BUY

Blue Star

A double whammy quarter; fundamentals intact

Emkay — Your success is our success

Consumer Durables | Result Update | **August 07, 2026**

CMP (Rs): 1,514 | TP (Rs): 1,900

Blue Star (BLSTR) posted a weak 1Q, with a softer-than-expected Unitary Products (UP) topline growth (up 13% yoy), despite ~21% RAC value growth (mainly impacted by a 15% decline in commercial refrigerators). UP margins slumped to 2.9% (vs 10.4% in 4QFY26) as BLSTR was able to pass on only ~5% of the ~13% price hike required to offset commodity inflation, with competitors continuing to sell older/lower-cost inventory, limiting pricing flexibility, which impacted growth/margins. Higher brand investments and consumer financing schemes to recoup lost share in Apr-26 (~50 bps) further led to an EBITDA drag (37% miss vs estimates). Owing to near-term hiccups (elevated commodity, rising competition) and BLSTR's intention to regain market share (broadening portfolio toward entry-level models), the management cut UP margin guidance to 6.5% for FY27 (believes industry should bounce back to ~7-7.5% levels in a normalized setup). Within EMP and CAC, data center is a key structural lever (BLSTR is a market leader with ~30% share in data center MEP). While we lower our FY27E/FY28E EPS by ~17%/11% to reflect a weaker margin outlook in UP, we believe BLSTR continues to benefit from an RAC under-penetration story with a premium play, coupled with data center/US exports avenues. We cut our Jun-27E TP (roll-forward) by ~7% to Rs1,900 (from Rs2,050); maintain BUY.

1Q growth subdued; UP margins slump

BLSTR's 1Q revenue grew ~13% yoy to Rs33.8bn (7% miss vs our estimate of Rs36.3bn), mainly on weaker-than-expected UP performance (dragged down due to commercial refrigerators). EBITDA stood at Rs1.8bn (37/29% miss vs our/street estimates), as lower primary sales volume growth weighed on margins. APAT at Rs1bn was down 16% yoy.

Earnings call KTAs

1) BLSTR estimates that the domestic RAC industry grew ~21%/25% yoy in volumes/value during 1Q, while BLSTR reported ~18%/21% volume/revenue growth on a primary sales basis. 2) The delayed onset of summer, with BLSTR taking higher price hikes vs industry, led to a ~50bps market-share loss in April. To offset this, BLSTR increased consumer financing schemes, dealer incentives, and promotional spending from mid-May which helped recover ~10bps market share in May and ~50bps in June. 3) BLSTR plans to redesign products, increase localization, outsource components, and introduce more cost-competitive entry-level offerings, but not at the cost of hurting its premium brand positioning. 4) The 1Q margin decline was led by sharp commodity inflation, particularly imported components (~40% of BOM), while BLSTR could pass only ~5% via price hikes vs the ~13% requirement. 5) Data centers remain the largest growth avenue, with BLSTR expecting ~Rs30bn/Rs13.5bn order inflows/revenue in FY27, followed by ~Rs45bn/Rs21bn order inflows/revenue in FY28. 6) Commercial refrigerator weakness was industry-driven rather than company-specific, with revenue declining ~15% due to weak demand for deep freezers/cold rooms. 7) US exports remain a key long-term growth driver ($55–60mn in FY25 to ~$80–85mn in FY26), with BLSTR targeting ~$200mn of exports by FY28. 8) FY27 capex guidance: ~Rs3.5-4bn.

Blue Star: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	119,677	124,020	139,731	161,496	185,351
EBITDA	8,759	9,304	9,645	12,215	14,417
Adj. PAT	5,787	5,661	5,587	7,400	8,992
Adj. EPS (Rs)	28.1	27.5	27.2	36.0	43.7
EBITDA margin (%)	7.3	7.5	6.9	7.6	7.8
EBITDA growth (%)	31.7	6.2	3.7	26.6	18.0
Adj. EPS growth (%)	39.5	(2.2)	(1.3)	32.5	21.5
RoE (%)	20.4	17.4	15.5	18.2	19.3
RoIC (%)	26.1	21.3	17.1	20.3	21.6
P/E (x)	52.6	59.0	55.7	42.1	34.6
EV/EBITDA (x)	34.8	33.2	32.0	25.2	21.2
P/B (x)	10.2	9.1	8.2	7.2	6.2
FCFF yield (%)	1.0	(0.7)	0.8	1.0	1.2

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	**(7.3)**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	25.5

Stock Data	**BLSTR IN**
52-week High (Rs)	2,050
52-week Low (Rs)	1,450
Shares outstanding (mn)	205.6
Market-cap (Rs bn)	311
Market-cap (USD mn)	3,270
Net-debt, FY27E (Rs mn)	(2,542.9)
ADTV-3M (mn shares)	0.6
ADTV-3M (Rs mn)	849.6
ADTV-3M (USD mn)	8.9
Free float (%)	63.5
Nifty-50	24,570.7
INR/USD	95.2

