

Retail Equity Research

Blue Star Ltd

Consumer Durables

CMP Rs. ₹ 1919
Rating: Overweight
NSE CODE: BLUESTARCO BSE CODE: 500067

Blue Star reported strong revenue growth of 23% QoQ to ₹2,807.36 Cr, recovering from the previous quarter's decline. Operating profit surged 40% QoQ to ₹208.66 Cr, supported by better cost management. Net profit rebounded 27% QoQ to ₹132.57 Cr, reflecting improved margins and higher other income.

Segment-wise, room AC sales drove growth, aided by robust consumer demand and a rising market share of 14%. Despite supply chain challenges, the company capitalized on strong seasonal demand and financing-led purchases. However, the Professional Electronics segment struggled, reporting a revenue decline.

Looking ahead, Blue Star's focus on R&D, new product launches, and expansion in international markets will be key growth levers. With improving consumer sentiment and aiming for 15% AC market share by FY25, the company is well-positioned to sustain its growth momentum while managing inflationary pressures and supply chain risks.

Company Data

Market Cap (cr)	Rs.	39,624.02
Enterprise Value (cr)	Rs.	26,052.83
Outstanding Shares (cr)		20.56
52 week high	Rs.	2,420.00
52 week low	Rs.	1,222.00
1m average volume (lacs)		6.73
Face value	Rs.	2.00

	FY22	FY23	FY24
Sales	6064.08	7977.32	9685.36
Growth(%)	42%	32%	21%
EBITDA	383.28	694.86	712.85
EBITDA Margin(%)	6.3%	8.7%	7.4%
PAT	167.71	400.46	414.95
Growth(%)	67%	139%	4%
EPS	8.7	20.8	20.2
P/E	60.4	33.2	63.1
P/B	10.0	10.0	10.0
EV/EBITDA	27.2	19.7	36.5
ROE(%)	16%	30.1%	16%
ROCE(%)	19%	30.6%	21.6%
ROIC(%)	14%	23.9%	17.7%
D/E	0.54	0.50	0.09

Blue Star posted strong Q3 FY25 results, with revenue up 25.3% YoY to ₹2,807.36 Cr and net profit rising 31.8% to ₹132.46 Cr. The order book hit ₹6,801.99 Cr, growing 12.8% YoY, while EBITDA margin stood at 7.5%.

The Electro-Mechanical & Commercial AC segment grew 32.2% YoY, driven by demand from manufacturing and retail, while the Unitary Products segment rose 21.9%, with the Room AC business gaining a 14% market share. However, the Professional Electronics & Industrial Systems segment declined 22.1%, facing challenges in Med-Tech and Data Security. Consumer finance now accounts for 35%-40% of AC sales, supporting demand.

Looking ahead, Blue Star is focusing on international expansion, new product launches, and R&D investments to strengthen its market position. The company aims for 15% market share in Room ACs by FY25, leveraging local manufacturing and supply chain integration for growth.

Key Highlights

Company Overview:

Blue Star Limited is a leading manufacturer of air purifiers, air coolers, water purifiers, cold storage, and specialty products. The company also provides turnkey MEP (Mechanical, Electrical, Plumbing, and Fire-fighting) solutions and is the largest after-sales service provider for air conditioning and commercial refrigeration products in India.

Business Segments:

Electro-Mechanical Projects (EMP): Specializing in large central air conditioning (AC) and ventilation projects, fire-fighting, water, plumbing, electrical projects, and railway electrification.

Commercial Air Conditioning: Market leader in conventional and inverter ducted AC systems and scroll chillers, ranking second in VRFs and screw chillers.

Unitary Products: A wide range including ACs, air coolers, water purifiers, and commercial refrigeration, with a retail presence in 8,800 outlets across 650+ locations.

Professional Electronics & Industrial Systems (PE&IS): Offers specialized technology solutions, engineered turnkey projects, and med-tech, data security, and industrial solutions.

Clientele:

Blue Star serves a diverse range of clients, including Nippon, Ola Electric Mobility, JCB India, Salcomp Manufacturing India, TCL India, LuLu Group, K Raheja Corp, Embassy Group, Wells Fargo, Oberoi Realty, and Yashoda Hospitals.

Global Presence:

The company exports HVACR products to 18 countries across the Middle East, Africa, SAARC, and ASEAN regions. It has joint ventures in Qatar and Malaysia and has expanded into the USA, Europe, and Japan in FY23.

Financials & Revenue Mix (FY24):

Geographical Split: India (94%), Exports (6%).

Revenue Contribution: EMP & Commercial ACs (49%), Unitary Products (47%), PE & IS (4%).

Manufacturing & R&D:

Operates 7 manufacturing facilities across HP, Dadra, Ahmedabad, and Wada, including an Industry 4.0-enabled I-Factory.

Established an Innovation Centre in Thane, funded by a ₹100 crore grant from Chairman Emeritus Mr. