

SRF Ltd.

BUY

Sector: Specialty Chemicals

04th February, 2026

Key Changes	Target ▲	Rating ●	Earnings ▼	Target	Rs. 3,385
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid cap	SRF:IN	83,739	SRF	503806	12 Months
				CMP	Rs. 2,911
				Return	+16%

Data as of: 3-Feb-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	86,303		
52 Week High — Low (Rs.)	3,319 - 2,570		
Enterprise Value (Rs. cr)	90,746		
Outstanding Shares (cr)	29.6		
Free Float (%)	48.8		
Dividend Yield (%)	0.3		
6m average volume (cr)	0.04		
Beta	1.0		
Face value (Rs.)	10.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	50.3	50.3	50.3
FII's	18.2	18.0	20.2
MFs/Institutions	18.9	19.5	17.5
Public	11.1	10.5	10.3
Others	1.5	1.7	1.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-1.9%	-2.4%	-1.1%
Absolute Sensex	-0.3%	3.9%	8.5%
Relative Return	-1.6%	-6.3%	-9.6%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	16,094	18,243	20,738
Growth (%)	9.5	13.4	13.7
EBITDA	3,582	4,242	5,058
EBITDA Margin (%)	22.3	23.3	24.4
PAT Adjusted	1,872	2,282	2,850
Growth (%)	49.7	21.9	24.9
Adjusted EPS	63.2	77.0	96.2
Growth (%)	49.7	21.9	24.9
P/E	46.1	37.8	30.3
P/B	6.1	5.3	4.6
EV/EBITDA	25.3	21.4	18.0
ROE (%)	13.1	14.1	15.2
D/E	0.3	0.3	0.3

Chemical Portfolio Drives Growth

SRF Limited manufactures and sells textiles, chemicals, films, and polymers through four business segments: Technical, Chemicals, Packaging, and Others, with diverse product offerings and operations.

- In Q3FY26, SRF's consolidated operational revenue grew 6.0% YoY to Rs. 3,612cr, driven primarily by strong execution in chemical segment.
- Revenue from the chemical segment grew 22.0% YoY to Rs. 1,825cr, led by fluorochemicals, which benefited from favourable global HFC pricing, recovering domestic demand and increased overseas volumes.
- Revenue from the films and foil business fell 3.1% YoY to Rs. 1,342cr on account of reduced volumes and steady pricing for its BOPP and BOPET offerings.
- The technical textiles revenue fell 11.0% YoY to Rs. 454cr primarily due to difficult market conditions following a surge in cheaper imports from China and the impact of tariffs imposed by the US.
- EBITDA grew 25.9% YoY to Rs. 780cr and margin expanded 340bps to 21.6%, supported by favourable pricing in fluorochemicals.
- Resultantly, SRF's profit after tax (PAT) rose 59.6% YoY to Rs. 433cr in Q3FY26.

Outlook & Valuation

The chemical segment is driving SRF's earnings. The management expects the segment to remain a key growth and margin driver. With ongoing capacity expansion and a robust customer approval pipeline, visibility in specialty chemicals is strong. The fluorochemicals segment is expected to benefit from stable demand. Additionally, pharma intermediates are gaining traction, owing to an expanding molecule portfolio and new customer wins. The packaging films and foil business is showing early signs of improvement because of better pricing and domestic demand recovery since December 2025. SRF's disciplined capital allocation focuses on high-return chemical projects, supporting long-term growth prospects. Therefore, **we retain our BUY rating on the stock, with a roll forward target price of Rs. 3,385, based on 35x FY28E adjusted earnings per share.**

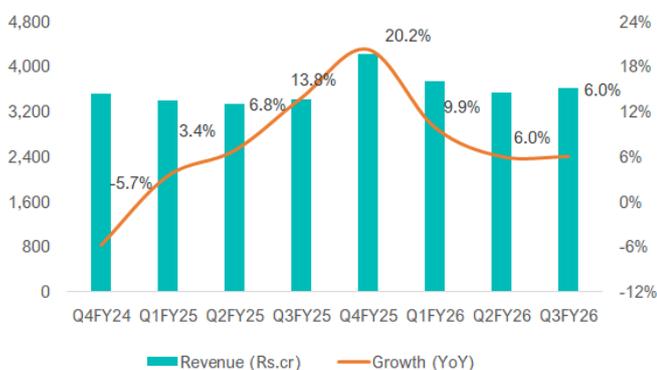
Quarterly Financials Consolidated

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	3,612	3,407	6.0	3,534	2.2	10,885	10,143	7.3
EBITDA	780	620	25.9	774	0.8	2,384	1,761	35.4
Margin (%)	21.6	18.2	340bps	21.9	-30bps	21.9	17.4	450bps
EBIT	563	425	32.4	562	0.2	1,752	1,185	47.9
PBT	452	369	22.5	517	-12.6	1,545	996	55.1
Rep. PAT	433	271	59.6	388	11.5	1,253	725	73.0
Adj PAT	433	271	59.6	388	11.5	1,253	725	73.0
Adj. EPS (Rs)	14.6	9.1	59.6	13.1	11.5	42.3	24.4	73.0