Shareholding, Jun-26	
Promoters (%)	36.5
FPIs/MFs (%)	12.8/28.3

Price Performance

(%)	1M	3M	12M
Absolute	(5.7)	(13.4)	(17.2)
Rel. to Nifty	(6.4)	(14.3)	(17.1)

1-Year share price trend (Rs)

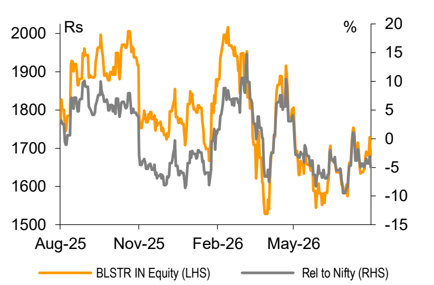

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Exhibit 1: 1QFY27 results quarterly snapshot: Revenue/EBITDA were up ~13%/down 13% yoy, respectively

Quarterly Snapshot (Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (%)	qoq (%)
Revenue from Operations	**28,654**	**22,760**	**28,073**	**40,190**	**29,823**	**24,224**	**29,253**	**40,721**	**33,779**	*13.3*	*(17.0)*
Growth yoy (%)	*28.7*	*20.4*	*25.3*	*20.8*	*4.1*	*6.4*	*4.2*	*1.3*	*13.3*		
Total Operating Expenses	**26,275**	**21,267**	**25,980**	**37,396**	**27,823**	**22,390**	**27,046**	**37,458**	**32,030**	*15.1*	*(14.5)*
Growth yoy (%)	*26.3*	*20.3*	*24.6*	*21.2*	*5.9*	*5.3*	*4.1*	*0.2*	*15.1*		
Raw Material Expenses	21,886	16,737	21,224	30,896	22,842	18,030	22,574	31,975	26,462	15.8	(17.2)
As a % of Revenue	*76.4*	*73.5*	*75.6*	*76.9*	*76.6*	*74.4*	*77.2*	*78.5*	*78.3*		
Employee Expenses	1,978	2,200	2,342	2,669	2,324	2,272	2,234	2,352	2,494	*7.3*	*6.0*
As a % of Revenue	*6.9*	*9.7*	*8.3*	*6.6*	*7.8*	*9.4*	*7.6*	*5.8*	*7.4*		
Other Expenses	2,411	2,329	2,415	3,830	2,657	2,087	2,238	3,131	3,074	*15.7*	*(1.8)*
As a % of Revenue	*8.4*	*10.2*	*8.6*	*9.5*	*8.9*	*8.6*	*7.7*	*7.7*	*9.1*		
EBITDA	**2,378**	**1,493**	**2,094**	**2,794**	**2,000**	**1,834**	**2,207**	**3,263**	**1,750**	*(12.5)*	*(46.4)*
EBITDA Margin (%)	***8.3***	***6.6***	***7.5***	***7.0***	***6.7***	***7.6***	***7.5***	***8.0***	***5.2***		
Gross Profit	**6,768**	**6,022**	**6,850**	**9,293**	**6,981**	**6,194**	**6,679**	**8,746**	**7,318**	*4.8*	*(16.3)*
Gross Margin (%)	**23.6**	**26.5**	**24.4**	**23.1**	**23.4**	**25.6**	**22.8**	**21.5**	**21.7**		
Less: Depreciation	280	300	350	354	414	434	459	482	566		
EBIT	**2,098**	**1,194**	**1,744**	**2,440**	**1,586**	**1,401**	**1,749**	**2,780**	**1,183**	*(25.4)*	*(57.4)*
EBIT Margin (%)	**7.3**	**5.2**	**6.2**	**6.1**	**5.3**	**5.8**	**6.0**	**6.8**	**3.5**		
Add: Other Income	238	185	87	240	161	100	119	240	208		
Less: Interest	76	65	159	188	101	169	221	231	135		
PBT	**2,259**	**1,314**	**1,672**	**2,492**	**1,646**	**1,332**	**1,647**	**2,789**	**1,256**	*(23.7)*	*(55.0)*
Less: Taxes	573	350	465	548	424	334	271	729	321		
Add/Less: Exceptional Items	-	-	125	-	-	-	(564)	175	90		
PAT	**1,687**	**964**	**1,332**	**1,944**	**1,222**	**998**	**812**	**2,235**	**1,025**	*(16.1)*	*(54.1)*
PAT Margin (%)	**5.9**	**4.2**	**4.7**	**4.8**	**4.1**	**4.1**	**2.8**	**5.5**	**3.0**		
Share of profit/(loss) of an associate and a JV	1	(3)	(7)	(4)	(14)	(10)	(7)	37	0		
Non-controlling interests	(1)	(1)	(1)	4	0	0	0	0	0		
Reported PAT	**1,688**	**962**	**1,326**	**1,936**	**1,208**	**988**	**805**	**2,272**	**1,025**	*(15.2)*	*(54.9)*
Reported PAT (%)	5.9	4.2	4.7	4.8	4.1	4.1	2.8	5.6	3.0		

