BUY Blue Star

Healthy growth, but RM spike and competition hit performance

Consumer Durables ▸ Result Update ▸ **November 01, 2026**

CMP (Rs): 1,633 | TP (Rs): 2,000

Blue Star (BLSTR) reported a strong 2Q, with revenue growth of ~21% (~9% above our estimate) primarily driven by ~29% yoy growth in the Unitary Products (UP) segment. EBITDAM improved to ~6.9% (vs 5.2% in 1Q; ~100bps above our estimate) despite commodity cost pressures. Within segments, margin of Electro-Mechanical Projects and Commercial Air Conditioning Systems (EMP and CAC) were sequentially stable at 6.9% (~10bps improvement), while UP margins declined further to ~2.3% (vs ~2.9% in 1Q), primarily due to elevated RM costs. Demand outlook remains healthy, with Management targeting ~25% full-year RAC growth (implying ~30% growth in 2H), while prioritizing market share retention (~14.2%) following recovery from 1Q losses. Per Management, cumulative cost inflation has been ~18% since Jan-26 and commodity costs continue to track elevated levels. To mitigate this, Management has taken calibrated price hikes of ~13% (including ~5% in Oct-26), with the balance to be mitigated through rejigging its product portfolio, including value engineering, feature rationalization, alternate components, and potential outsourcing of entry-level products, with UP segment EBITM target of 6-6.5% on full-year basis (implying >8% margin in 2H). BLSTR's EMP and CAC margin target remains intact at 7-7.5% for FY27. We largely maintain FY28E/FY29E EPS and build in revenue/EBITDA/EPS CAGR of 15%/14%/16% over FY26-29E. We maintain BUY on the stock while raising our TP by ~5% to Rs2,000 at Sep-28E (roll-forward).

Strong topline growth; EBITDAM improvement; UP EBITM still under pressure

BLSTR's revenue grew ~21% yoy to Rs29.3bn, led by the UP segment that logged ~29% yoy growth, with the EMP and CAC segment delivering ~16% yoy growth. EBITDA rose ~10% yoy to Rs2bn, with EBITDAM at 6.9% (~170bps qoq improvement) as gross margin recovered by ~270bps qoq on price hikes. APAT rose ~7% yoy to Rs1.1bn.

Earnings call highlights

1) RAC demand was strong, led by an extended summer and strong festive demand ahead. Management expects RAC demand to stay strong, and targets ~25% FY27 growth (implying ~30% in 2H) while prioritizing market-share retention (~14.2%) following the recovery from 1Q losses. 2) A weak macro environment (eg poor monsoons) leading to lower rural demand in smaller towns and rising interest rates are key monitorables. 3) The order book grew marginally to Rs7.3bn as of Sep-26 vs Rs7bn in Mar-26. 4) Margins continue to be under pressure, with ~15% rise visible in input costs since Jan-26, with no softening visible in the near term. 5) To mitigate cost pressures, BLSTR has taken calibrated price hikes of >13% (including ~5% in Oct-26), with the balance to be mitigated via rejigging its product portfolio, including value engineering, feature rationalization, alternate components, and potential outsourcing of entry-level products. 6) The EMP and CAC margin target remains intact at 7-7.5% for FY27; however, the growing data center business offers a potential upside (up to DD margins) on its standalone operating structure, supported by shorter project cycles and favorable cashflow profile. 7) Management targets UP segment EBITM of 6-6.5% on full-year basis, implying >8% margins in 2H. 8) Full-year capex guidance stands at ~Rs3bn.

Blue Star: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	119,677	124,020	142,261	164,437	188,792
EBITDA	8,759	9,304	9,711	11,827	13,960
Adj. PAT	5,787	5,661	5,751	7,264	8,847
Adj. EPS (Rs)	28.1	27.5	28.0	35.3	43.0
EBITDA margin (%)	7.3	7.5	6.8	7.2	7.4
EBITDA growth (%)	31.7	6.2	4.4	21.8	18.0
Adj. EPS growth (%)	39.5	(2.2)	1.6	26.3	21.8
RoE (%)	20.4	17.4	15.9	17.9	19.0
RoIC (%)	26.1	21.3	17.7	19.9	21.3
P/E (x)	56.8	63.7	58.4	46.2	37.9
EV/EBITDA (x)	37.6	35.9	34.3	28.1	23.7
P/B (x)	11.0	9.8	8.8	7.8	6.8
FCFF yield (%)	0.9	(0.6)	0.8	0.9	1.1

Source: Company, Emkay Research

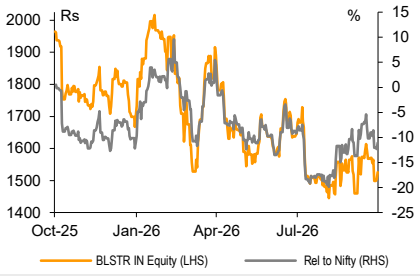
Target Price – 12M	Sep-27
Change in TP (%)	**5.3**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	22.5

Stock Data	BLSTR IN
52-week High (Rs)	2,030
52-week Low (Rs)	1,432
Shares outstanding (mn)	205.6
Market-cap (Rs bn)	336
Market-cap (USD mn)	3,536
Net-debt, FY27E (Rs mn)	(2,712.0)
ADTV-3M (mn shares)	0.6
ADTV-3M (Rs mn)	943.7
ADTV-3M (USD mn)	9.9
Free float (%)	63.5
Nifty-50	23,053.1
INR/USD	95.0

Shareholding,Sep-26	
Promoters (%)	36.5
FPIs/MFs (%)	12.3/29.1

Price Performance			
(%)	1M	3M	12M
Absolute	7.6	(3.5)	(16.8)
Rel. to Nifty	5.6	1.8	(6.6)

1-Year share price trend (Rs)



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Exhibit 1: 2QFY27 snapshot – Revenue/EBITDA up ~21%/10% yoy

Quarterly snapshot (Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27	yoy (%)	qoq (%)
Revenue from operations	**28,654**	**22,760**	**28,073**	**40,190**	**29,823**	**24,224**	**29,253**	**40,721**	**33,779**	**29,310**	*21.0*	*(13.2)*
Growth yoy (%)	*28.7*	*20.4*	*25.3*	*20.8*	*4.1*	*6.4*	*4.2*	*1.3*	*13.3*	*21.0*		
Total Operating Expenses	**26,275**	**21,267**	**25,980**	**37,396**	**27,823**	**22,390**	**27,046**	**37,458**	**32,030**	**27,284**	*21.9*	*(14.8)*
Growth yoy (%)	*26.3*	*20.3*	*24.6*	*21.2*	*5.9*	*5.3*	*4.1*	*0.2*	*15.1*	*21.9*		
Raw Material	*21,886*	*16,737*	*21,224*	*30,896*	*22,842*	*18,030*	*22,574*	*31,975*	*26,462*	*22,164*	*22.9*	*(16.2)*
As a (%) of Revenue	*76.4*	*73.5*	*75.6*	*76.9*	*76.6*	*74.4*	*77.2*	*78.5*	*78.3*	*75.6*		
Employee expense	1,978	2,200	2,342	2,669	2,324	2,272	2,234	2,352	2,494	2,517	*10.8*	*0.9*
As a (%) of Revenue	*6.9*	*9.7*	*8.3*	*6.6*	*7.8*	*9.4*	*7.6*	*5.8*	*7.4*	*8.6*		
Other expense	2,411	2,329	2,415	3,830	2,657	2,087	2,238	3,131	3,074	2,603	*24.7*	*(15.3)*
As a (%) of Revenue	*8.4*	*10.2*	*8.6*	*9.5*	*8.9*	*8.6*	*7.7*	*7.7*	*9.1*	*8.9*		
EBITDA	**2,378**	**1,493**	**2,094**	**2,794**	**2,000**	**1,834**	**2,207**	**3,263**	**1,750**	**2,026**	*10.4*	*15.8*
EBITDA Margin (%)	***8.3***	***6.6***	***7.5***	***7.0***	***6.7***	***7.6***	***7.5***	***8.0***	***5.2***	***6.9***		
Gross Profit	**6,768**	**6,022**	**6,850**	**9,293**	**6,981**	**6,194**	**6,679**	**8,746**	**7,318**	**7,146**	*15.4*	*(2.3)*
Gross Margin (%)	**23.6**	**26.5**	**24.4**	**23.1**	**23.4**	**25.6**	**22.8**	**21.5**	**21.7**	**24.4**		
Less: Depreciation	280	300	350	354	414	434	459	482	566	679		
EBIT	**2,098**	**1,194**	**1,744**	**2,440**	**1,586**	**1,401**	**1,749**	**2,780**	**1,183**	**1,347**	*(3.9)*	*13.8*
EBIT Margin (%)	**7.3**	**5.2**	**6.2**	**6.1**	**5.3**	**5.8**	**6.0**	**6.8**	**3.5**	**4.6**		
Add: Other income	238	185	87	240	161	100	119	240	208	158		
Less: Interest	76	65	159	188	101	169	221	231	135	169		
PBT	**2,259**	**1,314**	**1,672**	**2,492**	**1,646**	**1,332**	**1,647**	**2,789**	**1,256**	**1,336**	*0.3*	*6.4*
Less: Taxes	573	350	465	548	424	334	271	729	321	334		
Add/Less: Exceptional Items	-	-	125	-	-	-	(564)	175	90	230		
PAT	**1,687**	**964**	**1,332**	**1,944**	**1,222**	**998**	**812**	**2,235**	**1,025**	**1,232**	*23.5*	*20.2*
PAT Margin (%)	**5.9**	**4.2**	**4.7**	**4.8**	**4.1**	**4.1**	**2.8**	**5.5**	**3.0**	**4.2**		
Share of profit/(loss) of an associate and a JV	1	(3)	(7)	(4)	(14)	(10)	(7)	37	0	7		
Non-controlling interests	(1)	(1)	(1)	4	0	0	0	0	0	(0)		
Reported PAT	**1,688**	**962**	**1,326**	**1,936**	**1,208**	**988**	**805**	**2,272**	**1,025**	**1,240**	*25.5*	*20.9*
Reported PAT (%)	5.9	4.2	4.7	4.8	4.1	4.1	2.8	5.6	3.0	4.2		

Source: Company, Emkay Research

Exhibit 2: Actuals vs Estimates

Consolidated (Rs mn)	Actual	Emkay	Variation (%)	Consensus	Variation (%)
Revenue	**29,310**	**26,798**	**9.4**	**27,644**	**6.0**
- EMP and CAC	19,360	18,306	5.8	na	
- Unitary Products	8,977	7,771	15.5	na	
- PEIS	973	721	35.0	na	
EBITDA	**2,026**	**1,592**	**27.2**	**1,652**	**22.6**
EBITDA Margin (%)	6.9	5.9		6.0	
EBIT	**1,347**	**1,046**	**28.7**	**1,090**	**23.6**
- EMP and CAC	1,332	1,263	5.4	na	
- Unitary Products	207	233	(11.0)	na	
- PEIS	231	90	156.4	na	
EBIT Margin (%)	***4.6***	***3.9***		***3.9***	
- EMP and CAC	6.9	6.9		na	
- Unitary Products	2.3	3.0		na	
- PEIS	23.7	12.5		na	
Adjusted PAT	**1,058**	**734**	**44.1**	**834**	**26.9**
APAT Margin (%)	***3.6***	***2.7***		***3.0***	

Source: Company, Bloomberg, Emkay Research

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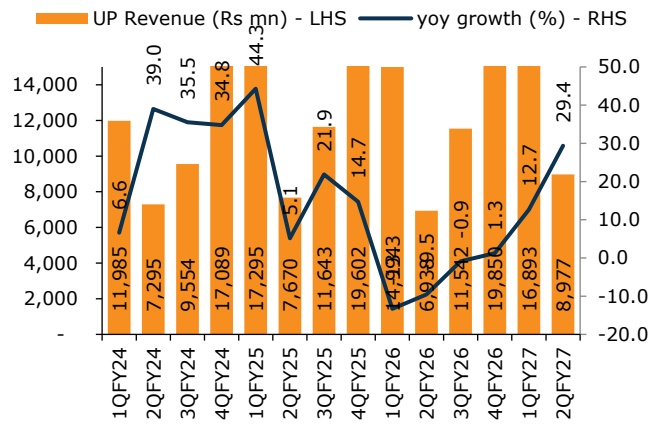
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Exhibit 3: Segmental snapshot– UP margins slump to ~2.3%; EMP and CAC margin inch up by 10bps qoq to 6.9%

Segmental Snapshot (Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27	yoy (%)	qoq (%)
Revenue												
EMP and CAC	10,390	14,284	15,624	19,682	14,125	16,642	16,962	19,899	16,251	19,360	*16.3*	*19.1*
Unitary Products	17,295	7,670	11,643	19,602	14,994	6,938	11,542	19,850	16,893	8,977	*29.4*	*(46.9)*
PEIS	969	805	806	906	704	644	749	972	636	973	*51.2*	*53.1*
Total	**28,654**	**22,760**	**28,073**	**40,190**	**29,823**	**24,224**	**29,253**	**40,721**	**33,779**	**29,310**	***21.0***	***(13.2)***
EBIT												
EMP and CAC	1,030	1,192	1,187	1,499	1,116	1,471	1,147	1,285	1,102	1,332	*(9.5)*	*20.8*
Unitary Products	1,580	539	948	1,645	875	427	977	2,070	497	207	*(51.5)*	*(58.3)*
PEIS	96	52	62	88	76	62	68	143	96	231	*274.4*	*141.4*
Total	**2,707**	**1,783**	**2,197**	**3,232**	**2,067**	**1,960**	**2,191**	**3,497**	**1,695**	**1,770**	***(9.7)***	***4.4***
EBIT Margin (%)												
EMP and CAC	9.9	8.3	7.6	7.6	7.9	8.8	6.8	6.5	6.8	6.9		
Unitary Products	9.1	7.0	8.1	8.4	5.8	6.2	8.5	10.4	2.9	2.3		
PEIS	9.9	6.4	7.7	9.7	10.8	9.6	9.1	14.7	15.1	23.7		
Total	**9.4**	**7.8**	**7.8**	**8.0**	**6.9**	**8.1**	**7.5**	**8.6**	**5.0**	**6.0**		

