

Blue Star



Crafting perfect climates!

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst - Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | **Abhishek Sheth** (Abhishek.Sheth@MotilalOswal.com)

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- ❖ Blue Star (BLSTR) is steadily gaining market share in the Indian RAC segment. Its share improved to ~14% in FY25 from ~7% in FY14. The company is now targeting ~15% share by FY27E. BLSTR retains a strong leadership position in the commercial refrigeration business, holding over 31% share in deep freezers and modular cold rooms.
- ❖ BLSTR is a leading integrated MEP service provider with eight decades of experience in providing solutions to the infrastructure, building, and industrial domains. BLSTR has shifted its focus to data centers, factories, and select infrastructure projects, having better profitability and cash flow generation. In CAC it holds leadership positions in ducted air conditioners and scroll chillers (45-50% market share) and ranks second in VRF and screw chillers (~20% share).
- ❖ We estimate a revenue/EBITDA/PAT CAGR of ~16%/ 23%/28% for BLSTR over FY26-28, fueled by continued healthy growth in the MEP and CAC businesses and a recovery in the UCP business. We project OPM to expand ~40-50bp in FY27/FY28E (each), led by positive operating leverage and cost-saving initiatives. BLSTR trades at 48x/38x FY27E/FY28E EPS (vs. an average of 46x in the last 10 years), and we believe that the stock is fairly priced at current levels given the strong rerating in its valuation multiples seen in the last few years. We initiate coverage on the stock with a Neutral rating and an SoTP-based TP of INR1,950 (valued at 50x Dec'27E EPS for UCP, 40x Dec'27E EPS for MEP & CAC, and 25x Dec'27E EPS for PEIS).

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Financials and valuations

BSE SENSEX
84,901

S&P CNX
25,960

CMP: INR1,778

TP: INR1,950 (+10%)

Neutral

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EXTEL POLL
2025



Bloomberg	BLSTR IN
Equity Shares (m)	206
M.Cap.(INRb)/(USDb)	365.2 / 4.1
52-Week Range (INR)	2420 / 1521
1, 6, 12 Rel. Per (%)	-10/7/-15
12M Avg Val (INR m)	1315
Free float (%)	63.5

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	129.2	150.0	174.3
EBITDA	9.7	12.0	14.6
Adj. PAT	5.9	7.6	9.6
EBITDA Margin (%)	7.5	8.0	8.4
Cons. Adj. EPS (INR)	28.7	37.2	46.7
EPS Gr. (%)	1.3	29.8	25.6
BV/Sh. (INR)	168.7	196.9	232.7

Ratios

Net D:E	(0.1)	(0.1)	(0.1)
RoE (%)	17.0	18.9	20.1
RoCE (%)	16.3	18.3	19.6
Payout (%)	31.4	29.6	26.7

Valuations

P/E (x)	62.0	47.8	38.0
P/BV (x)	10.5	9.0	7.6
EV/EBITDA (x)	37.9	30.2	24.5
Div Yield (%)	0.5	0.6	0.7
FCF Yield (%)	-1.0	2.2	1.7

Shareholding pattern (%)

As of	Sep-25	Jun-25	Sep-24
Promoter	36.5	36.5	36.5
DII	25.3	23.4	22.9
FII	16.1	16.2	18.1
Others	22.1	23.9	22.6

FII includes depository receipts

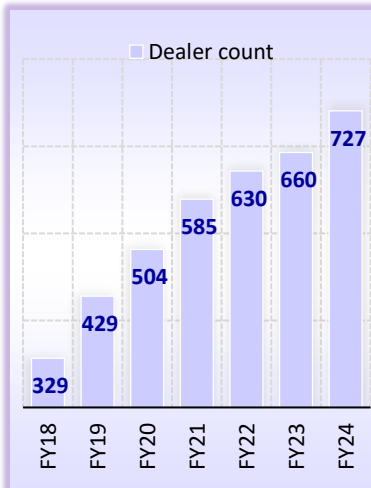
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Profitable growth driven by backward integration and scale

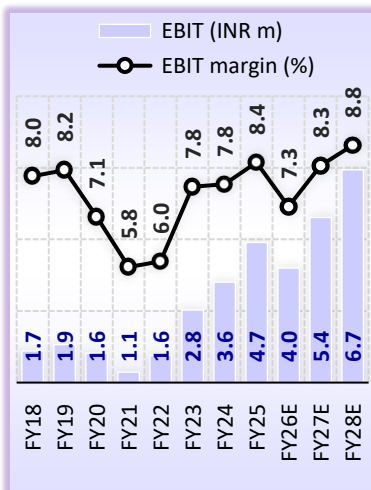
- **Leading player in commercial refrigeration with steady market share gains in RAC:** Blue Star (BLSTR) is steadily gaining market share in the Indian RAC segment. Its share improved to ~14% in FY25 from ~7% in FY14. The company is now targeting ~15% share by FY27E. BLSTR retains a strong leadership position in the commercial refrigeration business, holding over 31% share in deep freezers and modular cold rooms. We estimate that its unitary cooling product (UCP) revenue would decline ~3% YoY in FY26, primarily due to a weak summer season. However, we project revenue growth of ~19%/18% YoY in FY27/FY28, fueled by a recovery in demand. We estimate that the EBIT margin will be in high-single digits and gradually improve as BLSTR achieves a higher scale of operations and increases indigenization.
- **Leading integrated MEP service provider shifting focus to high-value segments; retains leadership in CAC:** BLSTR is a leading integrated MEP (Mechanical, Electrical and Plumbing) service provider with eight decades of experience in providing solutions to the infrastructure, building, and industrial domains. BLSTR has shifted its focus to data centers, factories, and select infrastructure projects, having better profitability and cash flow generation. BLSTR's commercial air conditioning (CAC) business offers a full range of energy-efficient packaged, ducted, VRF systems and chillers catering to B2B customers. It holds leadership positions in ducted air conditioners and scroll chillers (45-50% market share) and ranks second in VRF and screw chillers (~20% share). We estimate a revenue CAGR of ~15% over FY26-28, led by its healthy order book and a segment margin of 8.6%/8.9% in FY27/FY28.
- **PEIS, a value-added play:** The professional electronics and industrial systems (PEIS) segment contributed ~4%/8% of revenue/EBIT over FY21-25, though its margin contracted to ~9% in FY25 from ~15% in FY21. The MedTech and data security businesses faced regulatory and demand challenges, while its industrial solution business is gaining traction. We estimate a recovery in PEIS will be driven by improving private capex and demand in healthcare and data security. We estimate a ~10% revenue CAGR over FY26-28 and margin expansion to ~11-13%.
- **Fairly valued at current levels:** For BLSTR, we estimate a CAGR of ~16%/23%/28% in revenue/EBITDA/PAT over FY26-28, fueled by continued healthy growth in the MEP and CAC businesses and a recovery in the UCP business. We project OPM to expand by ~40-50bp in FY27E/FY28E (each), led by positive operating leverage and cost-saving initiatives. BLSTR trades at 48x/38x FY27E/FY28E EPS (vs. average of 46x in the last 10 years), and we believe that the stock is fairly valued at current levels given the strong rerating in its valuation multiples in the last few years.
- **Initiate coverage with a Neutral rating:** We initiate coverage on the stock with a Neutral rating and an SoTP-based TP of INR1,950 (valued at 50x Dec'27E EPS for UCP, 40x Dec'27E EPS for MEP & CAC, and 25x Dec'27E EPS for PEIS).

**Industry's RAC
volumes are
estimated to dip
~8% YoY in FY26**

Dealer count for its CAC business segment



Estimate UCP segment margin in high single digits



Weak summer in CY25 weighs on RAC demand; long-term story intact

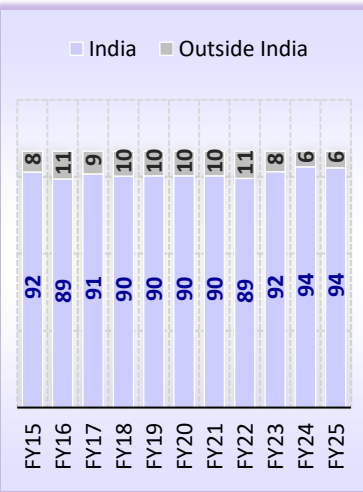
- The RAC industry experienced a sharp YoY decline in 1HFY26 sales due to a weak summer season, prolonged rains, and deferred consumer purchases following the GST-rate cut announcement. RAC volumes grew ~29% YoY in FY25, led by a robust seasonal demand and energy-efficient product uptake. However, FY26 volumes are estimated to dip ~8% YoY, given the weak 1H.
- The RAC segment dominates India's AC market with ~84% share and clocked a ~16% CAGR during FY20-25, reaching a value of INR300b by FY25. Demand is expected to recover, supported by low penetration (~12% of households) and long-term growth drivers like rising heat, incomes, and urbanization. Over FY26-30, the RAC industry is estimated to clock ~16% value CAGR to INR498b and 14% volume CAGR to 21.2m units.
- BLSTR has steadily gained market share in RAC, rising from ~7% in FY14 to ~14% in FY25, with a target of ~15% by FY27E. In 2020, the company repositioned itself as a mass premium brand, along with expanded offerings across categories of inverter, fixed-speed, and window ACs. The company has an installed capacity of over 2.5m units of RAC, and these products are available across 9,500 outlets in more than 1,000 locations. It has ~25-30% backward integration in the RAC business.

Demand tailwinds offer strong growth visibility in MEP and CAC

- The Indian MEP services market is likely to clock ~11% CAGR, propelled by infrastructure push, urbanization, and government initiatives such as PM Gati Shakti and PLI. BLSTR, a leading integrated MEP player, is currently focusing on high-margin segments such as data centers, factories, and select infrastructure projects. As of Sep'25, its MEP order book stood at INR48.4b. Despite a near-term slowdown in the order inflow, it expects ~10% CAGR in project business over the medium to long term.
- The Indian CAC market is valued at ~INR50b and is likely to clock ~16% CAGR over FY26-30, fueled by rising commercial real estate activity across sectors like offices, malls, hospitals, and hotels. BLSTR offers a full range of energy-efficient CAC solutions, including packaged, ducted, VRF systems, and chillers. It is a leader in ducted ACs and scroll chillers (45-50% market share), with strong positioning in VRF and screw chillers (20%+ share).
- BLSTR also exports HVAC&R products to more than 18 countries, with a B2B-focused international business supported by subsidiaries in the US, Europe, and Japan, and JVs in Qatar and Malaysia. While RAC and commercial refrigeration exports remain limited and opportunistic, the company is targeting high-value, energy-efficient technologies such as VRFs, VFDs, and heat pumps for global OEMs.

Estimate BLSTR to report ~23% EBITDA CAGR over FY26-28, with OPM at 7.5% in FY26 and an improvement of 40-50bp in FY27/FY28 (each) to 8.0%/8.4%

Exports' contribution to overall revenue



Estimate CAGR of ~16%/23%/28% in revenue/EBITDA/PAT over FY26-28

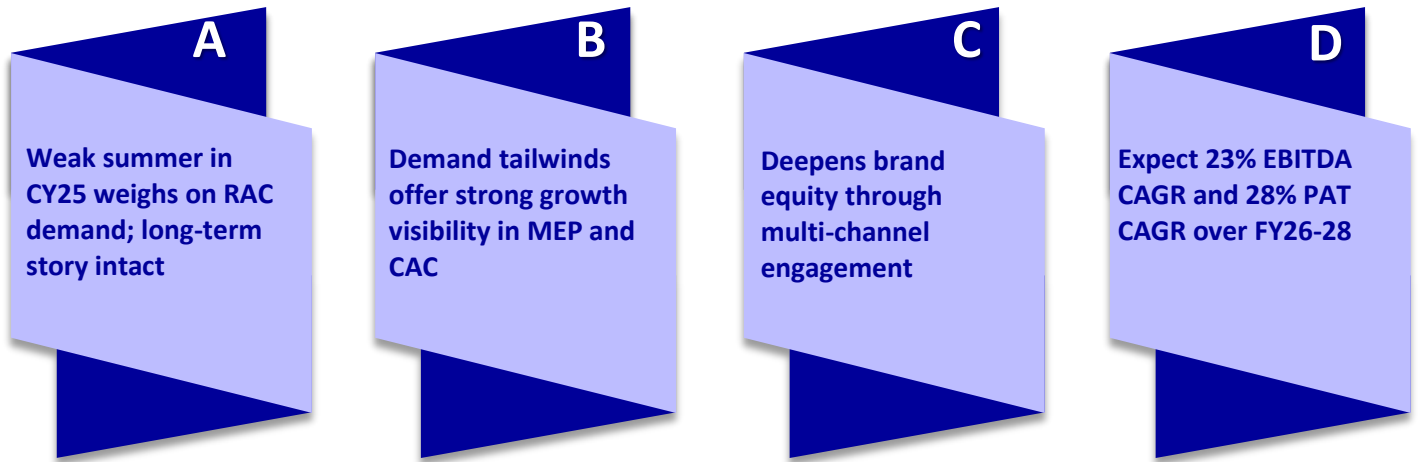
- We estimate BLSTR to report ~16% revenue CAGR over FY26-28. The revenue CAGR across its segments is estimated as follows: UCP (~18%), MEP & CAC (~15%), and PES (~10%).
- We estimate BLSTR to report ~23% EBITDA CAGR over FY26-28. We project its EBITDA margin at 7.5% in FY26 and an improvement of 40-50bp in FY27/FY28 (each) to 8.0%/8.4%, led by positive operating leverage and cost-saving initiatives.
- We expect BLSTR to clock ~28% EPS CAGR over FY26-28, driven by EBITDA CAGR of ~23%. We estimate a PAT margin of 4.6%/5.1%/5.5% in FY26/27/28 vs. 4.9% in FY25 (average 3.5% over FY21-25).

Valuation and view: Fairly valued; initiate coverage with Neutral rating

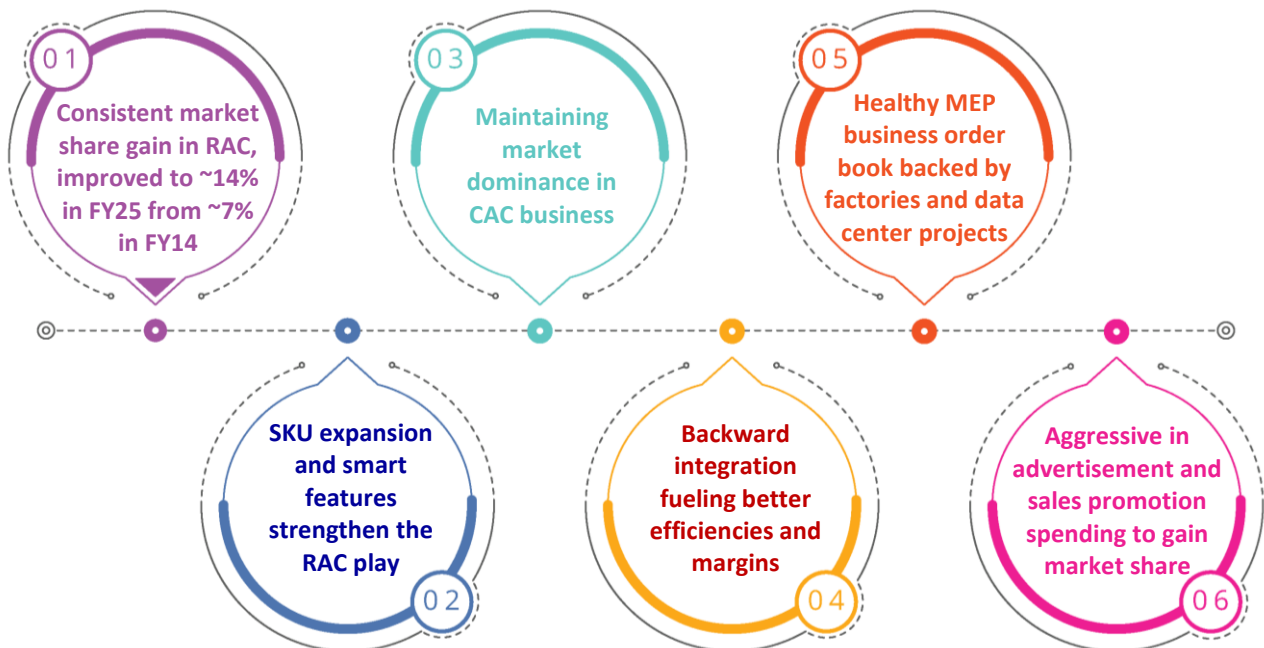
- BLSTR is among the top performers in the consumer durables space, outperforming HAVL, VOLT, and the BSE Sensex by 181%, 127%, and 161%, respectively, over the last three years. This was fueled by market share gains and margin expansion in the UCP segment, along with strong growth in the MEP business. BLSTR trades at 48x/38x FY27/28E EPS (vs. an average of 46x in the last 10 years), and we believe that the stock is fairly valued at the current levels given the strong rerating in its valuation multiples seen in the last few years.
- We initiate coverage on the stock with a Neutral rating and an SoTP-based TP of INR1,950 (valued at 50x Dec'27E EPS for UCP, 40x Dec'27E EPS for MEP & CAC, and 25x Dec'27E EPS for PEIS).
- **Key risks:** 1) climate-driven disruption; 2) import dependency; and 3) intensifying competition.

