,159	11,983	13,047	15,788	18,264
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	9,159	11,983	13,047	15,788	18,264
Recurring Net Profit	9,159	11,983	13,047	15,788	18,264
Fully Diluted Recurring Net Profit	9,159	11,983	13,047	15,788	18,264

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	14,584	21,452	23,168	28,050	32,357
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(239)	(1,236)	(6,727)	(4,177)	(3,205)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(381)	(492)	1,933	464	329
Other Operating Cashflow	(331)	(3,221)	(6,766)	(8,249)	(9,961)
Net Interest (Paid)/Received	(2,016)	(1,340)	(1,408)	(1,821)	(1,821)
Tax Paid	1,427	2,553	4,512	5,460	6,316
Cashflow From Operations	13,044	17,717	14,713	19,727	24,015
Capex	(13,730)	(12,047)	(22,277)	(15,000)	(10,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,926	(2,950)	2,140		
Cash Flow From Investing	(11,803)	(14,997)	(20,137)	(15,000)	(10,000)
Debt Raised/(repaid)	1,207	(6,708)	10,523		
Proceeds From Issue Of Shares		7,500			
Shares Repurchased					
Dividends Paid	(2,040)	(1,574)	(1,146)	(1,387)	(1,387)
Preferred Dividends					
Other Financing Cashflow	(1,157)	(1,730)	(1,408)	(1,821)	(1,821)
Cash Flow From Financing	(1,990)	(2,511)	7,969	(3,208)	(3,208)
Total Cash Generated	(749)	209	2,544	1,519	10,807
Free Cashflow To Equity	2,448	(3,988)	5,098	4,727	14,015
Free Cashflow To Firm	3,257	4,060	(4,016)	6,548	15,836

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd (SRF Limited)

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	3,240	6,945	7,349	8,868	19,676
Total Debtors	8,911	12,746	15,268	18,258	20,644
Inventories	12,012	14,658	17,559	20,997	23,741
Total Other Current Assets	4,899	5,040	5,287	5,635	5,914
Total Current Assets	29,062	39,389	45,462	53,758	69,975
Fixed Assets	77,603	80,794	98,021	107,191	110,385
Total Investments	42	42	42	42	42
Intangible Assets	6	6	6	6	6
Total Other Non-Current Assets	2,055	3,871	2,616	2,187	1,895
Total Non-current Assets	79,706	84,713	100,685	109,425	112,328
Short-term Debt	9,554	9,657	9,554	9,554	9,554
Current Portion of Long-Term Debt					
Total Creditors	11,117	15,852	18,989	22,707	25,675
Other Current Liabilities	4,611	10,202	6,008	4,889	4,127
Total Current Liabilities	25,282	35,711	34,551	37,151	39,356
Total Long-term Debt	30,914	20,288	30,914	30,914	30,914
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,109	433	1,109	1,109	1,109
Total Non-current Liabilities	32,022	20,722	32,022	32,022	32,022
Total Provisions	2,130	4,297	4,299	4,334	4,372
Total Liabilities	59,434	60,730	70,873	73,508	75,750
Shareholders Equity	49,333	68,564	80,466	94,867	111,745
Minority Interests					
Total Equity	49,333	68,564	80,466	94,867	111,745

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	1.5%	16.5%	19.8%	19.6%	13.1%
Operating EBITDA Growth	10.4%	47.1%	8.0%	21.1%	15.4%
Operating EBITDA Margin	20.2%	25.5%	23.0%	23.3%	23.8%
Net Cash Per Share (Rs)	(125.60)	(77.60)	(111.74)	(106.61)	(70.15)
BVPS (Rs)	166.44	231.32	271.48	320.07	377.01
Gross Interest Cover	5.33	12.63	12.87	12.20	14.03
Effective Tax Rate		25.7%	25.7%	25.7%	25.7%
Net Dividend Payout Ratio	45.3%	8.8%	8.8%	8.8%	7.6%
Accounts Receivables Days	48.60	47.05	50.81	50.85	52.18
Inventory Days	nm	nm	nm	nm	nm
Accounts Payables Days	nm	nm	nm	nm	nm
ROIC (%)	11.9%	18.6%	15.9%	17.5%	19.2%
ROCE (%)	12.3%	17.5%	16.0%	16.8%	17.3%
Return On Average Assets	10.8%	11.4%	10.7%	11.4%	11.6%

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CGET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

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.

Sector Ratings

Definition:

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:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
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.