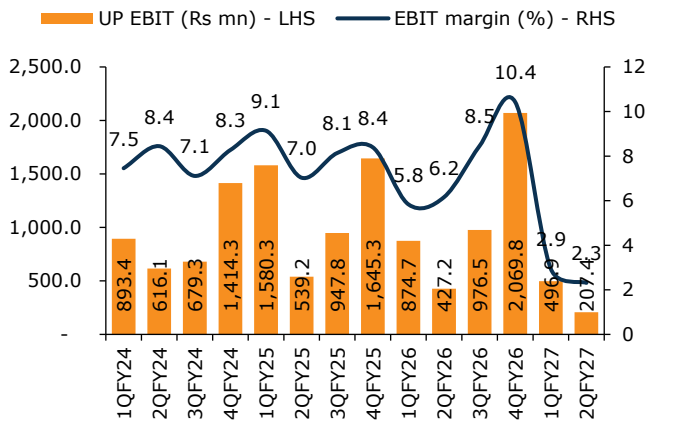
Source: Company, Emkay Research

Exhibit 4: UCP revenue growth up 29%, recovering from the previous quarter slowdown...



Source: Company, Emkay Research

Exhibit 5: ...however, margins remain under pressure, at 2.3% (vs 2.9% in 1QFY27)

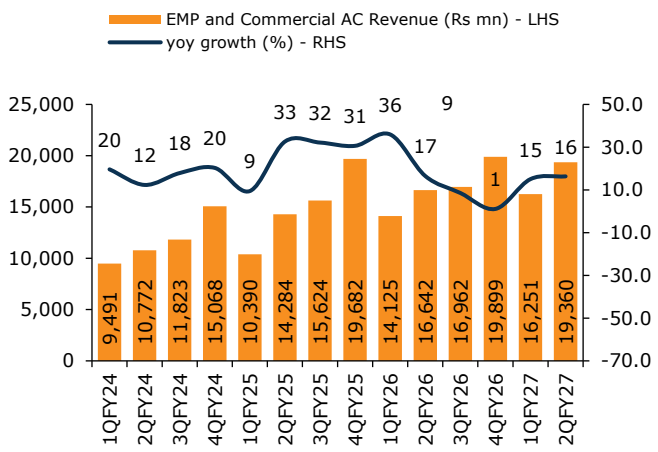


Source: Company, Emkay Research

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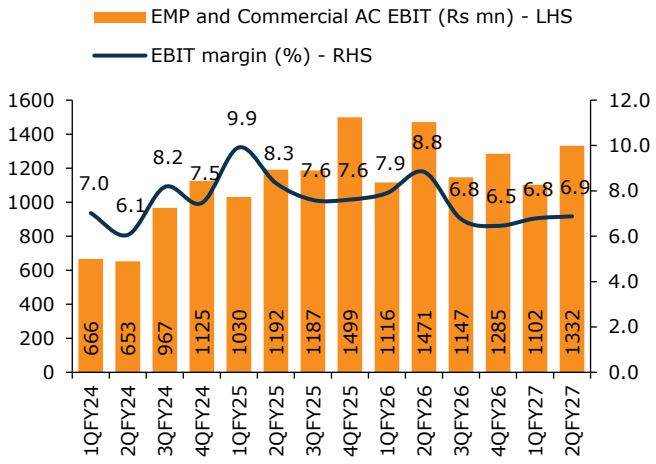
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Exhibit 6: Growth in the EMP and CAC segment sees uptick to 16% yoy...