Source: Company, Emkay Research

Exhibit 2: Actuals vs Estimates

Consolidated (Rs mn)	Actual	Emkay	Variation (%)	Consensus	Variation (%)
Revenue	**33,779**	**36,289**	**(7)**	**35,425**	**(5)**
- EMP and CAC	16,251	15,537	5	na	
- Unitary Products	16,893	19,942	(15)	na	
- PEIS	636	810	(22)	na	
EBITDA	**1,750**	**2,765**	**(37)**	**2,471**	**(29)**
EBITDA Margin (%)	*5.2*	*7.6*		*7.0*	
EBIT	**1,183**	**2,285**	**(48)**	**2,031**	**(42)**
- EMP and CAC	1,102	1,119	(1)	na	
- Unitary Products	497	1,675	(70)	na	
- PEIS	96	96	0	na	
EBIT Margin (%)	***3.5***	***6.3***		***5.7***	
- EMP and CAC	6.8	7.2		na	
- Unitary Products	2.9	8.4		na	
- PEIS	15.1	11.8		na	
Adjusted PAT	**957**	**1,692**	(43)	**1,556**	**(39)**
APAT Margin (%)	***2.8***	***4.7***		***4.4***	

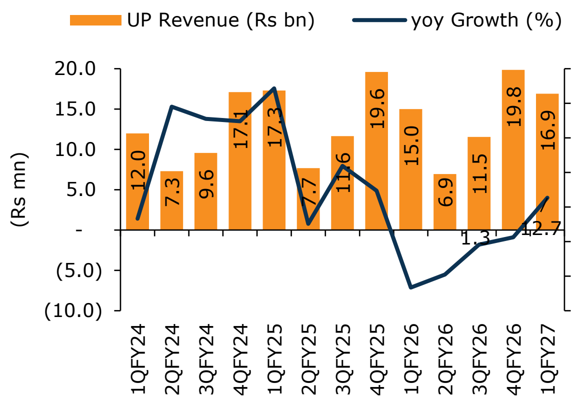
Source: Company, Bloomberg, Emkay Research

Exhibit 3: Segmental Snapshot: UP margins slumped to ~2.9%; EMP and CAC margin rose by 30bps qoq to 6.8%, owing to a mix shift within the segment

Segmental Snapshot (Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (%)	qoq (%)
Revenue											
EMP and CAC	10,390	14,284	15,624	19,682	14,125	16,642	16,962	19,899	16,251	*15.1*	*(18.3)*
Unitary Products	17,295	7,670	11,643	19,602	14,994	6,938	11,542	19,850	16,893	*12.7*	*(14.9)*
PEIS	969	805	806	906	704	644	749	972	636	*(9.7)*	*(34.6)*
Total	**28,654**	**22,760**	**28,073**	**40,190**	**29,823**	**24,224**	**29,253**	**40,721**	**33,779**	***13.3***	***(17.0)***
EBIT											
EMP and CAC	1,030	1,192	1,187	1,499	1,116	1,471	1,147	1,285	1,102	*(1.3)*	*(14.2)*
Unitary Products	1,580	539	948	1,645	875	427	977	2,070	497	*(43.2)*	*(76.0)*
PEIS	96	52	62	88	76	62	68	143	96	*25.6*	*(32.9)*
Total	**2,707**	**1,783**	**2,197**	**3,232**	**2,067**	**1,960**	**2,191**	**3,497**	**1,695**	***(18.0)***	***(51.5)***
EBIT Margin (%)											
EMP and CAC	9.9	8.3	7.6	7.6	7.9	8.8	6.8	6.5	6.8		
Unitary Products	9.1	7.0	8.1	8.4	5.8	6.2	8.5	10.4	2.9		
PEIS	9.9	6.4	7.7	9.7	10.8	9.6	9.1	14.7	15.1		
Total	**9.4**	**7.8**	**7.8**	**8.0**	**6.9**	**8.1**	**7.5**	**8.6**	**5.0**		