STORY IN CHARTS

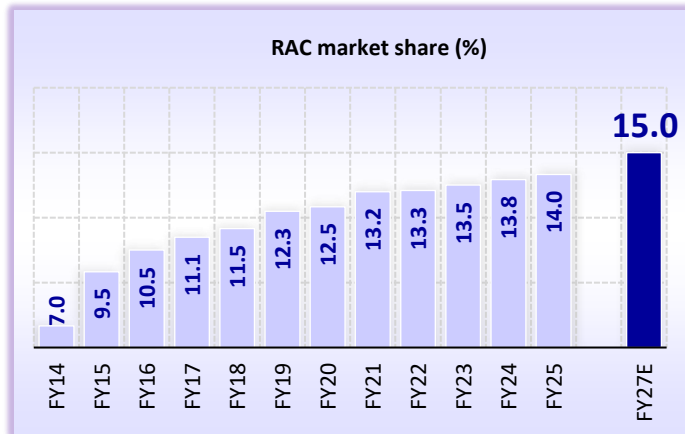
Blue Star: Repositioning for stronger, profitable growth



Blue Star: Market share gains and strategic priorities of BLSTR

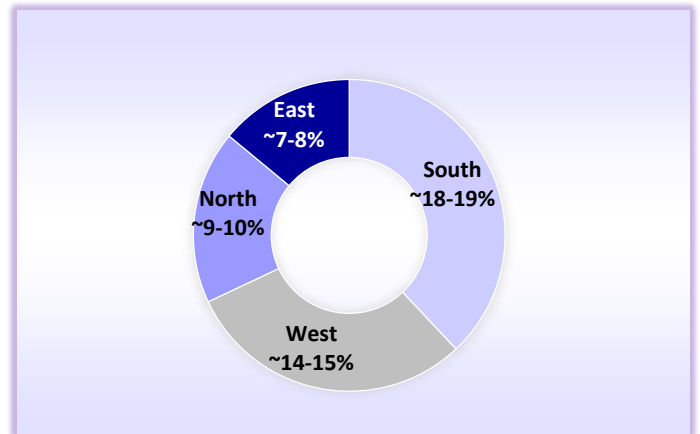


BLSTR's market share rose in the RAC segment



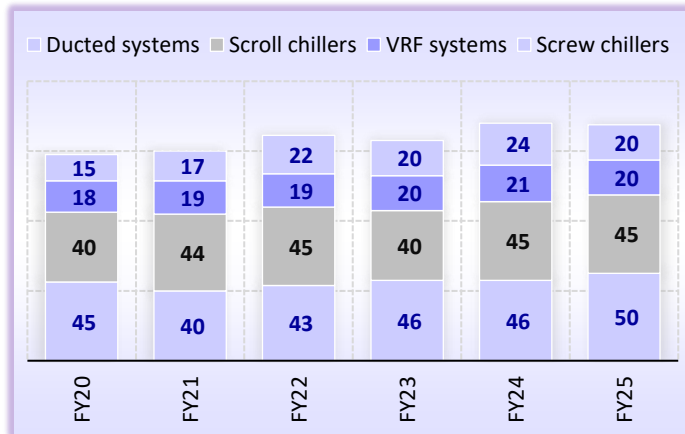
Source: MOFSL, Industry, Company

BLSTR's regional market share in the RAC industry



Source: MOFSL, Industry, Company

Market share of BLSTR's CAC product categories



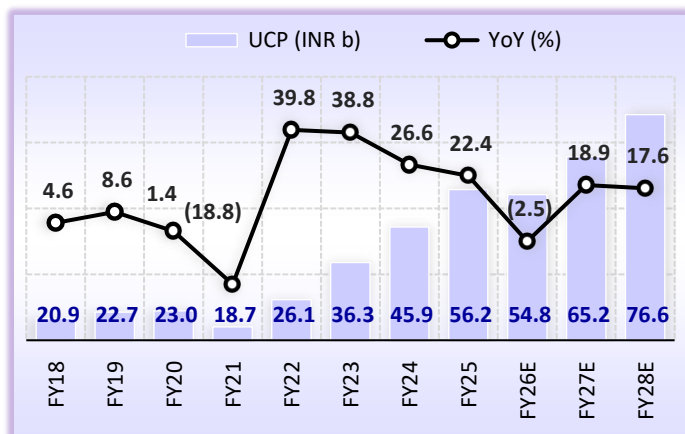
Source: MOFSL, Industry, Company

Dealer count for its CAC business segment



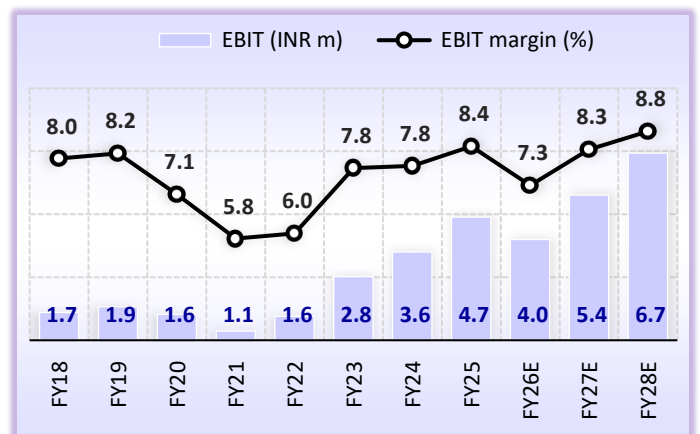
Source: MOFSL, Industry, Company

Estimate UCP revenue CAGR at ~18% over FY26-28



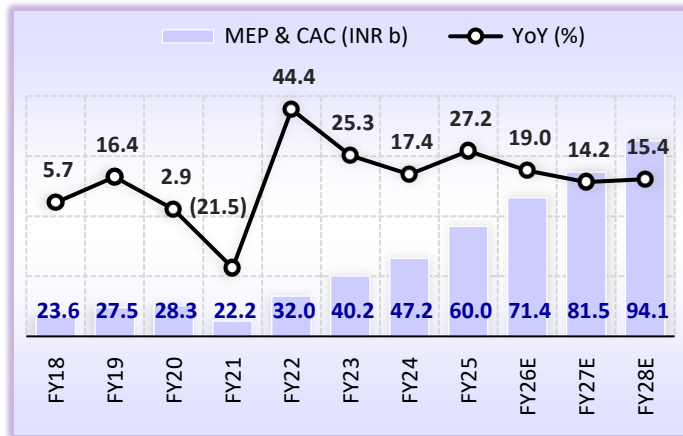
Source: MOFSL, Company

Estimate UCP segment margin in high single digits

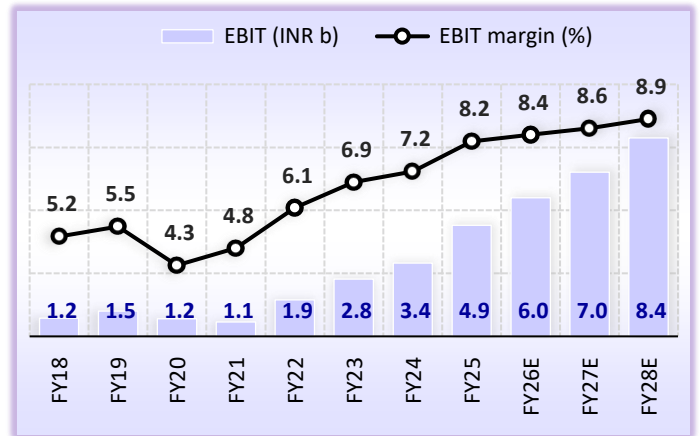


Source: MOFSL, Company

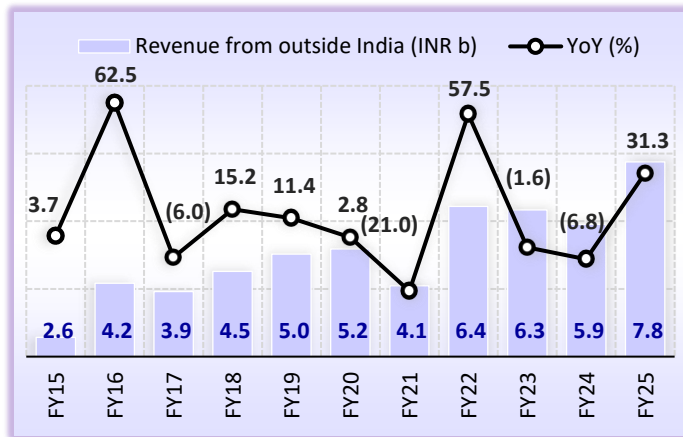
Estimate MEP & CAC revenue CAGR at ~15% over FY26-28



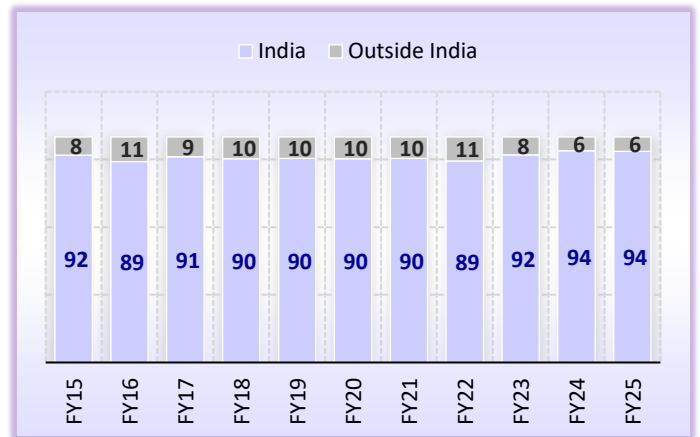
MEP & CAC segment margin improved over the years; we estimate the margin to remain in high single digits



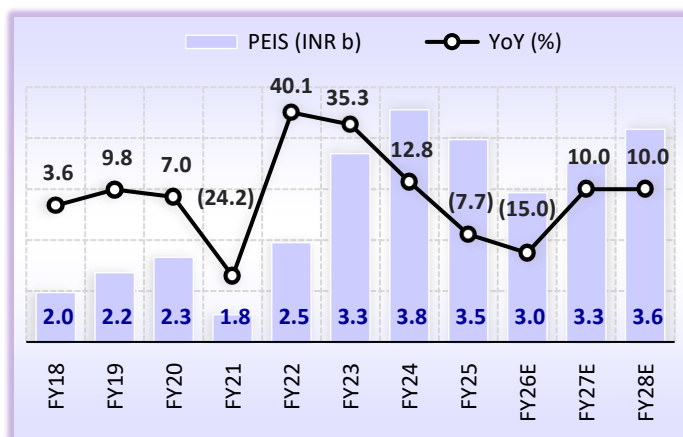
Export revenue CAGR muted over the past few years



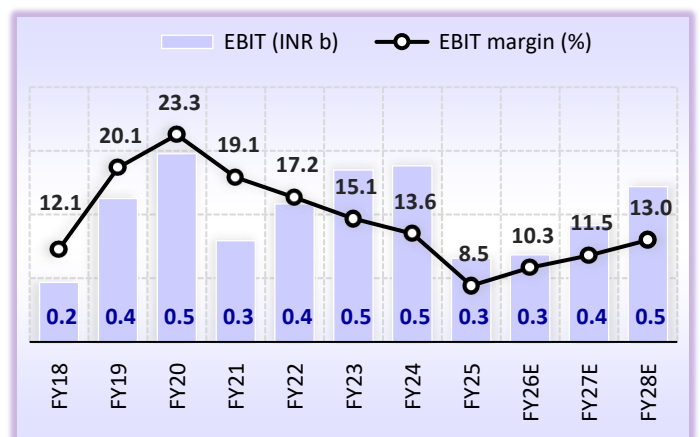
Exports' contribution to overall revenue



Revenue CAGR estimated at 10% over FY26-28



Estimate EBIT margin to improve over FY26-28



Source: MOFSL, Company

Source: MOFSL, Company

Weak summer in CY25 weighs on RAC demand; long-term story intact

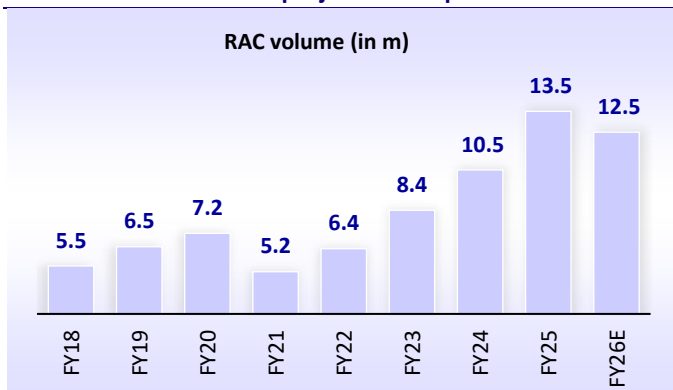
- Following a strong ~30% YoY growth in FY25, the RAC industry saw a YoY decline in 1HFY26 due to a weak summer, prolonged rains, and delayed purchases by consumers amid the GST rate cut announcement. Industry volume decline ~20% YoY in 1HFY26. While the industry is estimated to witness a YoY decline in FY26, we see this as a temporary setback, with recovery likely over the medium to long term.
- BLSTR has steadily gained market share in the RAC segment, up from 7% in FY14 to ~14% in FY25. This was driven by its repositioning as a mass premium brand and focus on innovation and capacity expansion. With a wide product range and strong distribution network, the company aims to reach ~15% in market share by FY27E.
- The Indian commercial refrigeration market, currently valued at INR40–50b, is likely to clock ~13% CAGR to reach ~INR70b by FY28. This growth would be fueled by urbanization, rising cold chain demand from QSRs, e-commerce, and pharma sectors, and increasing adoption of sustainable technologies. Retail leads the segment with ~46% share, followed by restaurants/hotels and food processing. BLSTR holds a strong leadership position with ~31% share in deep freezers and ~32% in walk-in coolers.

The RAC industry saw a YoY decline in 1HFY26 due to a weak summer, prolonged rains, and delayed purchases by consumers amid the GST rate cut announcement. Industry volume decline ~20% YoY in 1HFY26.

Weak summer dampens RAC demand in 1HCY25

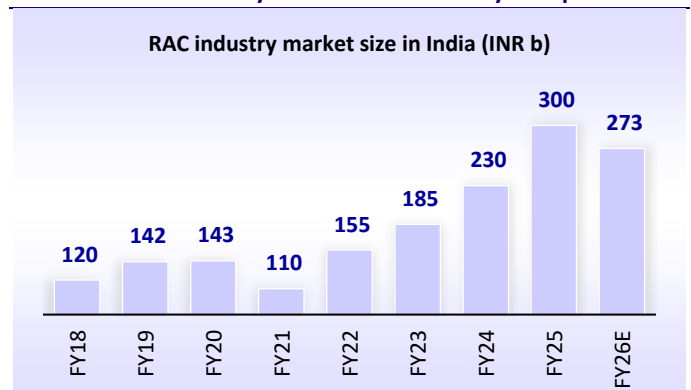
Following a strong ~30% YoY growth in FY25 (~16% CAGR over FY20-25), the RAC industry experienced a sharp decline of ~20% YoY in 1HFY26. The decline was primarily due to lower temperatures across markets during the peak summer season and an early monsoon in the South and West regions. This was followed by extended rains in many parts of the country and deferred purchases by consumers due to the GST rate reduction announcement on 15th Aug'25, which came into effect on 22nd Sep'25. In FY25, industry volume surged ~30% YoY, benefiting from strong seasonal demand and a rise in demand for energy-efficient products. Anticipating a strong summer and concerns over compressor shortages amid global headwinds, industry players had built up substantial inventory, which remains elevated after a weak summer season (industry's channel inventory currently at ~7-8 weeks).

Exhibit 1: RAC volume is projected to dip ~8% YoY in FY26



Source: MOFSL, Industry, Company

Exhibit 2: RAC industry's market size is likely to dip in FY26



Source: MOFSL, Industry, Company

So far, no material price correction has been observed in the market; however, a few companies have increased consumer schemes, considering weak demand and higher channel inventory. Competitive intensity and upcoming energy label changes (implementation expected from 1st Jan'26) remain key monitorables for any pricing action. New BEE norms introduced in Jan'18 had led to an increase in average selling

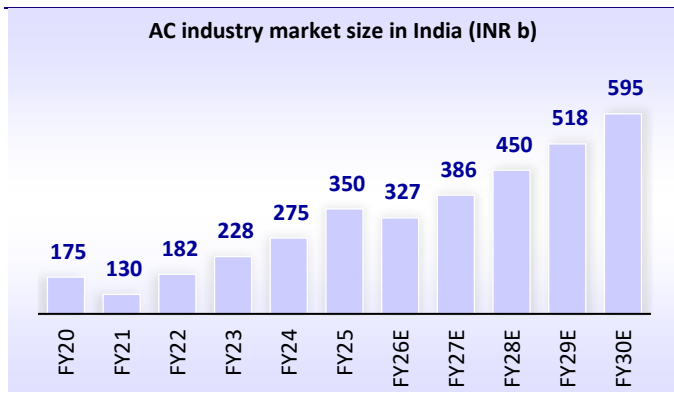
price by ~7-10% for inverter ACs. However, this time, companies are not expecting any significant price hikes, as the cost increase is expected to be at ~INR800-1,000/unit.