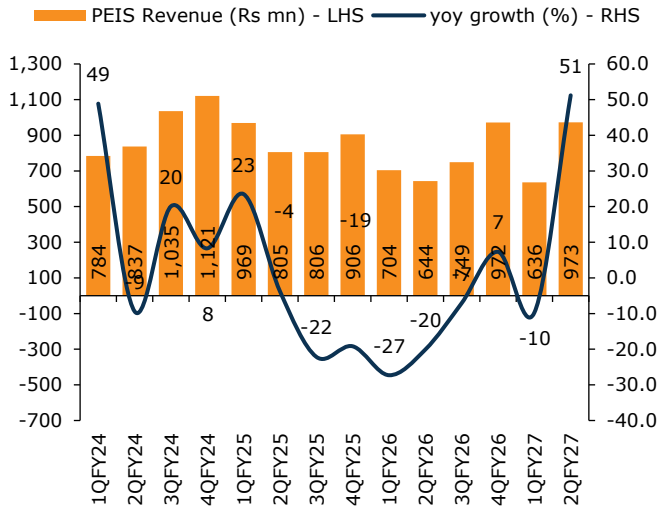
Source: Company, Emkay Research

Exhibit 7: ...with margin seeing improvement in 2Q, to 6.9%



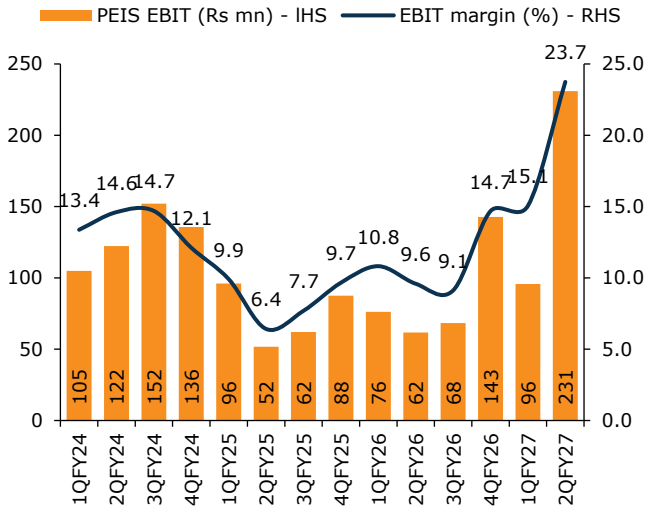
Source: Company, Emkay Research

Exhibit 8: PEIS saw a 51% yoy rise in 2Q...



Source: Company, Emkay Research

Exhibit 9: ...while margin saw an uptick to ~23.7%



Source: Company, Emkay Research

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Exhibit 10: Revenue model – We build in ~15%/14%/16% revenue/EBITDA/PAT CAGR over FY26-29E

Bluestar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**96,854**	**119,677**	**124,020**	**142,261**	**164,437**	**188,792**
Growth yoy (%)	21	24	4	15	16	15
UCP (RAC + Commercial Ref)	**45,922**	**56,211**	**53,324**	**62,340**	**72,649**	**84,180**
Growth yoy (%)	27	22	(5.1)	17	17	16
EMP & 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**	**31,383**	**36,768**	**42,591**
Gross Margin (%)	**24**	**24**	**23**	**22**	**22**	**23**
EBITDA	6,649	8,759	9,304	9,711	11,827	13,960
EBITDA margin (%)	7	7	8	7	7	7
Depreciation	976	1,284	1,788	2,070	2,314	2,609
EBIT	**5,673**	**7,476**	**7,516**	**7,641**	**9,513**	**11,351**
EBIT margin (%)	5.9	6.2	6.1	5.4	5.8	6.0
UCP (RAC + Commercial Ref)	**3,603**	**4,713**	**4,348**	**3,740**	**5,085**	**6,314**
EBIT margin (%)	7.8	8.4	8.2	6.0	7.0	7.5
Growth yoy (%)	28	31	(8)	(14)	36	24
EMP & 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**	**595**	**413**	**454**
EBIT margin (%)	14	9	11	19	12	12
Growth yoy (%)	2	(42)	17	70	(31)	10
Other Income	474	750	619	724	879	1,191
Interest	581	488	721	701	711	750
PBT before Exceptional Item	5,567	7,738	7,414	7,664	9,681	11,792
Exceptional Item	-	125	(388)	-	-	-
PBT	**5,567**	**7,863**	**7,026**	**7,664**	**9,681**	**11,792**
Tax rate (%)	26	25	25	25	25	25
PAT before MI	4,138	5,926	5,268	5,746	7,259	8,842
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**	**5,751**	**7,264**	**8,847**
PAT margin (%)	4	5	5	4	4	5
Growth yoy (%)	81	39	(2)	2	26	22
No of shares (mn)	206	206	206	206	206	206
EPS (Rs)	**20**	**28**	**27.5**	**28.0**	**35.3**	**43.0**

Source: Company, Emkay Research

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Exhibit 11: We largely maintain the FY28E/FY29E EPS

