

SRF LTD.

Buy at CMP: Rs 2772 | Target: Rs 3025 (9%) | SL: Rs 2680

Sector

Feb 24, 2025

Chemicals

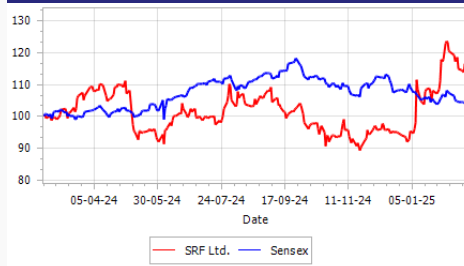
Script Details

BSE Group	A
BSE Code	503806
NSE Code	SRF
Bloomberg Code	SRF IN
Market Cap (INR Cr.)	82,293
Free Float (%)	49.7%
52wk Low/High	2995/2089
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	10/0.3
Total paid Up Shares (Mn.)	296.4

Share Holding Pattern (%)

Promoters	Public	Others
50.3%	49.7%	-

Share Price Relative Performance



SRF Limited is a multi-business entity and one of the leading manufacturers of fluorochemicals, specialty chemicals, technical textiles and packaging films.

Investment Rationale

- ◆ **One of the leading player in three key segments:** SRF operates across specialty chemicals, packaging films, and technical textiles, with chemicals contributing 48% of revenue, followed by packaging films (38.7%) and technical textiles (14.9%). It has a market leading position in chemical business driven by its technical know and extensive experience of handling fluorine chemical. In technical textiles, SRF is the largest producer of nylon tire cord fabric and continues expanding value-added offerings. Its packaging business benefits from large-scale capacity and high-value products. It will continue to maintain a healthy market position backed by its technically known capabilities, leading position in CB and established track record.
- ◆ **Poised for Growth Amid Rising Refrigerant Demand and Prices:** SRF's topline growth has remained sluggish over the last six quarters due to weakness in the chemical sector. However, domestic demand for refrigerants in room air conditioners is improving. In the U.S., major distributors report severe supply constraints for refrigerant gases like R32 and R125, driving prices higher. With a production capacity of 28,000 tonnes of R32 and 7,000 tonnes of R125, SRF is well-positioned to benefit. Additionally, the agrochemical business is showing signs of recovery with improving demand for certain agro intermediaries.
- ◆ **India's Chemical Industry Gains as Europe's Competitiveness Declines:** Europe's declining chemical competitiveness, driven by high costs and regulations, is shifting it from an exporter to a net importer, creating opportunities for India's chemical sector. Favourable regulations are boosting Indian agrochemical and specialty chemical exports. SRF stands to gain with its 250 MT agrochemical capacity and a strong pipeline of high-demand products.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 13%/22% and estimate SRF to clock PAT of Rs 2,266 Cr by FY27E. SRF is trading at forward PE (x) of 36.3 and we value at 39.6 (x) FY27E and Recommend BUY on SRF with Target Price of Rs. 3,025 (9%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	13,264	2,491	1,229	67.0	33.9
FY25E	14,922	2,865	1,791	46.0	6.1
FY26E	16,788	3,223	2,015	40.9	5.4
FY27E	18,886	3,626	2,266	36.3	4.8

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- SRF is in a steady uptrend, forming higher bottoms on the higher timeframe since April 2020.
- On the weekly scale, the stock has been forming a Bullish Flag and Pole pattern since September 2022 and few weeks back it has given a breakout of that pattern with volume confirmation and made a life high at 2983 level.
- On the daily charts, the stock is forming Change in Polarity (CIP) formation at 2700 level confirming a bullish trend as previous resistance now has become strong support.
- The stock is firmly sustained above its important moving averages like 20 & 50 week SMA indicating bullish undertone of the stock.
- The momentum indicator RSI remains above 60 and exhibits a bullish crossover, further supporting the strength of the trend.



Inference & Expectations

- Considering these factors, it can be inferred that SRF stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 3025 level.
- The stop loss must be at 2680 level, strictly on the closing basis.

Invest Now →

Source: Tradingview.in, GEPL Research

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