...however, the medium-to-long-term growth drivers remain intact

The RAC market dominates the Indian AC market space. Overall, the RAC takes up the majority share of total AC sales in India. It dominated the market with ~84% (five-year average) market share vs. ~16% (five-year average) of CAC.

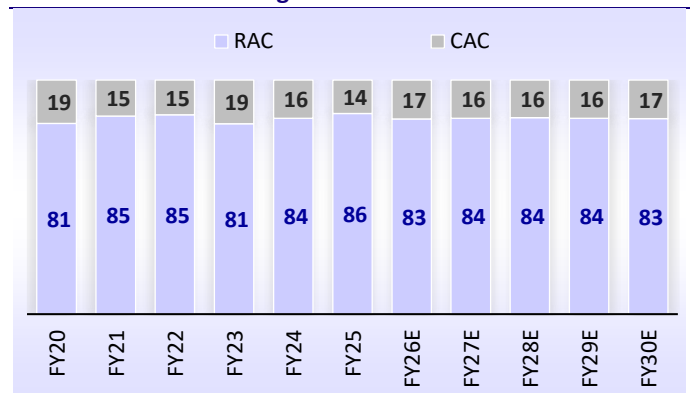
The RAC market dominates the Indian AC market space. Overall, the RAC takes up the majority share of total AC sales in India. It dominated the market with ~84% (five-year average) market share vs. ~16% (five-year average) of CAC. The RAC market clocked a CAGR of ~16% between FY20 and FY25 and was valued at INR300b. Industry RAC volume is estimated at ~13.5m in FY25, registering a CAGR of ~13% over FY20-25. Recently, aberrant weather patterns led to a deferment of purchases by customers, which is estimated to result in a decline in YoY sales volume in FY26. However, we believe these issues are intermittent in nature and expect a recovery in RAC volume in the medium to long term.

Exhibit 3: AC market to clock ~16% CAGR over FY26-30E



Source: MOFSL, Industry, Company

Exhibit 4: RAC has the highest share in the Indian AC market

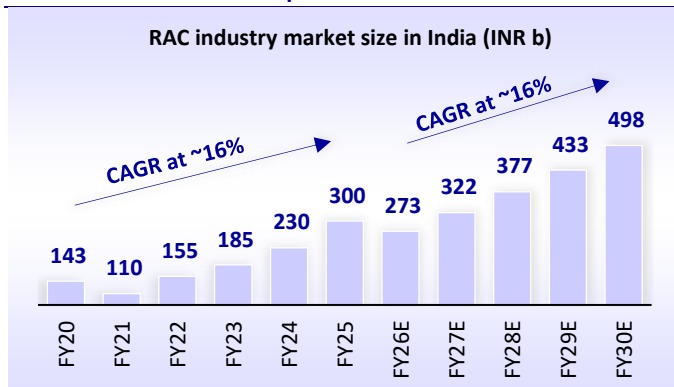


Source: MOFSL, Industry, Company

RAC penetration is estimated to rise to ~18% by CY28. Enhanced availability of affordable models and financing options is further supporting this trend.

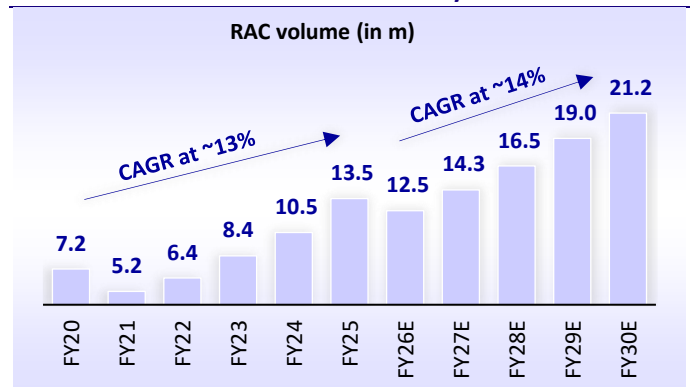
RAC penetration in India remains low, at just ~13% of households, which is far below the global average. However, changing climate patterns, such as rising heatwaves, coupled with rising affluence, growing disposable incomes, rapid urbanization, and improved infrastructure, including better electricity supply, are driving significant growth in air conditioner penetration. RAC penetration is estimated to rise to ~18% by CY28. Enhanced availability of affordable models and financing options is further supporting this trend. We estimate the RAC industry to post a CAGR of ~16% over FY26-30 and reach INR498b by FY30. We estimate the RAC volume to reach 21.2m units by FY30 (at a CAGR of ~14% over FY26-30).

Exhibit 5: RAC market to post ~16% CAGR over FY26-30E



Source: MOFSL, Industry, Company

Exhibit 6: RAC volume to reach 21.2m by FY30E



Source: MOFSL, Industry, Company

Key drivers propelling BLSTR's RAC business growth

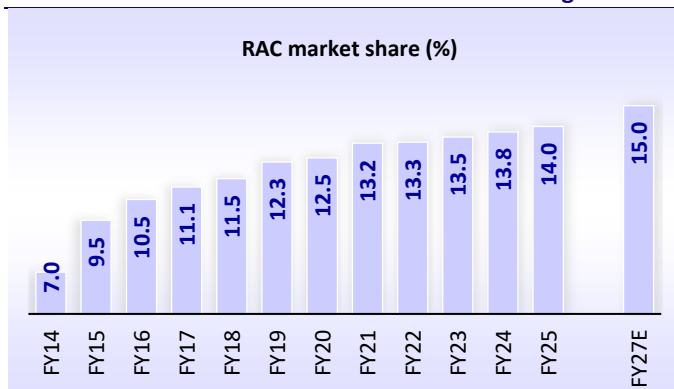
BLSTR is focusing on increasing market share in the RAC segment in the domestic market through strategic expansion of manufacturing facilities, backward integration to drive cost efficiency and profitability improvement, leveraging existing R&D capabilities to introduce new and innovative products, and distribution network expansion.

In 2020, the company strategically repositioned itself as a mass premium brand in RAC and has been expanding and leveraging its manufacturing, R&D, and innovation capabilities.

BLSTR gaining market share in the RAC segment

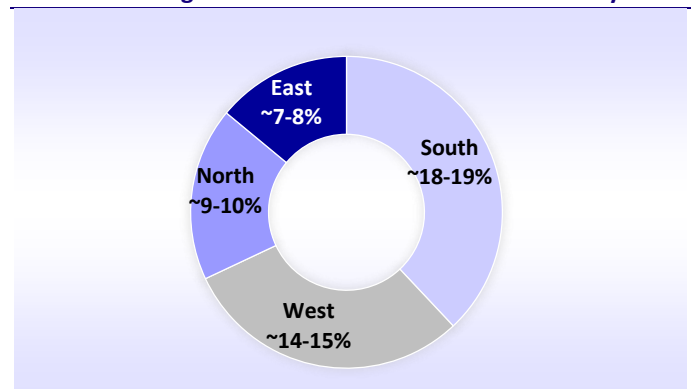
BLSTR is gaining market share in the RAC segment through strategic initiatives and a focused approach to meet market demands. Since its foray into the RAC category in FY11, BLSTR has consistently gained market share. In 2020, the company strategically repositioned itself as a mass premium brand in RAC and has been expanding and leveraging its manufacturing, R&D, and innovation capabilities. The launch of a new range of inverter, fixed-speed, and window ACs across price points and consumer segments helps the company gain market share. The company has an installed capacity of over 2.5m units of RAC, and these products are available across 9,500 outlets in more than 1,000 locations. The company's market share in the RAC segment rose to ~14% in FY25 from 7.0% in FY14. Management targets to achieve a market share of ~15% by FY27E.

Exhibit 7: BLSTR's market share rose in the RAC segment



Source: MOFSL, Industry, Company

Exhibit 8: Its regional market share in the RAC industry



Source: MOFSL, Industry, Company

SKU expansion and smart features strengthen the RAC play

Further, the focus for the company is not just on energy label changes but on ensuring comprehensive coverage across all price points. This multi-tier product strategy is a key driver of the company's growth. To remain competitive and cater to diverse consumer needs, it has been consistently launching SKUs in each cooling season (launched over 75 new SKUs in FY25). The intensity of last summer underscored the demand for heavy-duty air conditioners, and it has aligned its offerings accordingly. Additionally, there is a growing preference among younger and tech-savvy consumers for smart features—such as AI-enabled controls and Wi-Fi connectivity—and it is proactively expanding its portfolio in that direction as well.

It has been consistently launching SKUs in each cooling season (launched over 75 new SKUs in FY25). The company's backward-integrated in-house manufacturing supports its various product verticals. The company has ~25-30% backward integration in the RAC business.

Backward integration fueling better efficiencies and profitability improvement

BLSTR, by investing in the in-house manufacturing of critical components such as heat exchangers, sheet metal parts, indoor units, and electronic control systems, reduces its dependency on external suppliers, ensuring quality and supply chain

reliability. The company's backward-integrated in-house manufacturing supports its various product verticals. The company can offer precise need identification, solution configuration, design and engineering, pre-installation support, installation and commissioning, and after-sales service support. This backward integration also allows it to gain greater control over the manufacturing process and reduce dependence on external suppliers and third parties. The company has ~25-30% backward integration in the RAC business.

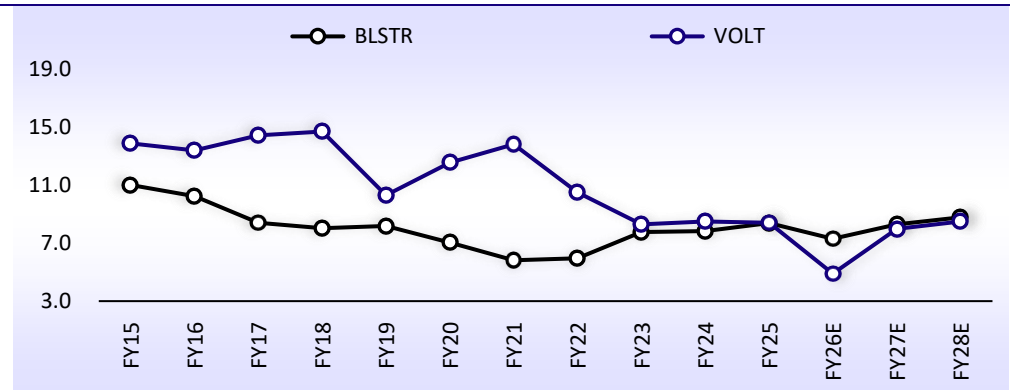
Exhibit 9: Manufacturing facilities and key initiatives undertaken in FY25 to improve plant performance

Location	Area (Sq. m.)	Key products	Key initiatives in FY25
Himachal Pradesh 1	16,000	Room air conditioners	❖ Commissioned fin line (sourced from Hidaka, Japan) to boost in-house manufacturing of heat exchangers to 1.9m units from 0.7m units, reducing dependence on external suppliers. Over 40 new models were introduced from this plant during FY25.
Himachal Pradesh 2	9,800	Room air conditioners	❖ Installed helium leak detection chambers and shrinkless FTHX expanders, enhancing product reliability. Lean manufacturing practices were implemented to improve operational efficiency, with streamlined cycle times and better assembly line balancing. ❖ Material flow optimization was achieved via VMapQ projects, enabling enhanced service to both domestic and export markets, including Europe and the Middle East.
Dadra	12,000	Packaged and ducted split air conditioners and VRF systems	❖ It executed seven quality improvement projects, including three Six Sigma and four quality circle initiatives ❖ Capacity expansion included the introduction of new equipment such as a shrinkless expander and a 7mm hairpin bender, coupled with a revamped coil shop layout to optimize workflow.
Ahmedabad	9,360	Deep freezers	❖ Productivity improvement initiatives include machinery re-layout, electrical systems upgrade, and the installation of an indigenized tube wrapping machine to improve output and safety. ❖ A visual SQPDC dashboard was implemented to monitor safety, quality, people, delivery, and cost metrics.
Wada 1	29,900	Chillers, cold room panels, condensers, evaporators for the cold room business, and storage water coolers	❖ It completed 18 quality enhancement projects, including nine 'six sigma' initiatives and five '7QC projects'.
Wada 2	19,300	Deep freezers and storage water coolers	❖ To support product diversification and operational scale, it commissioned a 1,000 TR centrifugal chiller run test facility, a 7mm fin line, and upgraded infrastructure with a 4000 kVA transformer and dedicated assembly lines.
Sri City	31,874	Room air conditioners	❖ It installed variable frequency drive (VFD) panels in the powder coating section, reducing energy consumption by adjusting motor speeds based on demand.

Source: MOFSL, Company

BLSTR's UCP segment margin has improved in the past few years, led by its repositioning as a mass premium brand from a premium brand, continuous new product/model launches across inverter/fixed-speed/split/window air conditioners, expansion of distribution network (mainly in North India), and a new range of indigenously manufactured commercial refrigeration. Also, it should be noted that BLSTR's EBIT margin gap vs. VOLT has been reduced over the past few years.

Exhibit 10: UCP segment margin (%) of BLSTR vs. VOLT



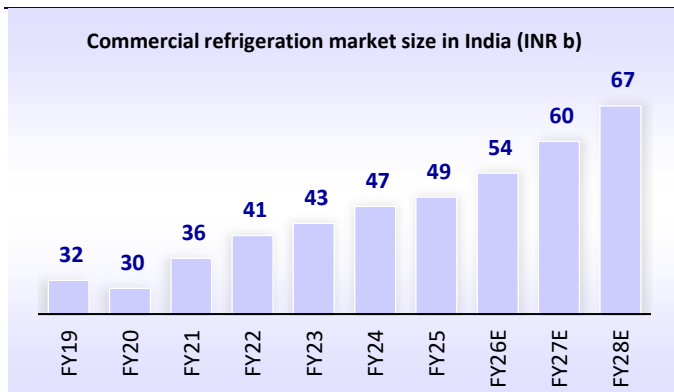
Source: MOFSL, Company

The Indian commercial refrigeration market is estimated at ~INR40-50b currently. Key growth drivers in this segment are rising urbanization, coupled with growing cold storage demand from segments like e-commerce, QSR, food & beverages, and the expansion of the pharmaceutical sector.

Commercial refrigeration witnessing steady growth in India

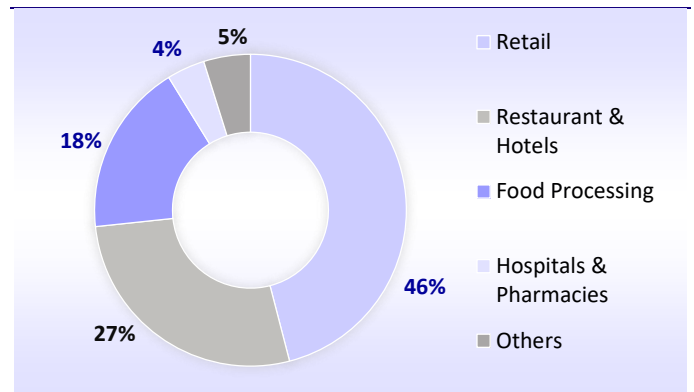
The Indian commercial refrigeration market is estimated at ~INR40-50b currently. Key growth drivers in this segment are rising urbanization, coupled with growing cold storage demand from segments like e-commerce, QSR, food & beverages, and the expansion of the pharmaceutical sector. The demand for commercial refrigeration is higher in urban areas as compared to rural areas, primarily due to more traction for packaged and frozen food items in urban areas. Further, increased adoption of sustainable technology equipment has urged the major market players to launch new and enhanced product offerings to effectively cater to consumer demands. This encourages continuous development and innovation in the commercial refrigeration segment.

Exhibit 11: Commercial refrigeration to clock ~10% CAGR over FY26-28E



Source: MOFSL, Industry, Company

Exhibit 12: Commercial refrigeration market share in different industries



Source: MOFSL, Industry, Company

BLSTR continues to maintain its strong leadership in India's commercial refrigeration market, with a ~31% share in the deep freezers segment

- The commercial refrigeration business is estimated to grow at ~13% between FY25 and FY28 to reach a market size of ~INR70b by FY28. By application, the retail sector accounts for a major share in the commercial refrigeration market with ~46%, followed by restaurants and hotels at ~27%, the food processing industry at ~18%, hospitals and pharmacies at ~4%, and other sectors at ~5% share.
- BLSTR continues to maintain its strong leadership in India's commercial refrigeration market, with a ~31% share in the deep freezers segment (which includes hard-top and glass-top models), negative temperature storage units, and water coolers. In modular cold rooms, or walk-in coolers, the company

Despite intermittent rains, the commercial refrigeration business grew ~7-8% in 1HFY26. With the GST rate reduction on various food products, robust demand growth is expected in 2HFY26.