Change in estimates	FY26		FY27E				FY28E				FY29E			
Consolidated (Rs mn)	**Actuals**	**yoy %**	**Earlier**	**Revised**	**yoy %**	**% change**	**Earlier**	**Revised**	**yoy %**	**% change**	**Earlier**	**Revised**	***yoy %***	**% change**
Revenue	**124,020**	***3.6***	**139,731**	**142,261**	***14.7***	**1.8**	**161,496**	**164,437**	***15.6***	**1.8**	**185,351**	**188,792**	***14.8***	**1.9**
- EMP and CAC	67,628	*12.8*	76,792	76,792	*13.6*	-	88,345	88,345	*15.0*	-	100,825	100,825	*14.1*	-
- Unitary Products	53,324	*(5.1)*	59,810	62,340	*16.9*	4.2	69,708	72,649	*16.5*	4.2	80,739	84,180	*15.9*	4.3
- PEIS	3,068	*(12.0)*	3,130	3,130	*2.0*	-	3,443	3,443	*10.0*	-	3,787	3,787	*10.0*	-
EBITDA	**9,304**	***6.2***	**9,645**	**9,711**	***4.4***	**0.7**	**12,215**	**11,827**	***21.8***	**(3.2)**	**14,417**	**13,960**	***18.0***	**(3.2)**
EBITDA Margin (%)	**7.5**		**6.9**	**6.8**			**7.6**	**7.2**			**7.8**	**7.4**		
EBIT	**7,516**	***0.5***	**7,419**	**7,641**	***1.7***	**3.0**	**9,695**	**9,513**	***24.5***	**(1.9)**	**11,550**	**11,351**	***19.3***	**(1.7)**
- EMP and CAC	5,019	*2.2*	5,452	5,452	*8.6*	-	6,538	6,538	*19.9*	-	7,663	7,663	*17.2*	-
- Unitary Products	4,348	*(7.7)*	3,708	3,740	*(14.0)*	0.9	5,228	5,085	*36.0*	(2.7)	6,459	6,314	*24.1*	(2.3)
- PEIS	349	*17.4*	369	595	*70.4*	61.0	410	413	*(30.5)*	0.8	454	454	*10.0*	-
EBIT Margin (%)	**6.1**		**5.3**	**5.4**			**6.0**	**5.8**			**6.2**	**6.0**		
- EMP and CAC	7.4		7.1	7.1			7.4	7.4			7.6	7.6		
- Unitary Products	8.2		6.2	6.0			7.5	7.0			8.0	7.5		
- PEIS	11.4		11.8	19.0			11.9	12.0			12.0	12.0		
PAT	**5,661**	***(2.2)***	**5,587**	**5,751**	***1.6***	**2.9**	**7,400**	**7,264**	***26.3***	**(1.8)**	**8,992**	**8,847**	***21.8***	**(1.6)**
PAT Margin (%)	**4.6**		**4.0**	***4.0***			**4.6**	***4.4***			***4.9***	***4.7***		
EPS (Rs)	**27.5**	**(2)**	**27.2**	**28.0**	**1.6**	**2.9**	**36.0**	**35.3**	**26**	**(1.8)**	**43.7**	**43.0**	**21.8**	**(1.6)**

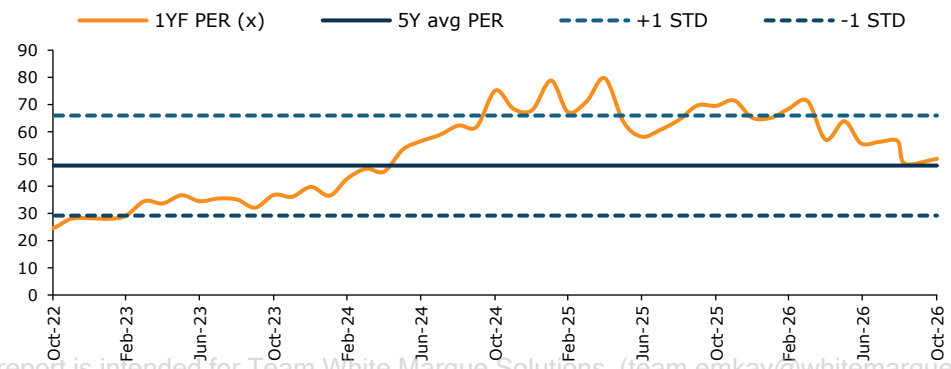
Source: Company, Emkay Research

Exhibit 12: Valuation – We raise our TP by ~5% to Rs2,000

PAT (Rs mn)	Sep-28E PAT	PER (x)	Target value (Rs mn)	Per unit (Rs/sh)	(%) of SOTP
UP	3,470	60	208,195	1,013	51.2
EMP and CAC	4,322	45	194,476	946	47.8
PEIS	264	15	3,959	19	1.0
Total MCAP (Rs mn)	**8,056**		**406,630**	**1,978**	**100.0**
Number of Shares (mn)				206	
Target Price (Rs)				**2,000**	
CMP (Rs)				1,633	
Upgrade/(Downgrade) (%)				**5.3**	
Upside (%)				**22.5**	