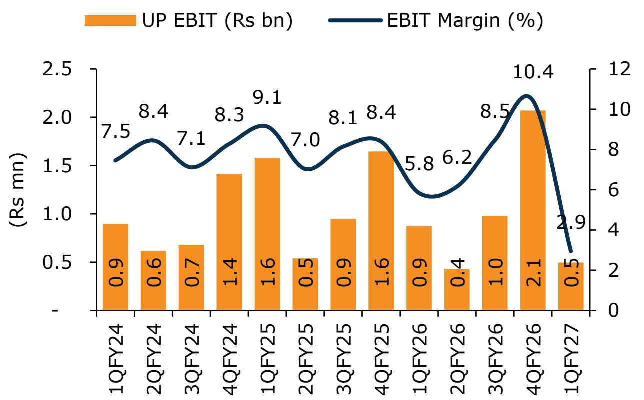
Source: Company, Emkay Research

Exhibit 4: UCP revenue grew only 13% yoy owing to the delayed onset of summer, which led to lower primary sales…



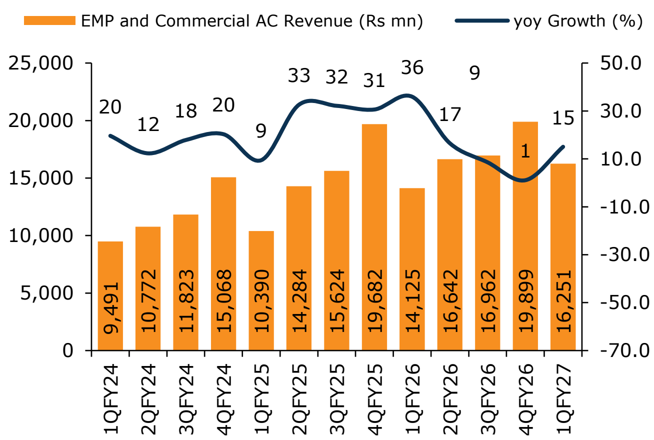
Source: Company, Emkay Research

Exhibit 5: …which impacted margins in 1Q, dropping to 2.9% (vs 10.4% in 4QFY26)



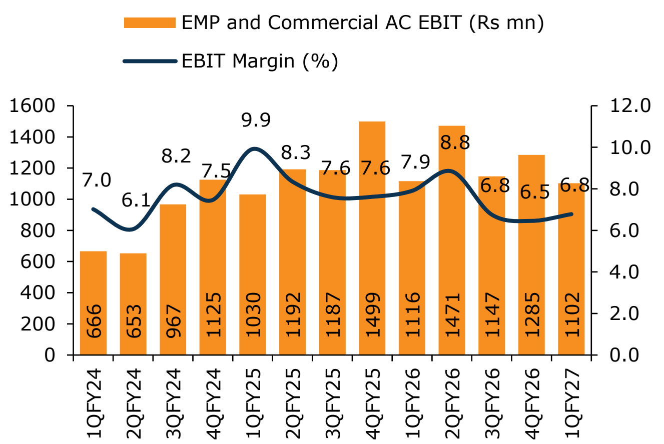
Source: Company, Emkay Research

Exhibit 6: EMP and CAC revenue grew 15% yoy…



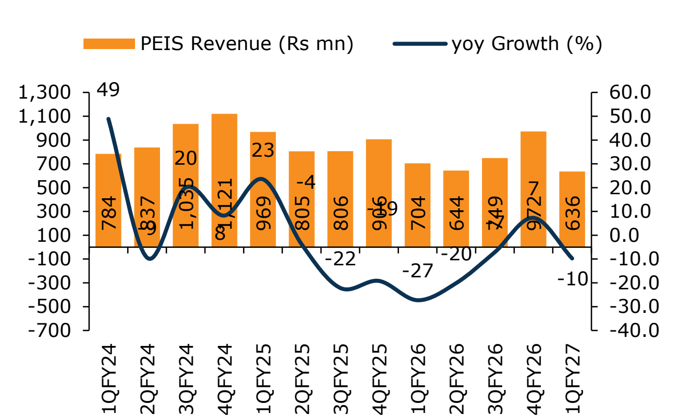
Source: Company, Emkay Research

Exhibit 7: …with margin inching up in 1Q to 6.8%



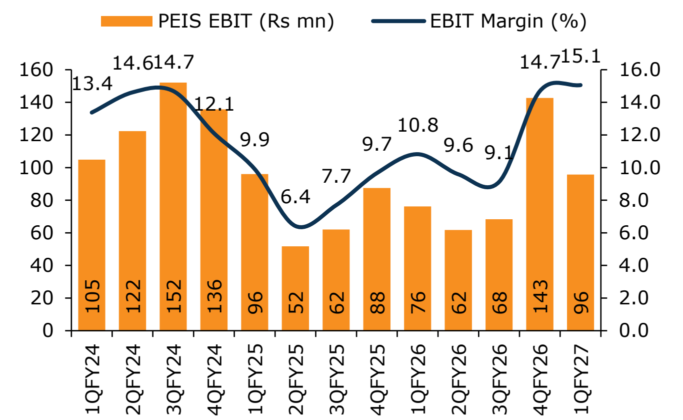
Source: Company, Emkay Research

Exhibit 8: PEIS saw a 10% yoy decline in 1Q, owing to continued challenges in MedTech business…