- commands ~32% market share, catering extensively to sectors such as restaurants, pharmaceuticals, logistics, and warehousing. While water coolers remain a small but stable business, BLSTR retains a leadership position in that niche as well. The company's entire commercial refrigeration product line is manufactured at its Wada and Ahmedabad plants. Further, BLSTR is expanding its cold chain solutions portfolio to serve a wide array of industry sectors.
- Despite intermittent rains, the commercial refrigeration business grew ~7-8% in 1HFY26. With the GST rate reduction on various food products, robust demand growth is expected in 2HFY26. The company is expanding its energy-efficient and IoT-enabled product range in commercial refrigeration to meet evolving customer needs, while deepening penetration in Tier 2 and Tier 3 markets through localized distribution and service support.
- The commercial refrigeration market is on a strong structural growth trajectory, driven by increased penetration in Tier-3 to Tier-5 towns, modernization of traditional Kirana stores, rising frozen food consumption, expansion by QSR chains, and the emergence of quick commerce, which now accounts for ~10% of segment demand through requirements for last-mile cold chain solutions like delivery-oriented cold rooms and deep freezers. Further, BLSTR strategically expanded into allied segments, such as water purifiers, air purifiers, and air coolers in FY16, to leverage its brand, distribution strength, and enhanced presence in the residential market.

Exhibit 13: Commercial refrigeration products of BLSTR



Source: MOFSL, Company

In FY25, the company launched an expansive new range of products for the summer, including energy-efficient deep freezers with cooling capabilities as low as -26°C, offered in capacities from 60 to 600 liters. These are designed for applications in dairy, ice cream, restaurants, and supermarkets. A new line of BIS-certified water coolers was introduced, suitable for schools, offices, and commercial spaces, featuring eco-friendly refrigerants and rapid cooling in capacities ranging from 15 to 120 liters. The company also provides advanced cold rooms with integrated solutions using PUF-insulated panels, alongside kitchen refrigeration products such as reach-in chillers, blast freezers, and minibars. For supermarkets, it has multideck

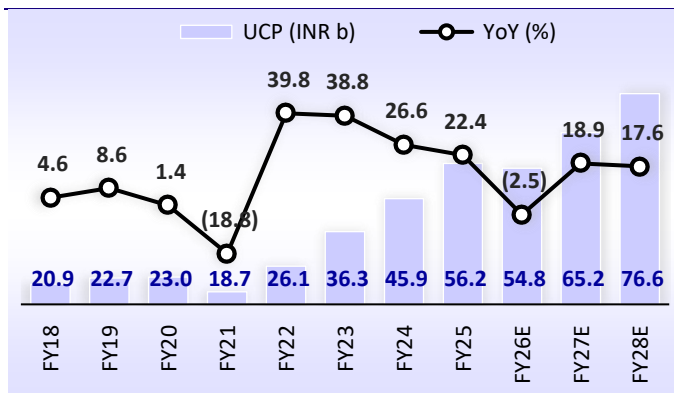
chillers and freezers with energy-saving night curtains and flexible shelving to address a wide range of display needs.

We estimate the revenue to decline ~3% YoY in FY26 due to weak 1HFY26 (UCP revenue declined ~12% YoY). We project a growth of ~19%/18% YoY in FY27/FY28, fueled by demand revival in UCPs.

Estimate UCP revenue to decline ~3% YoY in FY26, but to post ~18% CAGR over FY26-28

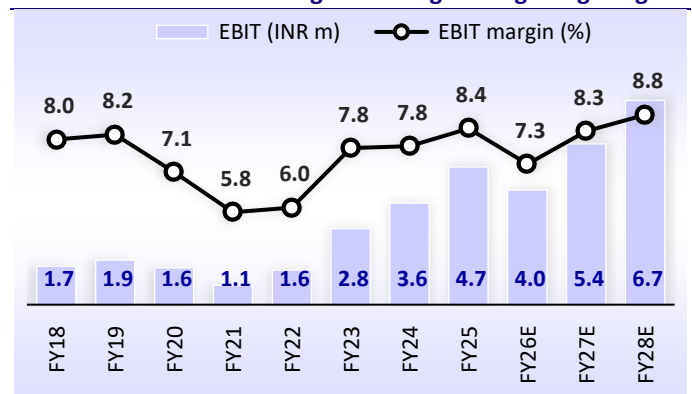
The UCP segment recorded strong revenue growth of ~22% YoY in FY25, led by the strong summer season. We estimate the revenue to decline ~3% YoY in FY26 due to weak 1HFY26 (UCP revenue declined ~12% YoY). We project a growth of ~19%/18% YoY in FY27/FY28, fueled by demand revival in UCPs. EBIT margin is estimated to be in high single digits, gradually improving with higher scale of operations and increased indigenization.

Exhibit 14: Estimate revenue CAGR at ~18% over FY26-28



Source: MOFSL, Company

Exhibit 15: Estimate UCP segment margin in high single digits



Source: MOFSL, Company

BLSTR outperformed peers in 1HFY26, with a smaller decline in UCP segment revenue and contained deterioration in the segment margin.

BLSTR outperformed peers in 1HFY26, with a smaller decline in UCP segment revenue and contained deterioration in the segment margin. The company has taken corrective measures by reducing costs (advertisement and manufacturing costs) in response to weak summer season demand, which helped sustain better margins than peers. Management anticipates ending FY26 with a margin of 7.0%-7.5%, depending on stocking during the Feb-Mar'26 period and inventory movement before the energy label change.

Exhibit 16: UCP segment's performance of BLSTR vs. peers in 1HFY26

	1HFY25	1HFY26	YoY (%)
Revenue (INR m)			
BLSTR	24,965	21,932	(12.2)
VOLT	53,844	40,830	(24.2)
HAVL	25,183	17,533	(30.4)
EBIT (INR m)			
BLSTR	2,120	1,302	(38.6)
VOLT	4,432	586	(86.8)
HAVL	393	(1,269)	N/A
EBIT Margin (%)			
BLSTR	8.5	5.9	(255)
VOLT	8.2	1.4	(680)
HAVL	1.6	(7.2)	(880)

Source: Company, MOFSL

Demand tailwinds offer strong growth visibility in MEP

The Indian MEP services market is estimated to grow at ~11% CAGR in the medium to long term, driven by rising infrastructure investments, urbanization, and expanding construction activity. BLSTR is a leading integrated MEP service provider with eight decades of experience

- The Indian MEP services market is estimated to grow at ~11% CAGR in the medium to long term, driven by rising infrastructure investments, urbanization, and expanding construction activity. Government initiatives like PM Gati Shakti, National Infrastructure Pipeline, and PLI schemes are further boosting demand across sectors such as healthcare, hospitality, IT parks, data centers, airports, and manufacturing. The localization push and increasing industrialization are also enhancing India's competitiveness and driving long-term growth in the MEP segment.
- BLSTR is a leading integrated MEP service provider with eight decades of experience in providing solutions in infrastructure, building, and industrials. The company is focusing on data centers, factories, and select infrastructure projects with better profitability and cash flow generation. Further, the company has MEP projects in international markets via strategic JVs in Qatar and Malaysia.
- As of Sep'25, the company's MEP services order book stood at INR48.4b (dip ~4% YoY), accounting for ~68% of the company's total carried-forward order book. Although, near-term slowdown in the order inflow, it expects ~10% CAGR in project business over the medium to long term.

The MEP business includes electrical works, air conditioning, firefighting systems, and plumbing. These projects are executed across various sectors such as office complexes, IT parks, airports, hotels, hospitals, and metro rail systems. In recent years, manufacturing facilities and data centers have emerged as key growth segments, in addition to the traditional areas. **Broadly, the business is segmented into four verticals:**

- **Infrastructure projects** – covering metro railways, water distribution systems, airports, etc. These projects typically span three to five years.
- **Commercial buildings** – including malls, office spaces, IT and ITES parks, generally driven by developers. This segment faces intense competition due to low entry barriers, often resulting in lower margins and limited control, as work is usually subcontracted by general contractors.
- **Manufacturing facilities** – a favorable segment where projects are time-bound and client-driven and offer better control and profitability.
- **Data centers** – characterized by stringent quality standards and specialized requirements, offering opportunities for value addition and premium pricing.

Over the past few years, BLSTR has strategically prioritized manufacturing facilities, data centers, and infrastructure projects, in which its differentiated capabilities allow it to deliver superior value. These segments typically offer better margins, stronger profitability, and healthier cash flows, depending on the customer profile. The company also provides value-added aftersales services, such as revamp, retrofit, upgrades and operational support, which ensure efficient functioning of electro-mechanical utilities. In the **data center segment**, BLSTR plays a leading role as a comprehensive MEP service provider, handling critical systems such as ducting, piping, insulation, electrical works, plumbing, and cooling. While civil work involvement is minimal, BLSTR serves as a key system integrator for most of the major data center service providers in India, holding a significant market share in MEP solutions. Beyond MEP contracting, the company manufactures specialized chillers designed for data center applications and is actively expanding its product

range. Further, BLSTR is exploring partnerships with global players to access advanced liquid cooling solutions.

The company's order book in the MEP business stood at INR48.4b as of Sep'25, down ~4% YoY. In the project business, execution of factories and data center projects remained steady. However, new order inflows have recently been subdued. Infra projects also remained muted, taking longer than expected to pick up. The company continues to focus on manufacturing and data center markets while being selective in project acquisitions to expand margins and cash flows.

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During FY24, the company successfully also entered the semiconductor segment by winning an HVAC order for India's largest semiconductor plant in Gujarat. Some of the eminent customers of the MEP business segment are ST Telemedia, Apollo Hospitals, Amazon Web Services, Nxtra Data, Micron Semiconductor Plant through Tata Projects, Peerless Hospital, Jewar Airport, VR Mall, TCS, Godrej, Deloitte, Embassy Group, Medanta Hospital, V-Guard, Inorbit Mall, India's first lithium-ion battery manufacturing plant by Exide, mobile phone manufacturing and assembly facilities by Tata Electronics, and Maruti's upcoming facility at Sonapat.

Exhibit 17: BLSTR's MEP projects



Source: Company, MOFSL

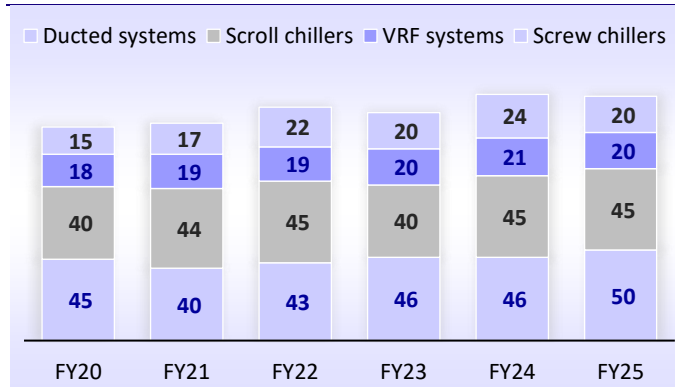
Maintaining market dominance in CAC business

- The CAC market size in India is estimated at ~INR50.0b. CAC comprises mainly three types of air conditioners – VRF, ducted split and packaged ACs, and chillers. It is anticipated to clock a CAGR of ~16% during FY26-30, led by developments in commercial real estate like retail outlets, office spaces, hospitals, malls, restaurants, warehouses, educational institution, hotels, and large builders (residential house).
- BLSTR's CAC business offers a full range of energy-efficient packaged, ducted, VRF systems, and chillers, catering to B2B customers. It holds leadership positions in ducted air conditioners and scroll chillers (45-50% market share) and ranks 2nd in VRF and screw chillers (~20% share).
- In CAC, BLSTR's recent launches include data center chillers, process application chillers like brine chillers, and an expanded range of centrifugal chillers. As a comprehensive player in the CAC space, BLSTR offers a full portfolio across screw chillers, scroll chillers, process chillers, centrifugal chillers, and now an extended range of data center chillers, in line with its strategic roadmap.

The CAC market size in India is estimated at ~INR50.0b. CAC comprises mainly three types of air conditioners – VRF, ducted split and packaged ACs, and chillers. It is anticipated to clock a CAGR of ~16% during FY26-30. BLSTR's CAC business offers a full range of energy-efficient packaged, ducted, VRF systems, and chillers, catering to B2B customers.

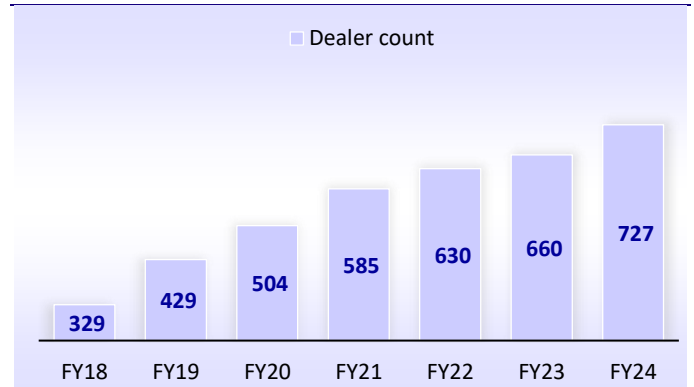
The CAC business includes packaged air conditioning systems, ducted air conditioning systems, VRF systems, chillers, data center chillers, process chillers, and aftermarket services — all catering to B2B customers. In CAC, the company offers a complete range of energy-efficient Bureau of Indian Standards-compliant packaged and ducted split air conditioning systems, along with next-generation inverter-based ducted systems, inverter heat pump air conditioning systems and chillers. BLSTR holds leadership positions in conventional, inverter ducted air conditioning systems and scroll chillers, and ranks 2nd in the VRF and screw chiller segments. The CAC market is estimated at ~INR50.0b. The company holds a strong market share of ~50% in ducted air conditioning, ~45% in scroll chillers, and ~20% in the VRF system and screw chillers segment.

Exhibit 18: BLSTR CAC's product categories market share



Source: MOFSL, Industry, Company

Exhibit 19: Dealer count for CAC business segment



Source: MOFSL, Industry, Company

BLSTR's focus on innovation and its timely product launches have been instrumental in driving its market share gains across various CAC segments. The company has introduced energy-efficient and technologically advanced solutions, such as VRF Lite systems for premium residential customers and expanded ranges of centrifugal chillers for large-scale commercial and industrial applications. Its ability to address diverse customer needs across sectors like healthcare, industrial, retail, and education has strengthened its competitive positioning.

Exhibit 20: List of few new products launched under CAC category

Year	New products	Description
FY25	Data Center Chillers	❖ Capacity Range: up to 550TR, Designed for higher chilled water leaving temperature of > 20 Degree Celsius
	Brine Chillers	❖ Capacity Range: up to 150TR, -20 Degree Celsius, Unique rapid cool option of 5 minutes, Quickest restart time of 2 minutes on power resumption
FY24	Centrifugal Chillers	❖ Capacity Range: Up to 1000TR, Unique refrigerant leak detection system
	VRF LITE 100% Inverter	❖ RANGE: Outdoor Units: 4HP to 6HP (Available with Hot & Cold Options)
FY23	Centrifugal Chillers	❖ Complete range of models from 500TR to 1000TR capacity, with AHRI Certification. The range is available in both fixed-speed and variable-speed configurations.
	Concealed Split ACs	❖ Inverter heat pumps and cool-only models of Concealed Split ACs available in up to 2TR capacities, have features such as low-height IDUs with low noise, good aesthetics, etc.
FY22	Inverter Ducted Systems Portfolio	❖ 1.5TR to 3TR range of ceiling concealed split systems. The indoor units for these systems have been specially designed to be low-noise to suit residential and hotel applications.
	Mini VRF Systems	❖ up to 6HP capacity to cater to premium residential locations
FY21	Water Cooled Screw Chillers	❖ 44 new models in the capacity range of 400TR to 600TR
	Air Cooled Screw Chillers	❖ 64 new models in the capacity range of 400TR to 550TR
	Side Discharge VRF	❖ A new range up to 16 HP launched to cater to light commercial applications in a cost-effective manner

Source: MOFSL, Company

Exhibit 21: Some of the company's products offered under CAC segment
VRF V Plus 100% Inverter
VRF Lite 100% Inverter

Packaged ducted split AC
Data centre chillers
Brine Chillers


Source: MOFSL, Company

Export business: Muted in near-term, strategic build-up underway

BLSTR exports heating, ventilation, air conditioning and commercial refrigeration (HVACR) products and solutions to over 18 countries, including the Middle East, Africa, SAARC, and ASEAN regions. The company's international business is primarily B2B in nature and falls under Segment-I of the company's reporting structure.