Source: Company, Emkay Research

Exhibit 13: BLSTR trades near its 5Y average 1YF PER



This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions

Source: Bloomberg, Emkay Research

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Blue Star: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**119,677**	**124,020**	**142,261**	**164,437**	**188,792**
Revenue growth (%)	23.6	3.6	14.7	15.6	14.8
EBITDA	**8,759**	**9,304**	**9,711**	**11,827**	**13,960**
EBITDA growth (%)	31.7	6.2	4.4	21.8	18.0
Depreciation & Amortization	1,284	1,788	2,070	2,314	2,609
EBIT	**7,476**	**7,516**	**7,641**	**9,513**	**11,351**
EBIT growth (%)	31.8	0.5	1.7	24.5	19.3
Other operating income	-	-	-	-	-
Other income	750	619	724	879	1,191
Financial expense	488	721	701	711	750
PBT	**7,738**	**7,414**	**7,664**	**9,681**	**11,792**
Extraordinary items	125	(388)	0	0	0
Taxes	1,937	1,758	1,917	2,422	2,950
Minority interest	-	-	-	-	-
Income from JV/Associates	(13)	6	6	6	6
Reported PAT	**5,912**	**5,273**	**5,751**	**7,264**	**8,847**
PAT growth (%)	42.5	(10.8)	9.1	26.3	21.8
Adjusted PAT	**5,787**	**5,661**	**5,751**	**7,264**	**8,847**
Diluted EPS (Rs)	**28.1**	**27.5**	**28.0**	**35.3**	**43.0**
Diluted EPS growth (%)	39.5	(2.2)	1.6	26.3	21.8
DPS (Rs)	**7.0**	**9.0**	**9.5**	**10.5**	**11.5**
Dividend payout (%)	**24.3**	**35.0**	**34.0**	**29.7**	**26.7**
EBITDA margin (%)	7.3	7.5	6.8	7.2	7.4
EBIT margin (%)	6.2	6.1	5.4	5.8	6.0
Effective tax rate (%)	25.0	23.7	25.0	25.0	25.0
NOPLAT (pre-IndAS)	**5,605**	**5,734**	**5,729**	**7,133**	**8,511**
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	37,701	42,806	49,289
Net worth	**30,650**	**34,314**	**38,112**	**43,217**	**49,700**
Minority interests	26	25	25	25	25
Non-current liab. & prov.	46	223	223	223	223
Total debt	**1,994**	**6,268**	**7,011**	**7,896**	**8,828**
Total liabilities & equity	**34,532**	**42,662**	**47,202**	**53,193**	**60,608**
Net tangible fixed assets	12,413	13,678	14,766	16,438	18,413
Net intangible assets	1,631	2,270	1,763	2,003	2,278
Net ROU assets	1,811	1,736	1,712	1,684	1,652
Capital WIP	1,232	1,369	1,553	1,784	2,050
Goodwill	-	-	-	-	-
Investments [JV/Associates]	4,321	4,601	4,601	4,601	4,601
Cash & equivalents	**4,319**	**4,020**	**5,370**	**7,381**	**10,020**
Current assets (ex-cash)	57,257	58,707	65,894	75,210	85,663
Current Liab. & Prov.	47,954	43,005	48,457	55,908	64,071
NWC (ex-cash)	**9,303**	**15,702**	**17,437**	**19,301**	**21,593**
Total assets	**34,532**	**42,662**	**47,202**	**53,193**	**60,608**
Net debt	(6,467)	(2,105)	(2,712)	(3,837)	(5,545)
Capital employed	34,532	42,662	47,202	53,193	60,608
Invested capital	**22,849**	**30,935**	**33,966**	**37,743**	**42,284**
BVPS (Rs)	149.1	166.9	185.4	210.2	241.7
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	11.9	14.6	16.7