Source: Company, Emkay Research

Exhibit 9: …however, margin saw an uptick to ~15.1%



Source: Company, Emkay Research

Exhibit 10: We cut our FY27E/FY28E EPS by ~17%/11%, reflecting a cautious outlook on UP growth (lower-than-expected growth in 1Q, which is a seasonally stronger quarter) and margins (6.5% in FY27; earlier ~7-7.5%)

Actuals vs Estimates	FY26		FY27E				FY28E				FY29E	
Consolidated (Rs mn)	**Actuals**	**yoy %**	**Earlier**	**Revised**	**yoy %**	**% change**	**Earlier**	**Revised**	**yoy %**	**% change**	**Introduced**	**yoy %**
Revenue	**124,020**	***3.6***	**144,298**	**139,731**	***12.7***	**(3.2)**	**169,483**	**161,496**	***15.6***	**(4.7)**	**185,351**	***14.8***
- EMP and CAC	67,628	*12.8*	76,421	76,792	*13.6*	0.5	89,449	88,345	*15.0*	(1.2)	100,825	*14.1*
- Unitary Products	53,324	*(5.1)*	64,502	59,810	*12.2*	(7.3)	76,322	69,708	*16.5*	(8.7)	80,739	*15.8*
- PEIS	3,068	*(12.0)*	3,375	3,130	*2.0*	(7.3)	3,713	3,443	*10.0*	(7.3)	3,787	*10.0*
EBITDA	**9,304**	***6.2***	**11,116**	**9,645**	***3.7***	**(13.2)**	**13,352**	**12,215**	***26.6***	**(8.5)**	**14,417**	***18.0***
EBITDA Margin (%)	***7.5***		***7.7***	***6.9***			***7.9***	***7.6***			***7.8***	
EBIT	**7,516**	***0.5***	**9,072**	**7,419**	***(1.3)***	**(18.2)**	**11,020**	**9,695**	***30.7***	**(12.0)**	**11,550**	***19.1***
- EMP and CAC	5,019	*2.2*	5,732	5,452	*8.6*	(4.9)	6,798	6,538	*19.9*	(3.8)	7,663	*17.2*
- Unitary Products	4,348	*(7.7)*	5,321	3,708	*(14.7)*	(30.3)	6,640	5,228	*41.0*	(21.3)	6,459	*23.5*
- PEIS	349	*17.4*	392	369	*5.8*	(5.7)	446	410	*10.9*	(8.0)	454	*10.9*
EBIT Margin (%)	**6.1**		**6.3**	**5.3**			**6.5**	**6.0**			**6.2**	
- EMP and CAC	7.4		7.5	7.1			7.6	7.4			7.6	
- Unitary Products	8.2		8.3	6.2			8.7	7.5			8.0	
- PEIS	11.4		11.6	11.8			12.0	11.9			12.0	
PAT	**5,661**	***(2.2)***	**6,715**	**5,587**	***(1.3)***	**(16.8)**	**8,282**	**7,400**	***32.5***	**(10.6)**	**8,992**	***21.5***
PAT Margin (%)	**4.6**		**4.7**	***4.0***			**4.9**	***4.6***			***4.9***	

Source: Company, Emkay Research

Other highlights

- Channel inventory has normalized and does not pose a significant concern. Inventory across the channel stands at ~60 days, while trade inventory is ~45 days – both considered normal levels. Demand is expected to remain soft during July-August, before improving with the festive season beginning in September.
- Industry pricing remains irrational, despite elevated RM costs. Several industry players continued selling lower-cost inventory instead of taking adequate price hikes. The management believes that older inventory is now largely exhausted, which should improve industry pricing discipline over the coming quarters.
- The management expects sequential margin recovery over the remainder of FY27 as commodity costs normalize and older inventory in the industry gets exhausted, while the festive season is expected to support a stronger recovery in 3Q. The management remains confident of achieving ~6.5% EBIT margin for FY27 (earlier guidance of 7-7.5%), with 4Q expected to return closer to normalized profitability.
- Blue Star continues to strengthen its leadership position in Data Center infrastructure. The company enjoys ~ 30% market share in Data Center MEP projects and ~ 12% share in Data Center chillers, while simultaneously investing in engineering talent and execution capabilities to support future growth.
- US remains the most profitable export market, followed by Europe. Growth is being driven through a Custom Design and Manufacturing (CDM) model rather than selling products under the Blue Star brand. While tariff-related uncertainties have delayed large-scale ramp-up, customer interest remains strong, and the management expects exports to accelerate once trade-related issues stabilize.
- CAC continues to witness healthy demand across industrial and institutional end-markets. Growth remains supported by manufacturing, healthcare, and education, while retail activity has also begun recovering. The chiller business continues to perform well.