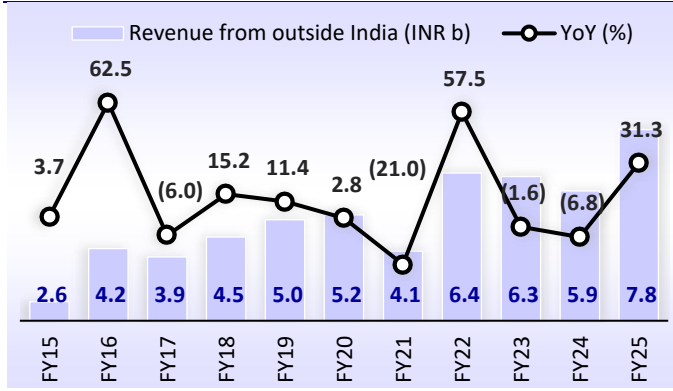
- BLSTR exports heating, ventilation, air conditioning and commercial refrigeration (HVACR) products and solutions to over 18 countries, including the Middle East, Africa, SAARC, and ASEAN regions. To enhance its global footprint, it incorporated wholly-owned subsidiaries in the US, Europe and Japan. Through strategic joint ventures in Qatar and Malaysia, it spearheads MEP projects across residential, commercial, and infrastructure sectors in those markets.
- The company's international business is primarily B2B in nature and falls under Segment-I of the company's reporting structure. On the other hand, Segment-II, which comprises RAC and commercial refrigeration products, focuses on domestic markets, with limited international exposure. While these products include related service obligations, BLSTR does not participate in the residential segment internationally, particularly in the Middle East, due to intense competition from Chinese manufacturers. As such, exports of RACs and commercial refrigeration products from India to the Middle East are minimal and largely opportunistic.
- In international business, the company is targeting high-value decarbonization and energy-efficient technologies, including variable refrigerant flow (VRF) systems, variable frequency drives (VFDs), and low-temperature air-to-air and air-to-water heat pumps. These products are being custom developed for OEMs in line with global quality standards. Notably, the company has secured initial product approvals from three large international OEMs, and limited commercial shipments have begun. Export business remains in a nascent stage and BLSTR is focusing on product customization, testing, certification, and building long-term OEM relationships. It is expanding its R&D and manufacturing footprint in India to support this effort. Rather than pushing exports aggressively, the company wants international customers to seek it out as a credible China+1 alternative. Export revenue witnessed slower-than-expected pick-up, impacted by global headwinds. Further, contributions from the US and European markets are negligible currently, as both regions face macroeconomic slowdowns and policy uncertainty. BLSTR is executing small trial orders for OEMs; however, a meaningful scale-up is expected from FY27E.

Exhibit 22: Some of the products BLSTR offers in its international markets



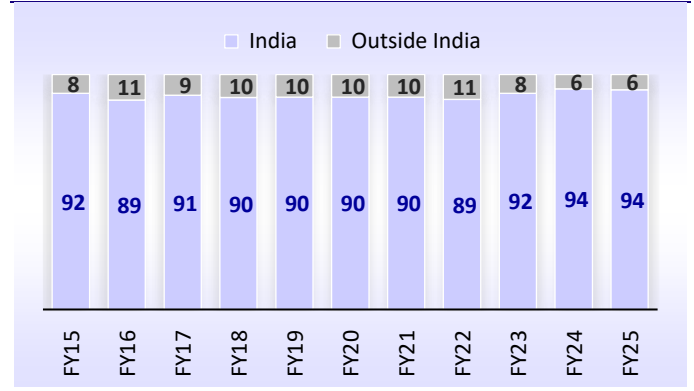
Source: Company, MOFSL

Exhibit 23: Export revenue grew at 7% CAGR over FY19-25



Source: MOFSL, Company

Exhibit 24: Export contribution in overall revenue

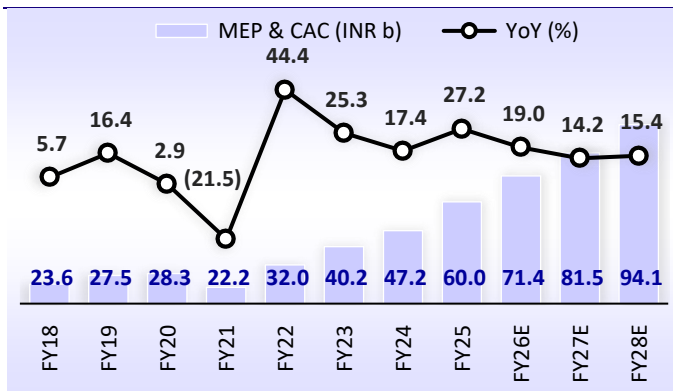


Source: MOFSL, Company

MEP & CAC business is estimated to report strong growth over FY26-28

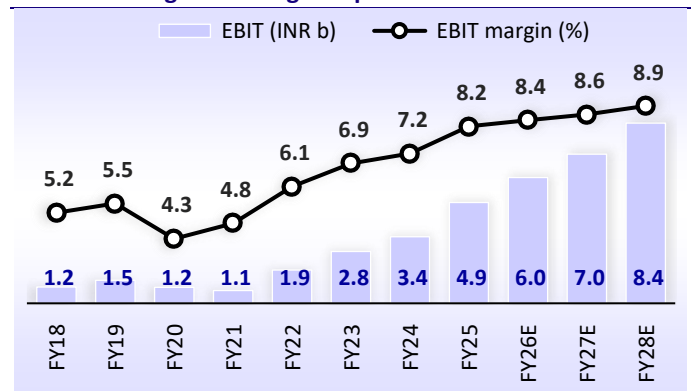
- The company's MEP & CAC business reported strong revenue growth of ~27% YoY in FY25 and a ~14% CAGR over FY19-25, led by strong growth from infrastructure projects, real estate, data centers and commercial air conditioning business. We estimate a revenue CAGR of ~15% over FY26-28, led by a healthy order book and strong underlying demand drivers in the medium to long term.
- The segment's EBIT margin has improved over the years, led by improvement in product and service revenue, optimization of cost, and focus on increasing share of data center and manufacturing facilities (better margins). We estimate margins to improve by 20-30bp YoY in FY26/FY27/FY28 to 8.4%/8.6%/8.9%.
- In FY25, this segment contributes ~50% of the company's total revenue and ~49% of total EBIT. We estimate its share (average) in total revenue/EBIT to increase to ~55%/56% in FY26-28.

Exhibit 25: Estimate revenue CAGR of ~15% over FY26-28



Source: MOFSL, Company

Exhibit 26: Segment margin improved YoY



Source: MOFSL, Company

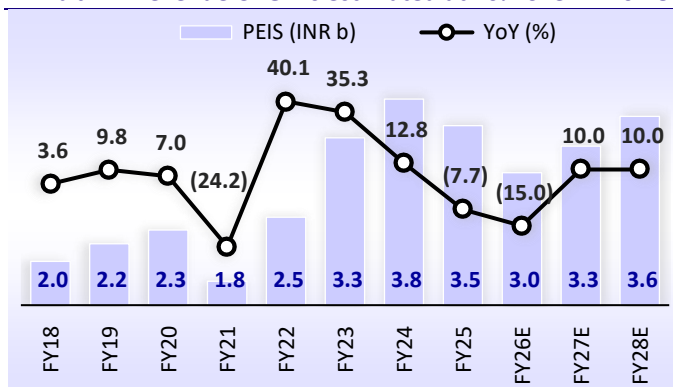
Professional electronics and industrial systems (PEIS) – A value-added play

BLSTR, through its wholly-owned subsidiary Blue Star Engineering & Electronics, provides advanced technology products and system integrated solutions to customers (primarily B2B) across a wide range of industries, including healthcare, automotive, steel, aerospace, banking, financial services and insurance.

The MedTech business has been impacted by recent regulatory changes, leading to a decline in revenue and profitability. Likewise, the momentum in data security business is also missing. We expect a recovery in its PEIS segment, led by a revival in private capex and an increase in demand for data security and healthcare.

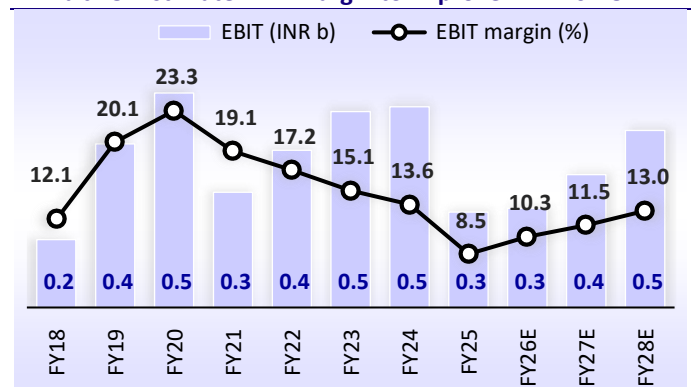
- BLSTR, through its wholly-owned subsidiary Blue Star Engineering & Electronics, provides advanced technology products and system integrated solutions to customers (primarily B2B) across a wide range of industries, including healthcare, automotive, steel, aerospace, banking, financial services and insurance. Over the years, the company has significantly scaled up operations in this business and has moved up the value chain by changing its business model from being merely a distributor to that of a system integrator and value-added reseller, offering end-to-end solutions tailored to specific customer needs.
- The business operates across three key verticals: MedTech solutions, data security solutions, and industrial solutions, which encompass material testing, non-destructive testing, metrology, warehouse automation, and electronics assembly and testing solutions. It also provides medical diagnostic equipment refurbishment solutions and operates a facility in Bhiwandi, Maharashtra, dedicated to refurbishing a diverse range of pre-owned imaging systems, including MRI machines and CT scanners. It established two customer experience centers: one in Thane for its non-destructive testing solutions and another in Chennai for material testing and metrology solutions.
- PEIS segment contributed to 4% of total revenue and 8% of EBIT on average over the last five years. While EBIT margin declined to ~9% in FY25, it was ~15% on average over the last five years (FY21-25). The MedTech business has been impacted by recent regulatory changes, leading to a decline in revenue and profitability. Likewise, the momentum in data security business is also missing. While the industrial solutions business is gaining traction, its growth has not been sufficient to offset the shortfall from the MedTech and data security segments. We expect a recovery in its PEIS segment, led by a revival in private capex and an increase in demand for data security and healthcare. We estimate a ~10% revenue CAGR over FY26-28 and estimate margin to improve to ~12-13%, with some pickup in more profitable businesses (data security and healthcare) and cost rationalization measures.

Exhibit 27: Revenue CAGR is estimated at 10% over FY26-28



Source: MOFSL, Company

Exhibit 28: Estimate EBIT margin to improve in FY26-28



Source: MOFSL, Company

Deepens brand equity via multi-channel engagement

BLSTR's advertising and branding strategy focuses on strengthening its brand equity across markets, with a clear emphasis on visibility, recall, and value proposition.

BLSTR's advertising and branding strategy focuses on strengthening its brand equity across markets, with a clear emphasis on visibility, recall, and value proposition. The company continued its partnership with Virat Kohli as the brand ambassador for its RACs and air coolers, leveraging his mass appeal, especially in smaller towns, to enhance brand awareness. With an enhanced focus on the Hindi-speaking markets, the company also increased its share of spending on a mix of channels that are popular in these markets. It increased investment in digital marketing, ecommerce platforms, connected TV, mobile apps with regional content, and online promotions, aiding both brand visibility and D2C conversions. In addition to mass media, BLSTR actively participates in B2B exhibitions and events across sectors like hospitality and healthcare, strengthening its brand presence among influencers and professionals.

Exhibit 29: Campaign to drive brand awareness



Source: Company, MOFSL

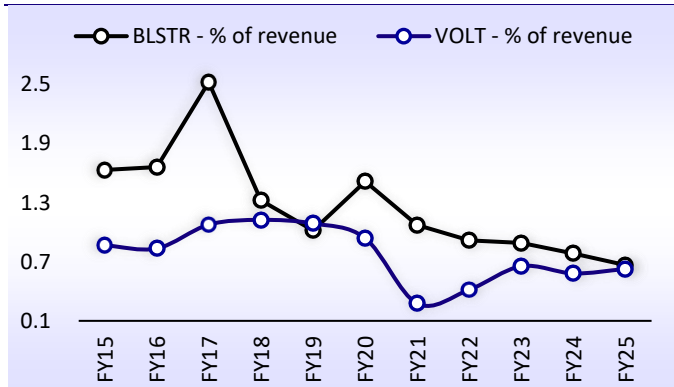
BLSTR has continued to strengthen its dealer ecosystem through 'Star Kart – A Dealer Website Initiative' – aimed at enhancing the digital presence of its high-performing exclusive dealers.

- BLSTR has continued to strengthen its dealer ecosystem through 'Star Kart – A Dealer Website Initiative' – aimed at enhancing the digital presence of its high-performing exclusive dealers. The company is rolling out digital brand shops in collaboration with dealers, backed by SEO, SEM, Google Ads, and social media marketing. These virtual stores offer advanced features like live chat, virtual store, smart invoice, product comparison, 3D product views, etc. Its virtual tour feature in these stores enables a 360-degree virtual walk-around experience for consumers from the comfort of their homes. These virtual stores are integrated with the dealers' ecommerce platforms, enabling a seamless and immersive online shopping experience for customers.
- The company's cooling and purification appliances are available in ~9,500 outlets across India. It has a wide network of channel partners (+4,000).

Higher ad spending vs. peers; margin to be range-bound

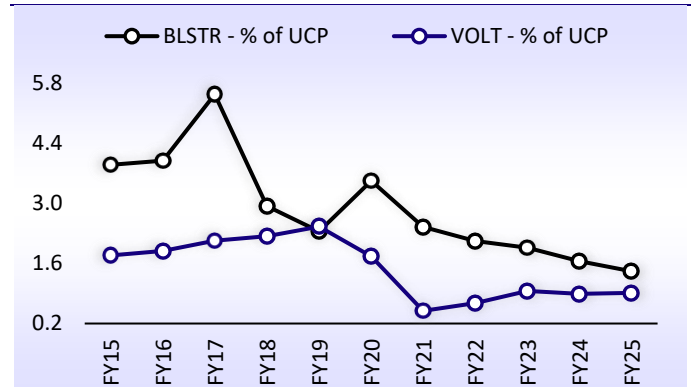
BLSTR's advertisement expenses are higher than those of peers, which led to a lower margin in the UCP segment. Its ad spending as a % of revenue stood at 0.7% in FY25 vs. 0.6% for VOLT. Likewise, ad spending as a percentage of UCP revenue was at 1.4% vs. 0.9% for VOLT. We estimate the company's ad spending to remain higher to counter competition.

Exhibit 30: BLSTR's ad spend as % of revenue was higher than VOLT's; the gap has narrowed in past few years



Source: MOFSL, Company

Exhibit 31: BLSTR's ad spend as % of UCP revenue is also higher than VOLT's

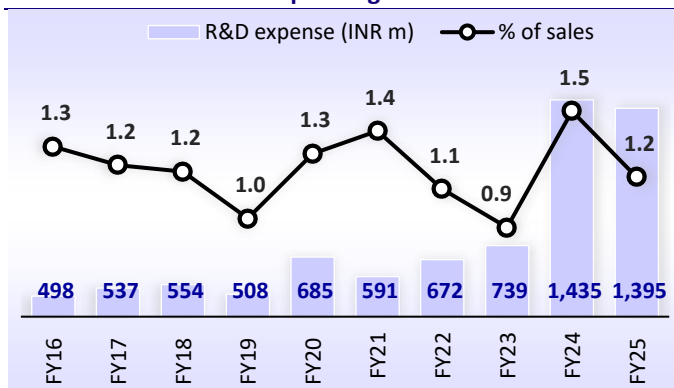


Source: MOFSL, Company

Enhancing R&D capabilities to compete

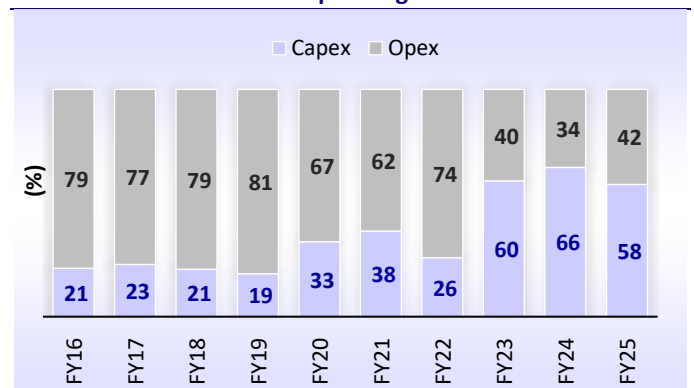
BLSTR's R&D focuses on bridging product portfolio gaps, improving cost efficiency, enhancing sustainability, and integrating emerging technologies like digital and AI. It focuses on developing indigenous IPs to stay competitive with global players while outsourcing non-core areas like PCB assembly. R&D initiatives also include backward integration decisions to improve margins and product performance, with sustained efforts toward energy-efficient and future-ready innovations. It continues to invest ~1.5-2.0% of its revenue annually in R&D.

