

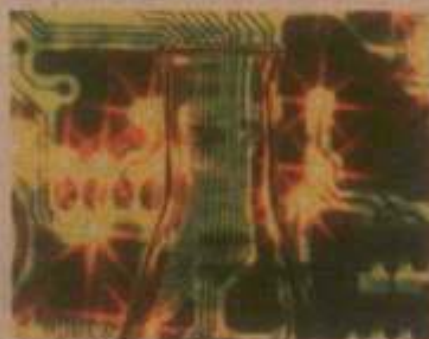
# SRF firmly on the growth track

## Rising Profits, Healthy Dividend Yield & Capex Plans Ramp Up Attraction Quotient

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GURGAON-BASED diversified company SRF came out with substantially superior results for the March 2010 quarter as its net profit jumped more than five-fold to Rs 110.6 crore, while its revenues jumped 65.6%. All its segments made a strong recovery in revenues as well as profitability, making it an all-round performance.

SRF's technical textiles business continued its strong growth momentum from preceding quarters to post a major turnaround in the March 2010 quarter. The segment's profits stood at Rs 48.4 crore as against a loss of Rs 9.5 crore in the March 2009 quarter. Doubling of BOPET film capacity by December 2009 benefited the packaging film business, which doubled its revenues and grew profits by 75%. The chemicals and polymers business benefited from improved realisations as well as introduction of a few new prod-



ucts. This segment grew 22% to Rs 219.2 crore with profit jumping 71% y-o-y to Rs 117.5 crore.

The profits for the quarter were also boosted by a forex gain of Rs 11 crore as against a forex loss of Rs 11.75 crore in the corresponding quarter of previous year.

SRF has taken deliberate measures over the past few years to shift its focus away from the nylon tyre cord fabric (NTCF) business and is expanding its technical textiles as well as fluoro-specialties businesses. The compa-

ny recently commissioned its 48 million square meters per annum production capacity of laminated fabric at Kashipur. It has also approved investment of Rs 143 crore to set up a lacquered tarpaulin unit that can produce fabric suitable for tensile structures such as tents or polyurethane-coated fabrics for niche industrial applications. The company is also setting up a fluoro-specialties chemical plant at Dahej with initial capacity of 12500 TPA.

The company paid a total dividend of Rs 14 per share during the year, which at the current market price translates in a dividend yield of 6.25%. After accounting for the fourth quarter profits, the company's per share earnings stand at Rs 53.6. As a result, the price-to-earnings multiple (P/E) stands at 4.2.

SRF's capacity expansion programmes ensure that its growth will continue in coming quarters—although not at the same pace as seen in the March 2010 quarter. Its valuations on the Street appear attractive with healthy dividend yield and growing profits.

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### RICH HAUL

SRF paid a dividend of Rs 14 per share during the year, which at the current market price translates into a dividend yield of 6.25%. After accounting for Q4 profits, the EPS stands at Rs 53.6 and the P/E at 4.2.

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