RoCE (%)	**27.2**	**22.2**	**19.5**	**21.6**	**22.9**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	6,974	6,800	6,945	8,808	10,607
Others (non-cash items)	-	-	-	-	-
Taxes paid	(1,937)	(1,758)	(1,917)	(2,422)	(2,950)
Change in NWC	(59)	(6,221)	(1,735)	(1,865)	(2,291)
Operating cash flow	**6,881**	**1,538**	**6,063**	**7,546**	**8,724**
Capital expenditure	(3,961)	(3,612)	(3,550)	(4,458)	(5,125)
Acquisition of business	(1,653)	(281)	0	0	0
Interest & dividend income	127	91	724	879	1,191
Investing cash flow	**(4,640)**	**(3,588)**	**(2,801)**	**(3,551)**	**(3,901)**
Equity raised/(repaid)	(5)	0	0	0	0
Debt raised/(repaid)	432	4,242	743	886	932
Payment of lease liabilities	(281)	(509)	0	0	0
Interest paid	(329)	(514)	(701)	(711)	(750)
Dividend paid (incl tax)	(1,439)	(1,848)	(1,953)	(2,159)	(2,364)
Others	-	-	-	-	-
Financing cash flow	**(1,622)**	**1,371**	**(1,912)**	**(1,984)**	**(2,183)**
Net chg in Cash	619	(679)	1,350	2,011	2,639
OCF	6,881	1,538	6,063	7,546	8,724
Adj. OCF (w/o NWC chg.)	6,940	7,759	7,798	9,410	11,015
FCFF	2,920	(2,074)	2,513	3,088	3,599
FCFE	2,559	(2,705)	2,536	3,256	4,040
OCF/EBITDA (%)	78.6	16.5	62.4	63.8	62.5
FCFE/PAT (%)	43.3	(51.3)	44.1	44.8	45.7
FCFF/NOPLAT (%)	**52.1**	**(36.2)**	**43.9**	**43.3**	**42.3**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	56.8	63.7	58.4	46.2	37.9
EV/CE(x)	10.1	8.2	7.4	6.5	5.6
P/B (x)	11.0	9.8	8.8	7.8	6.8
EV/Sales (x)	2.8	2.7	2.3	2.0	1.7
EV/EBITDA (x)	37.6	35.9	34.3	28.1	23.7
EV/EBIT(x)	44.0	44.4	43.6	34.9	29.1
EV/IC (x)	14.4	10.8	9.8	8.8	7.8
FCFF yield (%)	0.9	(0.6)	0.8	0.9	1.1
FCFE yield (%)	0.8	(0.8)	0.8	1.0	1.2
Dividend yield (%)	0.4	0.6	0.6	0.6	0.7
DuPont-RoE split					
Net profit margin (%)	4.8	4.6	4.0	4.4	4.7
Total asset turnover (x)	4.0	3.4	3.3	3.4	3.4
Assets/Equity (x)	1.1	1.1	1.2	1.2	1.2
RoE (%)	**20.4**	**17.4**	**15.9**	**17.9**	**19.0**
DuPont-RoIC					
NOPLAT margin (%)	4.7	4.6	4.0	4.3	4.5
IC turnover (x)	5.6	4.6	4.4	4.6	4.7
RoIC (%)	**26.1**	**21.3**	**17.7**	**19.9**	**21.3**
Operating metrics					
Core NWC days	28.4	46.2	44.7	42.8	41.7
Total NWC days	**28.4**	**46.2**	**44.7**	**42.8**	**41.7**
Fixed asset turnover	6.6	5.8	5.7	5.8	5.7
Opex-to-revenue (%)	16.9	15.6	15.2	15.2	15.2

Source: Company, Emkay Research

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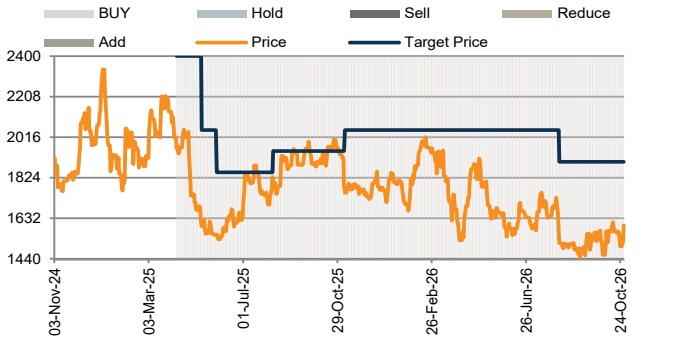
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Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Aug-26	1,514	1,900	Buy	Chirag Jain
07-May-26	1,749	2,050	Buy	Chirag Jain
31-Jan-26	1,817	2,050	Buy	Chirag Jain
07-Nov-25	1,753	2,050	Buy	Chirag Jain
08-Aug-25	1,800	1,950	Buy	Chirag Jain
02-Jul-25	1,756	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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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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