Exhibit 32: BLSTR's R&D spending and as % of revenue



Source: MOFSL, Company

Exhibit 33: Nature of R&D spending



Source: MOFSL, Company

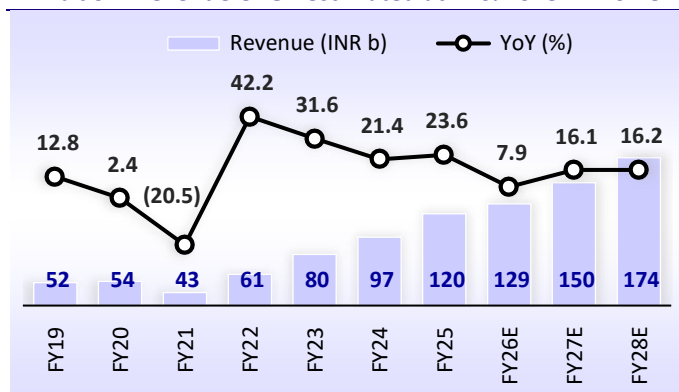
Financial outlook

In FY26, we estimate revenue growth of ~8% YoY due to a challenging 1HFY26, which impacted the UCP segment's revenue. We expect the company to report ~16% revenue CAGR over FY26-28.

Revenue CAGR estimated at ~16% over FY26-28

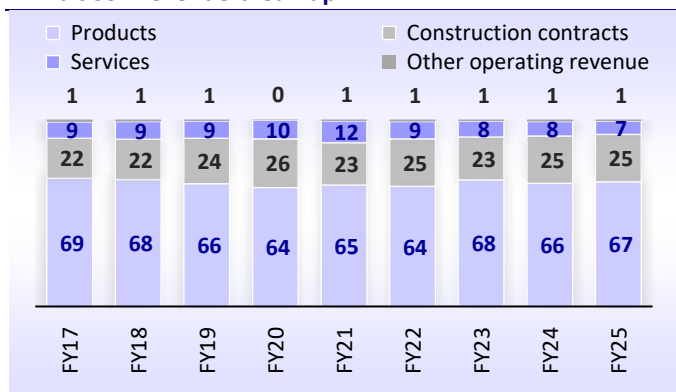
BLSTR's consolidated revenue clocked ~15% CAGR over FY19-25, led by strong growth in the UCP (~16% CAGR) and MEP segments (~14%). In FY26, we estimate revenue growth of ~8% YoY due to a challenging 1HFY26, which impacted the UCP segment's revenue. We expect the company to report ~16% revenue CAGR over FY26-28. Segment-wise, revenue CAGR is estimated as follows: UCP (18%), MEP (15%), and PES (10%). Products have remained the key revenue driver, contributing ~66% (five-year average) to total revenue. Construction contracts contributed ~24% (five-year average), while the share of services revenue declined to ~7% vs. its long-term average of ~9%.

Exhibit 34: Revenue CAGR estimated at ~16% over FY26-28



Source: MOFSL, Company

Exhibit 35: Revenue break-up



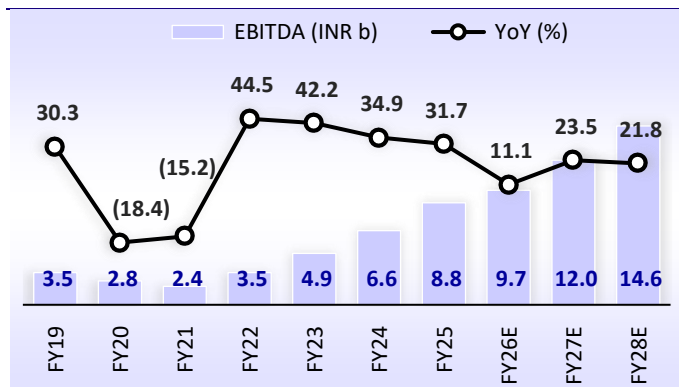
Source: MOFSL, Company

We estimate BLSTR to post ~23% EBITDA CAGR over FY26-28. EBITDA margin is projected at 7.5% in FY26, with an anticipated expansion of 50bp/40bp YoY in FY27/FY28 to 8.0%/8.4%.

EBITDA CAGR estimated at ~23% over FY26-28

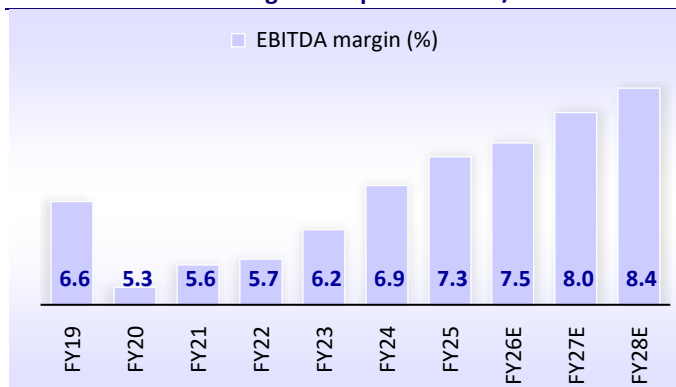
BLSTR clocked ~17% EBITDA CAGR over FY19-25, led by strong revenue growth and margin expansion in the MEP segment. In FY25, its EBITDA grew ~32%, supported by strong revenue growth and margin expansion in the RAC/MEP segments. However, in FY26, EBITDA growth is estimated at ~11% YoY. We estimate BLSTR to post ~23% EBITDA CAGR over FY26-28. EBITDA margin is projected at 7.5% in FY26, with an anticipated expansion of 50bp/40bp YoY in FY27/FY28 to 8.0%/8.4%. Despite a significantly weak summer, the company contained margin deterioration in the UCP segment in 1HFY26 and outperformed peers, led by cost reduction measures. We estimate the margin to expand in FY27/FY28 with normalcy in seasonality and a recovery in demand.

Exhibit 36: EBITDA CAGR estimated at ~23% over FY26-28



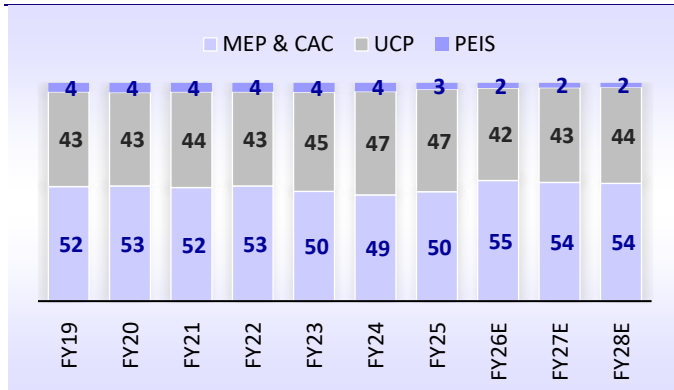
Source: MOFSL, Company

Exhibit 37: EBITDA margin to expand in FY27/FY28



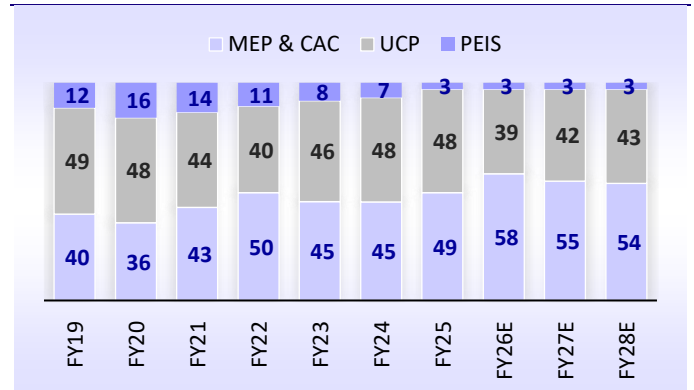
Source: MOFSL, Company

Exhibit 38: Segment-wise revenue break-up (%)



Source: MOFSL, Company

Exhibit 39: Segment-wise EBIT break-up (%)

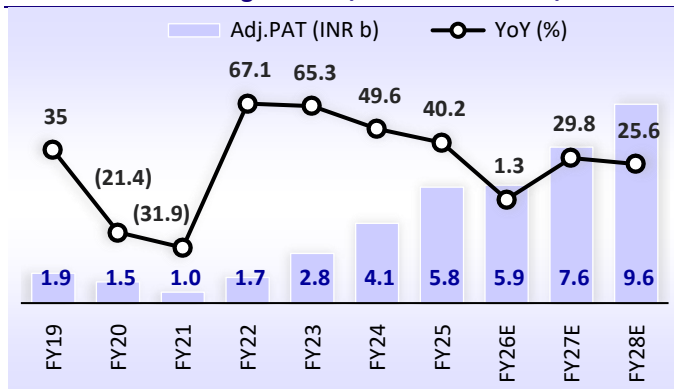


Source: MOFSL, Company

EPS CAGR of 28% over FY26-28E

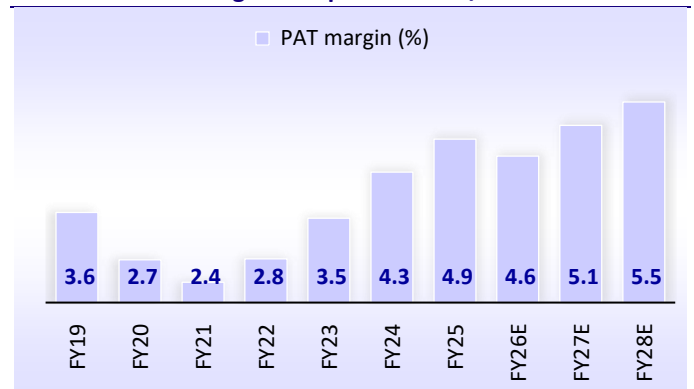
We expect BLSTR to clock ~28% EPS CAGR over FY26-28, driven by EBITDA CAGR of ~23%. We estimate PAT margin at 4.6%/5.1%/5.5% in FY26/27/28 vs. 4.9% in FY25 (average 3.3% in FY21-25).

Exhibit 40: Profits to grow 30%/26% YoY in FY27E/FY28E



Source: MOFSL, Company

Exhibit 41: PAT margin to expand in FY27/28E

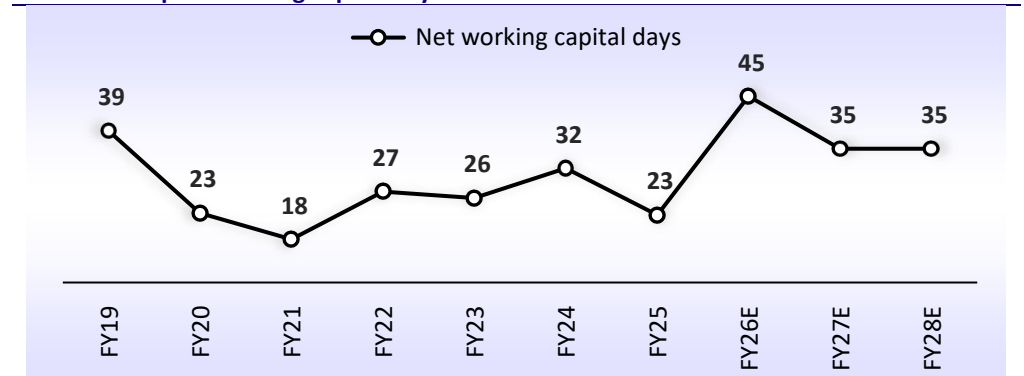


Source: MOFSL, Company

Working capital days expected to increase

In FY25, working capital days declined to 23 days due to a reduction in receivable days and an increase in payable days. We estimate higher working capital days at ~45 days in FY26 and ~35 days over FY27-28 (average of 25 days over FY21-25).

Exhibit 42: Expect working capital days to increase in FY26-28 vs FY25

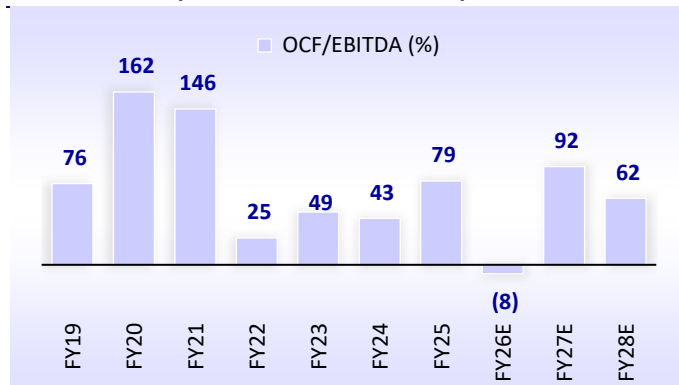


Source: MOFSL, Company

Operating cash flows to improve in FY27-28E

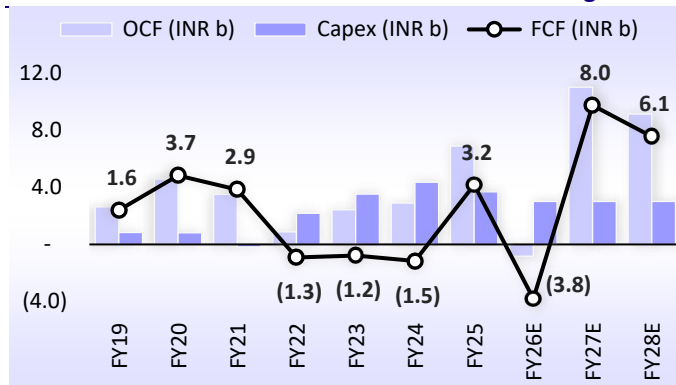
The company's OCF surged sharply in FY25, led by strong EBITDA and effective working capital management. Strong OCF has enabled FCF generation in FY25, following three consecutive years of net cash outflows. We estimate OCF to improve further in FY27-28, supported by increasing profitability.

Exhibit 43: OCF/EBITDA conversion at 92/62% over FY27-28E



Source: MOFSL, Company

Exhibit 44: FCF to increase over FY27-28E with strong OCF

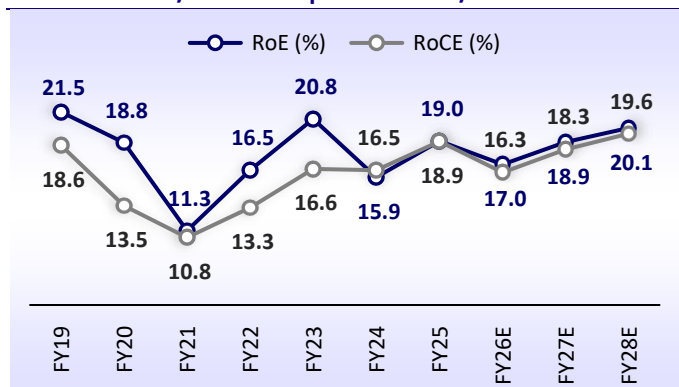


Source: MOFSL, Company

Return ratios to improve by FY28E

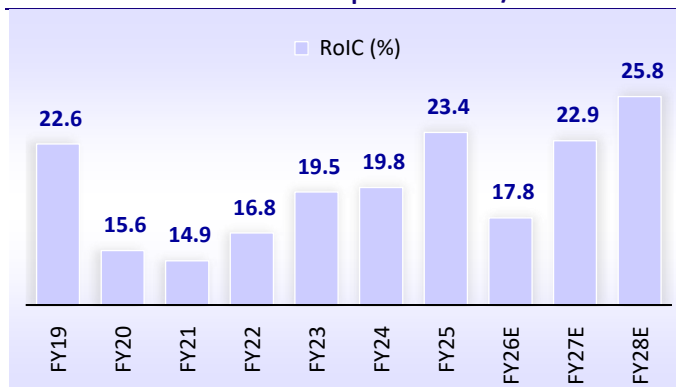
BLSTR's RoE/RoCE rose to ~19% each, up from ~16% each in FY24. We estimate a dip in FY26 due to a lower asset turnover ratio. However, ROE/ROCE is projected to increase to ~20% (each) by FY28. RoIC is also expected to increase to ~26% by FY28 vs. ~23% in FY25.