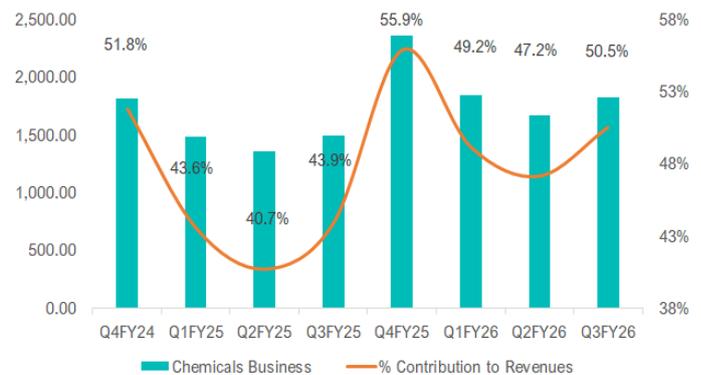
Key concall highlights

- SRF plans to invest Rs. 180cr as capital expenditure to establish a second pharmaceutical manufacturing plant in Dahej, which is expected to be operational in about eight months. This is supplementary to the previously announced capex of Rs. 745cr for its fluoropolymer and fluoroelastomer projects.
- The management noted that SRF has filed 506 patent applications, of which 153 have been granted.
- Projects for capacitor grade film and BOPP lines are progressing well and are expected to support SRF's overall business performance in the coming quarters.
- SRF is targeting to increase the pharma segment's share to 20% of its total business, up from around 10% currently, as part of its efforts to diversify and reduce its reliance on agrochemicals, which are subject to cyclical fluctuations.
- The Management said that tariffs imposed by the US had an adverse impact on the belting fabric business, as it led to a surge in cheaper imports from China, thus increasing price competition.
- Initial capex at Odisha site is likely to be Rs. 1,500 – Rs.2,000cr for the next generation refrigerant gas projects, subject to approvals.

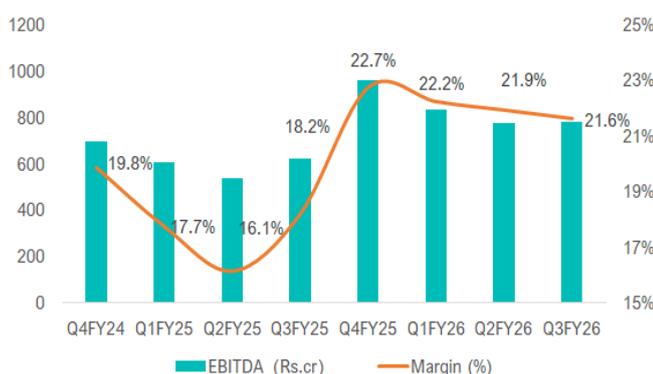
Revenue



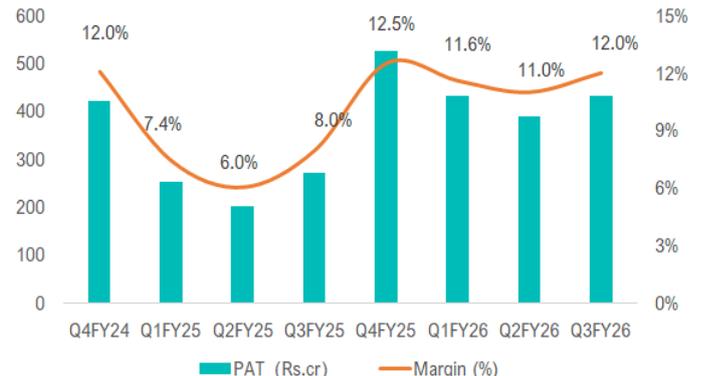
Chemicals Business



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	17,006	19,301	16,094	18,243	20,738	-5.4	-5.5
EBITDA	3,692	4,518	3,582	4,242	5,058	-3.0	-6.1
Margins (%)	21.7	23.4	22.3	23.3	24.4	60bps	-10bps
Adj. PAT	1,955	2,500	1,872	2,282	2,850	-4.2	-8.7
EPS	65.9	84.3	63.2	77.0	96.2	-4.2	-8.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	13,139	14,693	16,094	18,243	20,738
% change	-11.6	11.8	9.5	13.4	13.7
EBITDA	2,596	2,727	3,582	4,242	5,058
% change	-26.5	5.0	31.4	18.4	19.2
Depreciation	685	780	814	893	968
EBIT	1,911	1,947	2,769	3,349	4,090
Interest	302	376	407	444	456
Other Income	83	133	135	138	166
PBT	1,692	1,704	2,497	3,043	3,800
% change	-40.1	0.7	46.5	21.9	24.9
Tax	357	453	624	761	950
Tax Rate (%)	21.1	26.6	25.0	25.0	25.0
Reported PAT	1,336	1,251	1,872	2,282	2,850
PAT att. to common shareholders	1,336	1,251	1,872	2,282	2,850
Adj.*	-	-	-	-	-
Adj. PAT	1,336	1,251	1,872	2,282	2,850
% change	-38.2	-6.4	49.7	21.9	24.9
No. of shares (cr)	29.6	29.6	29.6	29.6	29.6
Adj EPS (Rs.)	45.1	42.2	63.2	77.0	96.2
% change	-38.2	-6.4	49.7	21.9	24.9
DPS (Rs.)	7.2	7.2	8.6	10.0	11.5

Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	2,020	2,031	2,686	3,175	3,818
Non-cash adj.	331	546	290	76	-311
Other adjustments	-	-	-	-	-
Changes in W.C	-257	-89	-369	-281	-300
C.F. Operation	2,094	2,487	2,606	2,971	3,207
Capital exp.	-2,202	-1,222	-2,232	-2,229	-2,313
Change in inv.	-24	-269	129	-115	-138
Other invest.CF	-2	7	-	-	-
C.F - Investment	-2,227	-1,484	-2,103	-2,344	-2,451
Issue of equity	-	-	-	-	-
Issue/repay debt	540	-429	73	43	44
Dividends paid	-214	-213	-255	-297	-342
Other finance.CF	-398	-428	-404	-441	-452
C.F - Finance	-72	-1,071	-586	-695	-751
Chg. in cash	-209	-67	-83	-69	5
Closing Cash	408	354	271	202	207

Balance Sheet

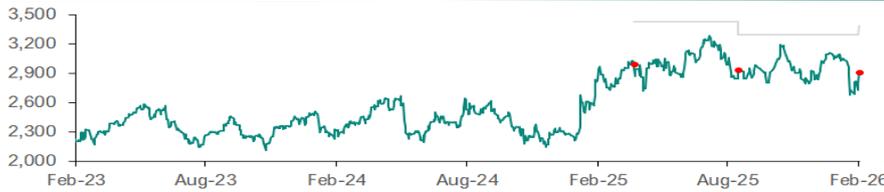
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	408	354	271	202	207
Accts. Receivable	1,943	2,169	2,205	2,468	2,749
Inventories	2,326	2,349	2,802	3,188	3,650
Other Cur. Assets	972	1,257	1,259	1,927	3,256
Investments	121	123	135	138	140
Gross Fixed Assets	16,291	17,554	19,786	22,015	24,329
Net Fixed Assets	13,122	13,607	14,933	16,249	17,574
CWIP	805	811	892	910	928
Intangible Assets	120	112	124	126	129
Def. Tax -Net	28	36	49	60	75
Other Assets	637	738	893	910	929
Total Assets	20,482	21,557	23,563	26,178	29,636
Current Liabilities	2,812	2,770	2,933	3,352	3,992
Provisions	71	83	91	100	110
Debt Funds	4,920	4,641	4,714	4,757	4,801
Other Liabilities	1,200	1,437	1,581	1,739	1,996
Equity Capital	297	297	297	297	297
Res. & Surplus	11,182	12,329	13,947	15,932	18,440
Shareholder Funds	11,479	12,626	14,244	16,230	18,738
Minority Interest	-	-	-	-	-
Total Liabilities	20,482	21,557	23,563	26,178	29,636
BVPS	387	426	481	548	632

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	19.8	18.6	22.3	23.3	24.4
EBIT margin (%)	14.5	13.3	17.2	18.4	19.7
Net profit mgn.(%)	10.2	8.5	11.6	12.5	13.7
ROE (%)	11.6	9.9	13.1	14.1	15.2
ROCE (%)	11.7	11.3	14.6	16.0	17.4
W.C & Liquidity					
Receivables (days)	54.0	53.9	50.0	49.4	48.4
Inventory (days)	126.6	111.4	126.7	125.9	125.2
Payables (days)	119.6	110.5	110.8	111.3	111.9
Current ratio (x)	1.0	1.1	1.2	1.3	1.5
Quick ratio (x)	0.5	0.6	0.5	0.6	0.6
Turnover & Leverage					
Gross asset T.O (x)	0.9	0.9	0.9	0.9	0.9
Total asset T.O (x)	0.7	0.7	0.7	0.7	0.7
Int. covge. ratio (x)	6.3	5.2	6.8	7.5	9.0
Adj. debt/equity (x)	0.4	0.4	0.3	0.3	0.3
Valuation					
EV/Sales (x)	5.5	6.2	5.6	5.0	4.4
EV/EBITDA (x)	27.9	33.5	25.3	21.4	18.0
P/E (x)	50.8	69.7	46.1	37.8	30.3
P/BV (x)	5.9	6.9	6.1	5.3	4.6



Recommendation Summary - (Last 3 years)



Dates	Rating	Target
24-Mar-25	ACCUMULATE	3,424
18-Aug-25	BUY	3,289
04-Feb-26	BUY	3,385

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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Geojit Investments Ltd. Registered Office: 7th Floor 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website : www.geojit.com/GIL . For investor queries: customercare@geojit.com

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