Exhibit 11: Revenue model – We build in ~14%/16%/17% revenue/EBITDA/PAT CAGR over FY26-29E

Bluestar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**96,854**	**119,677**	**124,020**	**139,731**	**161,496**	**185,351**
Growth yoy (%)	21	24	4	13	16	15
UCP (RAC + Commercial Ref)	**45,922**	**56,211**	**53,324**	**59,810**	**69,708**	**80,739**
Growth yoy (%)	27	22	(5.1)	12	17	16
EMP and CAC (Projects + Commercial AC)	**47,155**	**59,980**	**67,628**	**76,792**	**88,345**	**100,825**
Growth yoy (%)	17	27	13	14	15	14
Professional Electronics and Industrial systems (PEIS)	**3,777**	**3,486**	**3,068**	**3,130**	**3,443**	**3,787**
Growth yoy (%)	13	(8)	(12)	2	10	10
Gross Profit	**22,934**	**28,933**	**28,599**	**31,942**	**37,402**	**43,298**
Gross Margin (%)	**24**	**24**	**23**	**23**	**23**	**23**
EBITDA	6,649	8,759	9,304	9,645	12,215	14,417
EBITDA Margin (%)	7	7	8	7	8	8
Depreciation	976	1,284	1,788	2,226	2,521	2,867
EBIT	**5,673**	**7,476**	**7,516**	**7,419**	**9,695**	**11,550**
EBIT Margin (%)	5.9	6.2	6.1	5.3	6.0	6.2
UCP (RAC + Commercial Ref)	**3,603**	**4,713**	**4,348**	**3,708**	**5,228**	**6,459**
EBIT Margin (%)	7.8	8.4	8.2	6.2	7.5	8.0
Growth yoy (%)	28	31	(8)	(15)	41	24
EMP and CAC (Projects + Commercial AC)	**3,411**	**4,909**	**5,019**	**5,452**	**6,538**	**7,663**
EBIT Margin (%)	7.2	8.2	7.4	7.1	7.4	7.6
Growth yoy (%)	23	44	2	9	20	17
Professional Electronics and Industrial systems (PEIS)	**515**	**297**	**349**	**369**	**410**	**454**
EBIT Margin (%)	14	9	11	12	12	12
Growth yoy (%)	2	(42)	17	6	11	11
Other Income	474	750	619	713	866	1,172
Interest	581	488	721	689	698	737
PBT before Exceptional Item	5,567	7,738	7,414	7,444	9,862	11,986
Exceptional Item	-	125	(388)	-	-	-
PBT	**5,567**	**7,863**	**7,026**	**7,444**	**9,862**	**11,986**
Tax rate (%)	26	25	25	25	25	25
PAT before MI	4,138	5,926	5,268	5,581	7,395	8,987
Minority Interest	6	(0)	(0)	(0)	(0)	(0)
Share of Profit/(Loss) of Joint Ventures (net of tax)	5	(13)	6	6	6	6
Adj PAT	**4,149**	**5,787**	**5,661**	**5,587**	**7,400**	**8,992**
PAT margin (%)	4	5	5	4	5	5
Growth yoy (%)	81	39	(2)	(1)	32	22
No of shares (mn)	206	206	206	206	206	206
EPS (Rs)	**20.2**	**28.2**	**27.5**	**27.2**	**36.0**	**43.7**

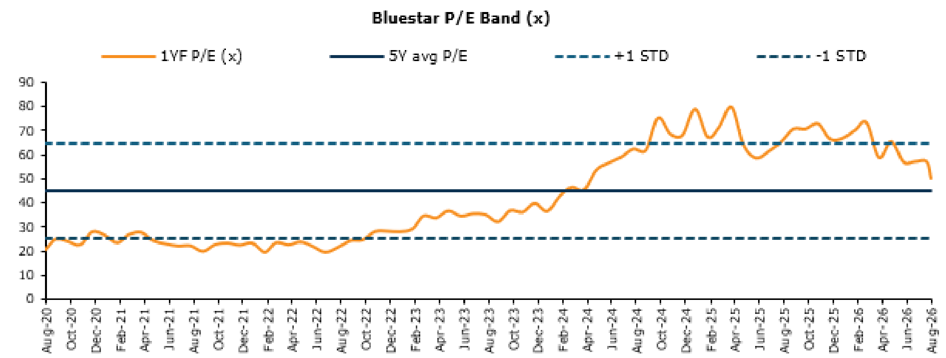
Source: Company, Emkay Research

Exhibit 12: Valuation – We cut our TP by 7% to Rs1,900, based on ~60x/45x/15x Jun-28E PAT for UCP/EMP and CAC/PEIS segments, respectively, mainly factoring in weaker UP growth/margin outlook