Exhibit 45: RoE/RoCE to improve in FY27/28E



Source: MOFSL, Company

Exhibit 46: Estimate RoIC to improve in FY27/28E



Source: MOFSL, Company

Exhibit 47: DuPont analysis

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT/PBT	0.75	0.71	0.69	0.67	0.50	0.75	0.74	0.75	0.75	0.75
PBT/EBIT	0.85	0.86	0.69	0.84	1.26	0.91	0.96	0.92	0.94	0.96
EBIT/Sales	0.06	0.04	0.05	0.05	0.06	0.06	0.07	0.07	0.07	0.08
Asset turnover	4.70	4.61	3.29	4.12	4.19	3.49	3.66	3.29	3.37	3.39
Assets/Equity	1.28	1.49	1.46	1.45	1.43	1.06	1.07	1.13	1.10	1.07
ROE (%)	21.5	18.8	11.3	16.5	20.8	15.9	19.0	17.0	18.9	20.1

Source: MOFSL, Company

Segmental result and assumptions

Revenue breakup (Products)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
MEP and CAC	28,267	22,187	32,045	40,156	47,155	59,980	71,403	81,549	94,089
Growth	2.9	(21.5)	44.4	25.3	17.4	27.2	19.0	14.2	15.4
PEIS	2,329	1,766	2,474	3,348	3,777	3,486	2,963	3,259	3,585
Growth	7.0	(24.2)	40.1	35.3	12.8	(7.7)	(15.0)	10.0	10.0
UCP	23,006	18,683	26,122	36,269	45,922	56,211	54,791	65,163	76,645
Growth	1.4	(18.8)	39.8	38.8	26.6	22.4	(2.5)	18.9	17.6
Total	53,602	42,636	60,641	79,773	96,854	1,19,677	1,29,156	1,49,972	1,74,319
Growth	2.4	(20.5)	42.2	31.6	21.4	23.6	7.9	16.1	16.2

% breakup	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
MEP and CAC	52.7	52.0	52.8	50.3	48.7	50.1	55.3	54.4	54.0
PEIS	4.3	4.1	4.1	4.2	3.9	2.9	2.3	2.2	2.1
UCP	42.9	43.8	43.1	45.5	47.4	47.0	42.4	43.5	44.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

EBIT & EBIT margins	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
MEP and CAC	1,203	1,065	1,948	2,768	3,411	4,909	5,998	7,013	8,374
EBIT margin	4.3	4.8	6.1	6.9	7.2	8.2	8.4	8.6	8.9
PEIS	543	338	425	505	515	297	305	375	466
EBIT margin	23.3	19.1	17.2	15.1	13.6	8.5	10.3	11.5	13.0
Unitary Products	1,623	1,088	1,559	2,823	3,603	4,713	4,000	5,409	6,745
EBIT margin	7.1	5.8	6.0	7.8	7.8	8.4	7.3	8.3	8.8
Total	3,369	2,491	3,932	6,096	7,529	9,919	10,303	12,797	15,585
EBIT margin	6.3	5.8	6.5	7.6	7.8	8.3	8.0	8.5	8.9
Less: Finance cost	295	647	464	547	581	488	650	630	600
Less: Other income	447	624	357	309	474	750	517	600	697
Less: Other unallocated expenses	527	(231)	612	1,399	907	943	1,267	1,398	1,523
as % of sales	1.0	(0.5)	1.0	1.8	0.9	0.8	1.0	0.9	0.9
PBT	2,100	1,452	2,498	3,842	5,567	7,738	7,869	10,169	12,765

Quarterly results and estimates

Quarterly performance (Consolidated)

Y/E March	FY25				FY26				FY25	FY26E	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			%	%
Sales	28,654	22,760	28,074	40,190	29,823	24,224	29,172	45,938	1,19,677	1,29,156	6	-19
Change (%)	28.7	20.4	25.3	20.8	4.1	6.4	3.9	14.3	23.6	7.9		
EBITDA	2,378	1,493	2,094	2,794	2,000	1,834	2,254	3,617	8,759	9,728	23	-8
Change (%)	64.0	21.7	34.8	15.5	-15.9	22.8	7.7	29.5	31.7	11.1		
As of % Sales	8.3	6.6	7.5	7.0	6.7	7.6	7.7	7.9	7.3	7.5	101	87
Depreciation	280	300	350	354	414	434	440	439	1,284	1,726	45	5
Interest	76	65	159	188	101	169	205	175	488	650	161	68
Other Income/JV share	239	182	80	236	147	90	88	157	737	481	-50	-38
Extra-ordinary Items	0	0	125	0	0	0	0	0	125	0		
PBT	2,260	1,311	1,665	2,488	1,632	1,322	1,697	3,160	7,724	7,834	1	-19
Tax	573	350	465	548	424	334	428	752	1,937	1,938	-5	-21
Effective Tax Rate (%)	25.3	26.7	27.9	22.0	26.0	25.3	25.2	23.8	25.1	24.7		
MI/Share of profit from JV	1	1	1	-4	1	2	1	-7	0	-2		
Reported PAT	1,688	962	1,326	1,936	1,210	990	1,270	2,401	5,912	5,894	3	-18
Change (%)	102.6	36.1	32.1	20.6	-28.4	2.9	-4.2	24.0	42.5	-0.3		
Adj PAT	1,688	962	1,232	1,936	1,210	990	1,285	2,409	5,818	5,894	3	-18
Change (%)	102.6	36.1	22.7	20.6	-28.4	2.9	4.3	24.4	40.2	1.3		

Segmental performance (INR m)

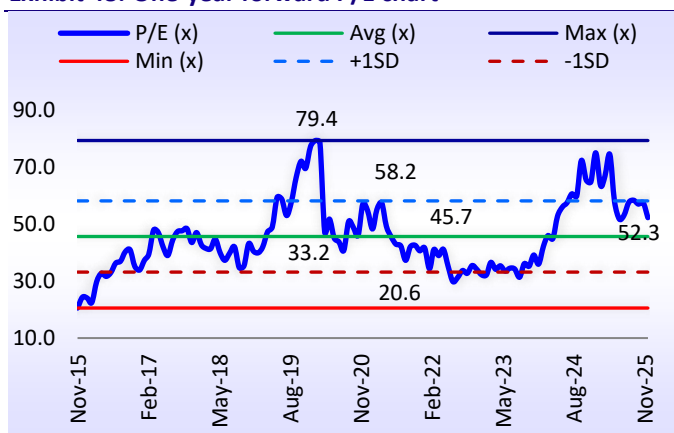
Segment wise details		FY25				FY26				FY25	FY26E	YoY (%)	QoQ (%)
Description		1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
MEP and CAC		10,390	14,284	15,624	19,682	14,125	16,642	17,968	22,668	59,980	63,715	17	18
PEIS		969	805	806	906	704	644	725	890	3,486	3,221	-20	-9
UCP		17,295	7,670	11,644	19,602	14,994	6,938	10,479	22,380	56,211	53,910	-10	-54
Total		28,654	22,760	28,074	40,190	29,823	24,224	29,172	45,938	1,19,677	1,20,845	6	-19
PBIT													
MEP and CAC		1,030	1,192	1,187	1,499	1,116	1,471	1,473	1,937	4,909	4,995	23	32
PEIS		96	52	62	88	76	62	73	95	297	277	19	-19
UCP		1,580	539	948	1,645	875	427	786	1,912	4,713	4,007	-21	-51
Total PBIT		2,707	1,783	2,197	3,232	2,067	1,960	2,332	3,943	9,919	9,279	10	-5
Segment PBIT (%)													
MEP and CAC		9.9	8.3	7.6	7.6	7.9	8.8	8.2	8.5	8.2	7.8	50	94
PEIS		9.9	6.4	7.7	9.7	10.8	9.6	10.0	10.6	8.5	8.6	317	-123
UCP		9.1	7.0	8.1	8.4	5.8	6.2	7.5	8.5	8.4	7.4	-87	32
Total PBIT (%)		9.4	7.8	7.8	8.0	6.9	8.1	8.0	8.6	8.3	7.7	26	116

Source: MOFSL, Company

Fairly valued; initiate coverage with a Neutral rating

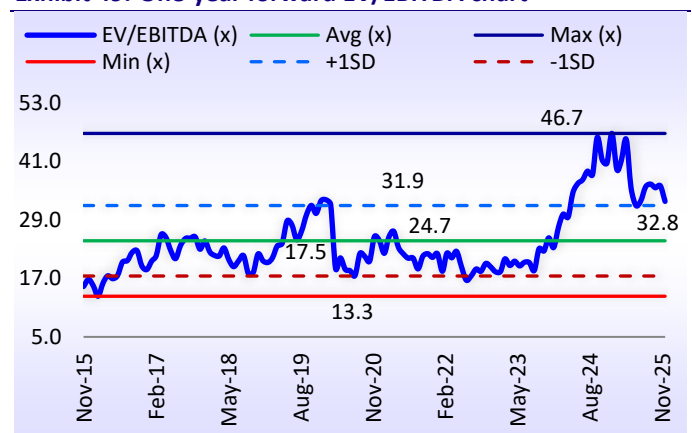
- BLSTR has been one of the best-performing stocks in the consumer durables space in recent years. Over the past three years, it has outperformed HAVL, VOLT, and BSE Sensex by 181%, 127%, and 161%, respectively. This outperformance has been driven by market share gains and profitability improvement in the UCP segment, coupled with robust underlying demand trends in the EMP and CAC segments. Strong growth in the EMP segment (revenue CAGR of ~14% over FY19-25) also contributed to margin expansion of 8.2% in FY25 vs 5.5% in FY19.
- The summer season of CY25 was not in line with expectations, and we estimate RAC volumes to decline ~8% YoY. However, management expects RAC sales to remain flat YoY in FY26E, contingent on a favorable summer outlook. We also expect BLSTR's RAC market share to rise to ~15% by FY27 vs ~14% in FY25, and EBIT margin to expand to 8.8% in FY28 vs 8.4% in FY25.
- Growth prospects in the MEP and CAC segments remain robust, supported by the government's infrastructure push, growing demand for data centers and factories, and rising commercial real estate activity across sectors like offices, malls, hospitals, and hotels. We have factored in a revenue CAGR of ~15% over FY26-28E and EBIT margin of 8.9% in FY28E vs. 8.2% in FY25 in our assumptions.
- Overall, for the company, we estimate EBITDA/profit CAGR of 23%/28% over FY26-28, driven by strong growth in the UCP, MEP, and CAC segments. We estimate EBITDA margins at 7.5%/8.0%/8.4% in FY26/27/28 vs 7.3% in FY25. RoE/ROCE is expected at ~20% (each) in FY28 vs. ~19% (each) in FY25.
- BLSTR trades at 48x/38x FY27/28E EPS (vs. an average of 46x in the last 10 years). We believe the stock is fairly priced at current levels, given the strong rerating in its valuation multiples seen in the past few years. We value the UCP segment at 50x Dec'27 EPS, the MEP and CAC segments at 40x Dec'27 EPS, and the PES segment at 25x Dec'27 EPS to arrive at our TP of INR1,950. We initiate coverage on the company with a Neutral rating.

Exhibit 48: One-year forward P/E chart



Source: MOFSL, Company

Exhibit 49: One-year forward EV/EBITDA chart



Source: MOFSL, Company

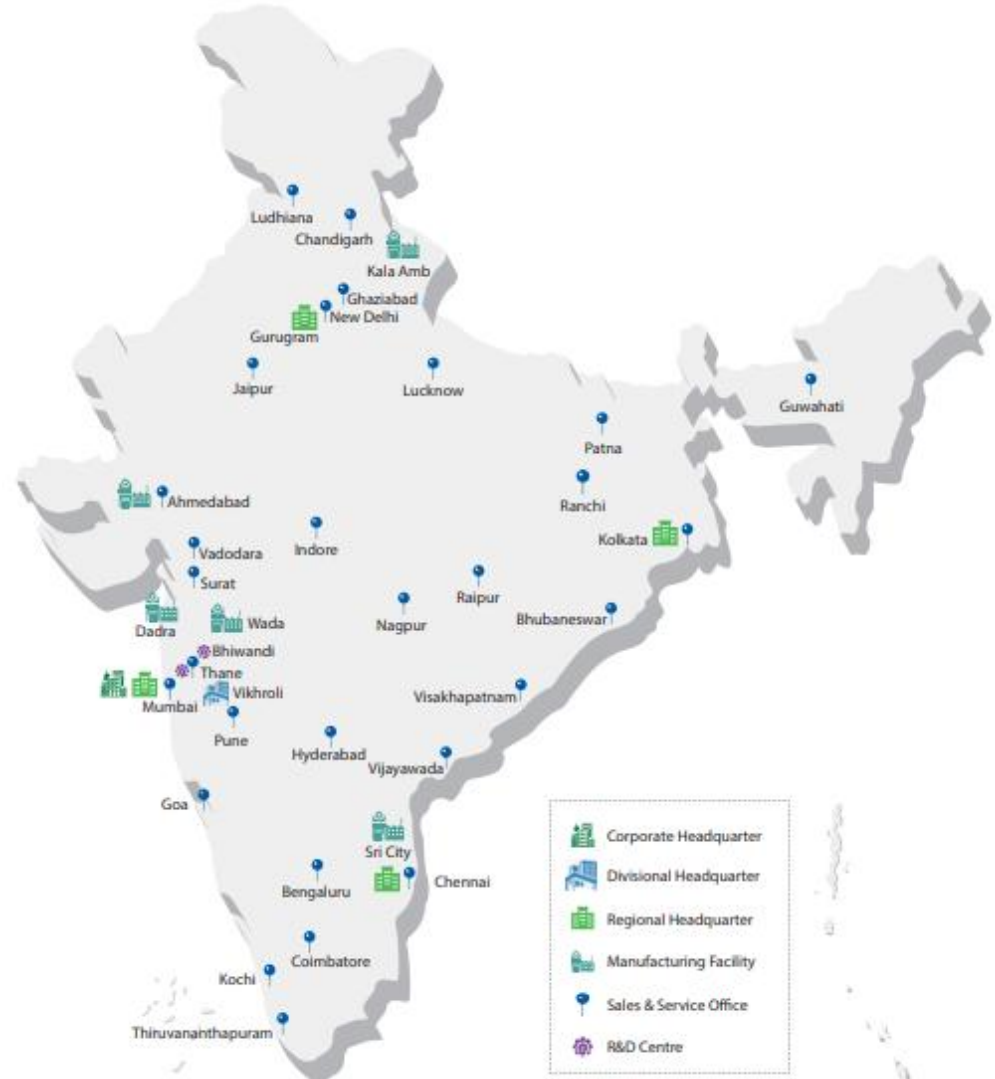
Risks and concerns

- **Seasonality Risk:** The Unitary Products segment experiences seasonal demand fluctuations. Unexpected weather patterns, such as prolonged winters, weak summers, low temperature, irregular monsoons, or any disruptions during peak summer season, can adversely affect demand for UCP products.
- **Sourcing Risk:** BLSTR sources key components such as compressors, copper tubes, electronic parts, and inverter drives from vendors in China and other countries. Any supply disruption due to geopolitical factors, non-tariff barriers, change in BEE norms, or global events restricting imports from these regions could significantly impact the company's ability to procure materials, manufacture, or sell products.
- **Competition Risk:** Several Indian and global air conditioning companies are setting up or expanding manufacturing facilities in India to leverage the country's growing market. This heightened competition may lead to intense price wars, margin contraction, and profitability challenges for the company. Furthermore, the rising influence of e-commerce platforms could drive changes in consumer purchasing patterns, reshaping the competitive landscape.
- **Regulatory and Compliance Risk:** Regulatory compliance is crucial for business operations, requiring proactive adherence to evolving norms. The company's product businesses must align with technological advancements and multiple regulations, including eco-friendly refrigerants, e-waste disposal, BEE ratings, QCO norms, and competition commission guidelines.

Company overview

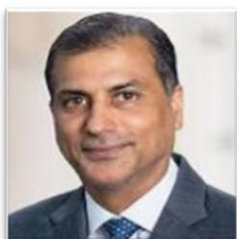
BLSTR is a leading India-based company with over 80 years of experience in air conditioning, commercial refrigeration, and MEP contracting. With a strong customer-centric approach, the company caters to the heating, cooling, and ventilation needs of residential, commercial, and corporate clients. A key differentiator lies in BLSTR's integrated business model—spanning manufacturing, EPC services, and after-sales support—enabling it to deliver end-to-end solutions and maintain control across the entire value chain. Incorporated in 1949, BLSTR has expanded from a single manufacturing plant at Dadra to seven state-of-the-art facilities across India, covering over 1.2m square ft. The company's extensive reach includes 30 offices, 4,040 channel partners with 8,000+ retail outlets, and 1,251 service associates, collectively serving customers in more than 4,100 talukas nationwide. BLSTR operates in three main business verticals: Electro-Mechanical Projects and Commercial Air Conditioning Systems, Unitary Products, and Professional Electronics and Industrial Systems. It is known for its expertise in MEP solutions for large-scale infrastructure projects, including airports, metros, and data centers.

Exhibit 50: BLSTR's geographical outreach



Source: MOFSL, Company

Key management personnel



Mr. Vir S Advani, Chairman and Managing Director

He holds a Bachelor's degree in systems engineering and economics from the University of Pennsylvania. He has also completed an executive management program at Harvard Business School. He joined BLSTR in 2007 as Vice President of Corporate Affairs and was promoted to ED in 2010. In Apr'16, he was appointed as MD and in Apr'19, he was promoted to Vice Chairman and MD. In Apr'24, he assumed the role of Chairman and MD. He currently oversees various businesses and functions, including PEIS, international operations, corporate finance, corporate human resources, information technology, and corporate planning.