PAT (Rs mn)	Jun-28E PAT	PER (x)	Rs mn	Per unit (Rs/sh)	(%) of SOTP
UP	3,379	60	202,762	986	51.5
EMP and CAC	4,162	45	187,285	911	47.5
PEIS	257	15	3,852	19	1.0
Total MCAP (Rs mn)	**7,798**		**393,899**	**1,916**	**100.0**
Number of Shares (mn)				206	
Target Price (Rs)				**1,900**	
CMP (Rs)				1,510	
Upgrade/(Downgrade) (%)				**(7.3)**	
Upside (%)				**25.8**	

Source: Company, Emkay Research

Exhibit 13: BLSTR trades at ~50x 1YF PER, slightly above its 5Y LTA



Source: Bloomberg, Emkay Research

Blue Star: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**119,677**	**124,020**	**139,731**	**161,496**	**185,351**
Revenue growth (%)	23.6	3.6	12.7	15.6	14.8
EBITDA	**8,759**	**9,304**	**9,645**	**12,215**	**14,417**
EBITDA growth (%)	31.7	6.2	3.7	26.6	18.0
Depreciation & Amortization	1,284	1,788	2,226	2,521	2,867
EBIT	**7,476**	**7,516**	**7,419**	**9,695**	**11,550**
EBIT growth (%)	31.8	0.5	(1.3)	30.7	19.1
Other operating income	-	-	-	-	-
Other income	750	619	713	866	1,172
Financial expense	488	721	689	698	737
PBT	**7,738**	**7,414**	**7,444**	**9,862**	**11,986**
Extraordinary items	125	(388)	0	0	0
Taxes	1,937	1,758	1,862	2,468	2,999
Minority interest	-	-	-	-	-
Income from JV/Associates	(13)	6	6	6	6
Reported PAT	**5,912**	**5,273**	**5,587**	**7,400**	**8,992**
PAT growth (%)	42.5	(10.8)	5.9	32.5	21.5
Adjusted PAT	**5,787**	**5,661**	**5,587**	**7,400**	**8,992**
Diluted EPS (Rs)	**28.1**	**27.5**	**27.2**	**36.0**	**43.7**
Diluted EPS growth (%)	39.5	(2.2)	(1.3)	32.5	21.5
DPS (Rs)	**7.0**	**9.0**	**9.5**	**10.5**	**11.5**
Dividend payout (%)	**24.3**	**35.0**	**35.0**	**29.2**	**26.3**
EBITDA margin (%)	7.3	7.5	6.9	7.6	7.8
EBIT margin (%)	6.2	6.1	5.3	6.0	6.2
Effective tax rate (%)	25.0	23.7	25.0	25.0	25.0
NOPLAT (pre-IndAS)	**5,605**	**5,734**	**5,563**	**7,269**	**8,660**
Shares outstanding (mn)	206	206	206	206	206