Mr. B Thiagarajan, Managing Director

He holds a Bachelor's degree in electrical and electronics engineering from Madurai University. He has also completed the senior executive program from London Business School. He joined BLSTR in 1998, after having worked with reputed companies such as Larsen & Toubro, BPL Systems, and Voltas. He was promoted to the Board in 2013, appointed as Joint Managing Director in 2016, and appointed as Managing Director in Apr'19. He currently oversees the air conditioning and refrigeration (AC&R) business operations in India, including sales & marketing, manufacturing, R&D, supply chain, and customer service. His responsibilities also include overseeing corporate communications and public relations functions.



Mr. P V Rao, Executive Director – Projects, Solutions, and International

He holds a Bachelor's degree in mechanical engineering, an MBA in Marketing, and a Post Graduate Diploma in industrial relations and personnel management. He has also completed the senior executive program at London Business School. He joined BLSTR in 1985 and has been with the company for nearly four decades. During his tenure, he held various roles and was instrumental in turning around the EMP business, transforming it into a profitable segment with a distinct value proposition centered on superior project delivery. Along with the EMP business, he also oversees the central air conditioning products and services business in India. Additionally, he is leading BLSTR's expansion efforts in AC&R markets across the Middle East and Africa.



Mr. Nikhil Sohani, Group Chief Financial Officer

He is a qualified Chartered Accountant and a certified treasury and forex management professional from the Institute of Chartered Financial Analysts. He has three decades of professional experience. He is also a member of the Blue Star Group Management Committee and serves on the Board of several subsidiaries of the Group. Prior to joining BLSTR, he was Senior Vice President – Group Finance & Group Treasury at Mahindra & Mahindra, where he worked in various capacities over 28 years. He has also completed a global leadership program at the Carnegie Bosch Institute/Carnegie Mellon Tepper School of Business, US.

ESG initiatives



BLSTR has integrated Environmental, Social, and Governance (ESG) principles into its core business strategy, ensuring sustainable growth, ethical operations, and a positive societal impact. The company is committed to reducing its environmental footprint, fostering social well-being, and upholding the highest governance standards.

Environmental initiatives

- The company prioritizes environmentally friendly product designs that enhance energy efficiency. It has installed 4.7 MWp of solar power capacity at its manufacturing plants and offices, with 17% of its energy sourced from renewables.
- The Saki Naka office in Mumbai operates entirely on renewable energy, reflecting the company's commitment to clean energy adoption.
- It has implemented Zero Liquid Discharge (ZLD) systems across all manufacturing facilities to ensure no wastewater is released into the environment.
- It takes active participation in e-waste recycling, ensuring proper disposal and refurbishment of products like deep freezers.

Social initiatives

- The company is actively promoting gender diversity, with women comprising 10.6% of its managerial workforce.
- It maintains strict safety standards, with ISO 45001:2018 certification across four manufacturing facilities.
- It collaborates with NGOs and educational institutions to provide vocational training in AC&R for underprivileged youth.
- The company supports STEM learning programs, digital literacy, and Tinkering Labs to nurture future talent.
- It funds cataract surgeries, mobile healthcare units, and other medical aid programs for underserved communities.

Governance initiatives

- The company has an ESG committee led by senior executives to oversee sustainability initiatives and ensure compliance with global best practices.
- It has a balanced and diverse Board of Directors, comprising 12 Directors, including 7 Independent Directors; 3 Non-Executive Non-Independent Directors; 2 Executive Directors; and 2 Women Directors.
- BLSTR follows an Enterprise Risk Management (ERM) framework aligned with COSO 2017 standards, enabling proactive risk identification and mitigation.
- The company has a strong whistleblower mechanism in place to promote ethical conduct and transparency. It was awarded a 'Certificate of Appreciation for Excellence in Corporate Governance' by the Institute of Company Secretaries of India (ICSI).

Bull and Bear cases



Bull case

- ✓ We expect RAC volumes to flat in FY26 and ~20% in FY27/28, with the market share reaching 15.3% by FY28. We also estimate a higher revenue CAGR of ~18% for the EMP and CAC segment. This follows a strong ~23% revenue CAGR over FY22-25, driven by robust infrastructure segment growth and improving traction in commercial real estate activities.
- ✓ We also assume margins for the MEP, CAS, and UCP segments to be ~20bp higher than our current estimates.
- ✓ In our bull case assumption, EBITDA and EPS are expected to record a CAGR of 26% and 32%, respectively, over FY26-28. We value the UCP segment at 55x Dec'27 EPS, the EMP and CAC segment at 45x Dec'27 EPS, and the PES segment at 25x Dec'27 EPS in this scenario to arrive at our TP of INR2,420.



Bear case

- ✓ We expect RAC volumes to decline ~12% in FY26, followed by ~13% growth in FY27/28. We also factor in the EMP and CAC segment's revenue to post ~13% CAGR over FY26-28E.
- ✓ A lower volume CAGR in RAC may lead to contracted margin in the UCP segment, and we assume margin to be ~20bp lower than our current estimates. We also factor in a stable margin for the EMP and CAC segment.
- ✓ In our bear case assumption, EBITDA and EPS are expected to post a 18%/22% CAGR over FY26-28. We value the UCP segment at 45x Dec'27 EPS, the EMP and CAC segment at 35x Dec'27 EPS, and the PES segment at 25x Dec'27 EPS in this scenario to arrive at our TP of INR1,540.

Scenario analysis - Bull case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	119.7	132.2	155.4	187.9
Growth (%)	23.6	10.5	17.5	20.9
EBITDA (INR b)	8.8	10.2	12.6	16.3
YoY growth (%)	31.7	16.4	23.1	29.5
EBITDA Margin (%)	7.3	7.7	8.1	8.7
PAT (INR b)	5.8	6.3	8.1	10.9
EPS (INR)	28	30	39	53
P/E multiple (x)				50
Target price (INR)				2,420
Upside/ (downside) (%)				36

Source: Company, MOFSL

Scenario analysis – Bear case

	FY25	FY26E	FY27E	FY28E
Revenue (INR b)	119.7	127.9	145.9	165.7
Growth (%)	23.6	6.8	14.1	13.6
EBITDA (INR m)	8.8	9.5	11.4	13.2
YoY growth (%)	31.7	8.7	19.3	16.4
EBITDA Margin (%)	7.3	7.5	7.8	8.0
PAT (INR m)	5.8	5.7	7.2	8.5
EPS (INR)	28	28	35	41
P/E multiple (x)				40
Target price (INR)				1,540
Upside/ (downside) (%)				-13

Source: Company, MOFSL

SWOT analysis

- ❖ Strong presence in RAC, CAC, and commercial refrigeration, backed by a well-integrated manufacturing footprint.
- ❖ Extensive backward integration driving operational efficiency and ensuring superior product quality.
- ❖ Strong R&D and product innovation capabilities.

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STRENGTH



- ❖ Rising raw material prices (copper) could exert pressure on margins.
- ❖ AC is a seasonal product with high dependence on the summer season; a weak summer could adversely impact annual growth.

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WEAKNESS



- ❖ Growing disposable incomes, rapid urbanization, and climate change are expected to drive RAC demand.
- ❖ Policies like the PLI scheme and stricter BEE star ratings encourage energy efficient products, benefiting BLSTR.

O

OPPORTUNITY



- ❖ Increased competition in the cooling products business.
- ❖ Stricter energy efficiency norms, refrigerant regulations, and environmental laws may increase compliance and R&D costs.

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THREATS



Financials and valuations

Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Revenues	42,636	60,641	79,773	96,854	1,19,677	1,29,156	1,49,972	1,74,319
Change (%)	-20.5	42.2	31.6	21.4	23.6	7.9	16.1	16.2
EBITDA	2,398	3,465	4,928	6,649	8,759	9,728	12,010	14,629
YoY Growth (%)	-15.2	44.5	42.2	34.9	31.7	11.1	23.5	21.8
% of Total Revenues	5.6	5.7	6.2	6.9	7.3	7.5	8.0	8.4
Other Income	624	357	309	474	750	517	600	697
Depreciation	923	860	848	976	1,284	1,726	1,811	1,962
Interest	647	464	547	581	488	650	630	600
Exceptional Items	0	0	1,708	0	125	0	0	0
PBT	1,452	2,498	5,550	5,567	7,863	7,869	10,169	12,765
Tax	471	829	1,547	1,429	1,937	1,938	2,505	3,144
Rate (%)	32.4	33.2	27.9	25.7	24.6	24.6	24.6	24.6
Reported PAT	1,004	1,677	4,005	4,150	5,912	5,894	7,649	9,609
Change (%)	-30.0	67.1	138.8	3.6	42.5	-0.3	29.8	25.6
Adj. Consolidated PAT	1,004	1,677	2,773	4,150	5,818	5,894	7,649	9,609
Change (%)	-31.9	67.1	65.3	49.6	40.2	1.3	29.8	25.6

Balance Sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	193	193	193	411	411	411	411	411
Reserves	8,659	9,983	13,114	25,690	30,239	34,282	40,081	47,428
Net Worth	8,852	10,176	13,307	26,101	30,650	34,693	40,492	47,839
Minority Interest	27	30	32	26	26	28	30	32
Loans	4,548	4,778	5,776	1,666	1,994	4,494	3,994	3,494
Deferred Tax Liability	-475	-276	-79	-3	46	46	46	46
Capital Employed	12,952	14,708	19,035	27,790	32,715	39,260	44,561	51,411
Gross Fixed Assets	7,665	9,017	14,126	18,159	23,154	26,154	29,154	32,154
Less: Depreciation	3,829	4,689	5,537	6,513	7,797	9,523	11,334	13,296
Net Fixed Assets	3,836	4,328	8,589	11,645	15,357	16,631	17,820	18,858
Capital WIP	715	1,523	833	1,271	1,232	1,232	1,232	1,232
Investments	2,950	1,623	1,481	2,668	4,321	4,285	4,272	4,262
Goodwill	27,519	35,376	43,490	50,526	61,577	69,219	81,742	97,386
Curr. Assets	8,824	11,442	14,334	14,072	21,492	26,539	24,653	28,655
Inventory	8,110	11,897	15,488	19,526	19,594	23,000	28,762	33,431
Debtors	3,322	2,697	2,433	3,774	4,319	1,013	6,653	10,107
Cash & Bank Balance	7,263	9,340	11,235	13,155	16,172	18,666	21,675	25,194
Loans & Advances	22,068	28,143	35,358	38,320	49,771	52,107	60,505	70,328
Other current assets	16,049	20,417	25,112	26,166	34,276	35,385	41,088	47,759
Current Liab. & Prov.	6,019	7,726	10,246	12,154	15,495	16,722	19,417	22,569
Creditors	5,451	7,234	8,132	12,206	11,806	17,112	21,237	27,059
Other Liabilities	12,952	14,708	19,035	27,790	32,715	39,260	44,561	51,411
Net Current Assets	193	193	193	411	411	411	411	411
Application of Funds	8,659	9,983	13,114	25,690	30,239	34,282	40,081	47,428

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj. EPS	4.9	8.2	13.5	20.2	28.3	28.7	37.2	46.7
Cash EPS	9.4	12.3	17.6	24.9	34.5	37.1	46.0	56.3
Book Value	43.1	49.5	64.7	126.9	149.1	168.7	196.9	232.7
DPS	2.0	5.0	6.0	7.0	9.0	9.0	11.0	12.5
Payout (incl. Div. Tax.)	41.0	61.3	44.5	34.7	31.8	31.4	29.6	26.7
Valuation (x)								
P/E	364.3	218.0	131.8	88.1	62.8	62.0	47.8	38.0
Cash P/E	189.8	144.1	101.0	71.3	51.5	48.0	38.6	31.6
EV/EBITDA	71.9	50.0	35.4	54.7	41.5	37.9	30.2	24.5
EV/Sales	4.0	2.9	2.2	3.8	3.0	2.9	2.4	2.1
Price/Book Value	41.3	35.9	27.5	14.0	11.9	10.5	9.0	7.6
Dividend Yield (%)	0.1	0.3	0.3	0.4	0.5	0.5	0.6	0.7
Profitability Ratios (%)								
RoE	11.3	16.5	20.8	15.9	19.0	17.0	18.9	20.1
RoCE	10.8	13.3	16.6	16.5	18.9	16.3	18.3	19.6
RoIC	14.9	16.8	19.5	19.8	23.4	17.8	22.9	25.8
Turnover Ratios								
Debtors (Days)	69	72	71	74	60	65	70	70
Inventory (Days)	76	69	66	53	66	75	60	60
Creditors. (Days)	137	123	115	99	105	100	100	100
Asset Turnover (x)	3.3	4.1	4.2	3.5	3.7	3.3	3.4	3.4
Leverage Ratio								
Net Debt/Equity (x)	0.1	0.2	0.3	-0.1	-0.1	0.1	-0.1	-0.1

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT before EO Items	1,452	2,509	5,554	5,572	7,849	7,869	10,169	12,765
Add : Depreciation	923	860	848	976	1,284	1,726	1,811	1,962
Interest	175	261	(919)	472	80	133	30	(97)
Less : Direct Taxes Paid	(102)	(390)	(927)	(1,363)	(1,816)	(1,938)	(2,505)	(3,144)
(Inc)/Dec in WC	1,051	(2,366)	(2,124)	(2,765)	(516)	(8,612)	1,514	(2,368)
CF from Operations	3,498	874	2,432	2,892	6,881	-822	11,020	9,118
(Inc)/Dec in FA	174	(2,179)	(3,530)	(4,359)	(3,686)	(3,000)	(3,000)	(3,000)
Free Cash Flow	3,672	(1,305)	(1,097)	(1,467)	3,194	(3,822)	8,020	6,118
Investment in liquid assets	(2,569)	1,489	1,713	(887)	(954)	517	600	697
CF from Investments	(2,396)	(690)	(1,817)	(5,246)	(4,640)	(2,483)	(2,400)	(2,303)
(Inc)/Dec in Debt	(21)	217	1,132	(4,157)	432	2,500	(500)	(500)
(Inc)/Dec in Equity	-	-	-	9,834	(5)	-	-	-
Less : Interest Paid	(395)	(411)	(664)	(636)	(329)	(650)	(630)	(600)
Dividend Paid	(12)	(388)	(964)	(1,158)	(1,439)	(1,850)	(1,850)	(2,262)
Others	(291)	(243)	(264)	9,834	(281)	-	-	-
CF from Fin. Activity	(720)	(824)	(759)	13,716	(1,622)	(0)	(2,980)	(3,362)
Inc/Dec of Cash	382	(640)	(144)	11,362	619	(3,306)	5,640	3,453
Add: Beginning Balance	2,939	3,319	2,386	2,275	3,574	4,319	1,013	6,653
Closing Balance	3,322	2,680	2,243	13,637	4,193	1,013	6,653	10,107

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Abhinav Nigam - Research Analyst (Abhinav.Nigam@MotilalOswal.com)
Prashant Dey - Research Analyst (Prashant.Dey@MotilalOswal.com)

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Tushar Manuhande - Research Analyst (Tushar.Manuhande@MotilalOswal.com)
Research Analyst: Vipul Mehta (Vipul.Mehta@MotilalOswal.com) | Eshita Jain (Eshita.Jain@MotilalOswal.com)

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Sanjeev Kumar Singh - Research Analyst (Sanjeev.Singh@MotilalOswal.com)
Research Analyst: Meek Agrawal (Meek.Agrawal@MotilalOswal.com) | Adithyan Shrivastava (Adithyan.Shrivastava@MotilalOswal.com)

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Abhinav Luthra - Research Analyst (Abhinav.Luthra@MotilalOswal.com)
Tushar Kulkarni - Research Analyst (Tushar.Kulkarni@MotilalOswal.com)

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Shaping Tomorrow's Capital Markets

Research Analyst: Prashant Singh (Prashant.Singh@MotilalOswal.com) | Vigna Agrawal (Vigna.Agrawal@MotilalOswal.com)
Research Analyst: Anshul Mehta (Anshul.Mehta@MotilalOswal.com) | Shantanu Shrivastava (Shantanu.Shrivastava@MotilalOswal.com)

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Aditya Thirumal - Research Analyst (Aditya.Thirumal@MotilalOswal.com)
Research Analyst: Vigna Agrawal (Vigna.Agrawal@MotilalOswal.com) | Rajesh Khanna (Rajesh.Khanna@MotilalOswal.com)

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Research Analyst: Sanjay Kumar (Sanjay.Kumar@MotilalOswal.com) | Meek Agrawal (Meek.Agrawal@MotilalOswal.com)
Research Analyst: Nishu Singh (Nishu.Singh@MotilalOswal.com) | Anshul Mehta (Anshul.Mehta@MotilalOswal.com)

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Aditya Thirumal - Research Analyst (Aditya.Thirumal@MotilalOswal.com)
Research Analyst: Vigna Agrawal (Vigna.Agrawal@MotilalOswal.com) | Anshul Mehta (Anshul.Mehta@MotilalOswal.com)

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Sanjeev Kumar Singh - Research Analyst (Sanjeev.Singh@MotilalOswal.com)
Research Analyst: Meek Agrawal (Meek.Agrawal@MotilalOswal.com) | Adithyan Shrivastava (Adithyan.Shrivastava@MotilalOswal.com)

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Nainesh

Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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