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	411	411	411	411	411
Reserves & Surplus	30,239	33,903	37,536	42,777	49,405
Net worth	**30,650**	**34,314**	**37,947**	**43,188**	**49,816**
Minority interests	26	25	25	25	25
Non-current liab. & prov.	46	223	223	223	223
Total debt	**1,994**	**6,268**	**6,886**	**7,755**	**8,667**
Total liabilities & equity	**34,532**	**42,662**	**46,913**	**53,023**	**60,563**
Net tangible fixed assets	12,413	13,678	14,978	16,614	18,547
Net intangible assets	1,631	2,270	1,830	2,160	2,556
Net ROU assets	1,811	1,736	1,712	1,684	1,652
Capital WIP	1,232	1,369	1,577	1,822	2,107
Goodwill	-	-	-	-	-
Investments [JV/Associates]	4,321	4,601	4,601	4,601	4,601
Cash & equivalents	**4,319**	**4,020**	**5,076**	**7,174**	**9,890**
Current assets (ex-cash)	57,257	58,707	64,743	73,885	84,123
Current Liab. & Prov.	47,954	43,005	47,605	54,917	62,913
NWC (ex-cash)	**9,303**	**15,702**	**17,138**	**18,967**	**21,210**
Total assets	**34,532**	**42,662**	**46,913**	**53,023**	**60,563**
Net debt	(6,467)	(2,105)	(2,543)	(3,771)	(5,575)
Capital employed	34,532	42,662	46,913	53,023	60,563
Invested capital	**22,849**	**30,935**	**33,946**	**37,741**	**42,313**
BVPS (Rs)	149.1	166.9	184.6	210.1	242.3
Net Debt/Equity (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA (x)	(0.7)	(0.2)	(0.3)	(0.3)	(0.4)
Interest coverage (x)	16.9	11.3	11.8	15.1	17.3
RoCE (%)	**27.2**	**22.2**	**19.0**	**22.0**	**23.2**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	6,974	6,800	6,736	9,002	10,819
Others (non-cash items)	-	-	-	-	-
Taxes paid	(1,937)	(1,758)	(1,862)	(2,468)	(2,999)
Change in NWC	(59)	(6,221)	(1,436)	(1,829)	(2,243)
Operating cash flow	**6,881**	**1,538**	**6,352**	**7,923**	**9,181**
Capital expenditure	(3,961)	(3,612)	(4,009)	(4,732)	(5,480)
Acquisition of business	(1,653)	(281)	0	0	0
Interest & dividend income	127	91	713	866	1,172
Investing cash flow	**(4,640)**	**(3,588)**	**(3,272)**	**(3,838)**	**(4,275)**
Equity raised/(repaid)	(5)	0	0	0	0
Debt raised/(repaid)	432	4,242	618	869	912
Payment of lease liabilities	(281)	(509)	0	0	0
Interest paid	(329)	(514)	(689)	(698)	(737)
Dividend paid (incl tax)	(1,439)	(1,848)	(1,953)	(2,159)	(2,364)
Others	-	-	-	-	-
Financing cash flow	**(1,622)**	**1,371**	**(2,024)**	**(1,988)**	**(2,189)**
Net chg in Cash	619	(679)	1,056	2,097	2,716
OCF	6,881	1,538	6,352	7,923	9,181
Adj. OCF (w/o NWC chg.)	6,940	7,759	7,788	9,753	11,423
FCFF	2,920	(2,074)	2,343	3,191	3,701
FCFE	2,559	(2,705)	2,367	3,359	4,136
OCF/EBITDA (%)	78.6	16.5	65.9	64.9	63.7
FCFE/PAT (%)	43.3	(51.3)	42.4	45.4	46.0
FCFF/NOPLAT (%)	**52.1**	**(36.2)**	**42.1**	**43.9**	**42.7**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	52.6	59.0	55.7	42.1	34.6
EV/CE(x)	9.3	7.6	6.9	6.0	5.2
P/B (x)	10.2	9.1	8.2	7.2	6.2
EV/Sales (x)	2.5	2.5	2.2	1.9	1.6
EV/EBITDA (x)	34.8	33.2	32.0	25.2	21.2
EV/EBIT(x)	40.8	41.1	41.6	31.7	26.5
EV/IC (x)	13.3	10.0	9.1	8.1	7.2
FCFF yield (%)	1.0	(0.7)	0.8	1.0	1.2
FCFE yield (%)	0.8	(0.9)	0.8	1.1	1.3
Dividend yield (%)	0.5	0.6	0.6	0.7	0.8
DuPont-RoE split					
Net profit margin (%)	4.8	4.6	4.0	4.6	4.9
Total asset turnover (x)	4.0	3.4	3.2	3.3	3.4
Assets/Equity (x)	1.1	1.1	1.2	1.2	1.2
RoE (%)	**20.4**	**17.4**	**15.5**	**18.2**	**19.3**
DuPont-RoIC					
NOPLAT margin (%)	4.7	4.6	4.0	4.5	4.7
IC turnover (x)	5.6	4.6	4.3	4.5	4.6
RoIC (%)	**26.1**	**21.3**	**17.1**	**20.3**	**21.6**
Operating metrics					
Core NWC days	28.4	46.2	44.8	42.9	41.8
Total NWC days	**28.4**	**46.2**	**44.8**	**42.9**	**41.8**
Fixed asset turnover	6.6	5.8	5.6	5.5	5.5
Opex-to-revenue (%)	16.9	15.6	16.0	15.6	15.6

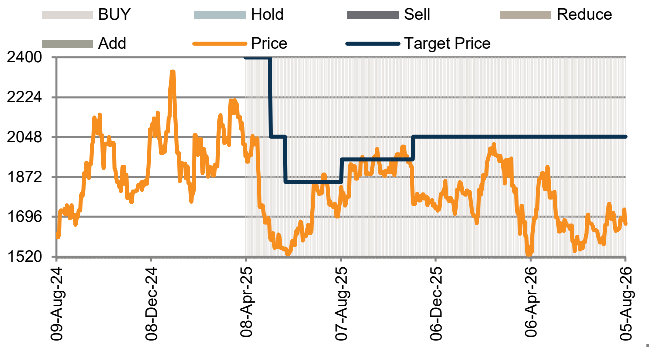
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-May-26	1,749	2,050	Buy	Chirag Jain
31-Jan-26	1,817	2,050	Buy	Chirag Jain
07-Nov-25	1,753	2,050	Buy	Chirag Jain
08-Aug-25	1,800	1,950	Buy	Chirag Jain
02-Jul-25	1,756	1,850	Buy	Chirag Jain
28-May-25	1,556	1,850	Buy	Chirag Jain
09-May-25	1,594	2,050	Buy	Chirag Jain
07-Apr-25	1,962	2,400	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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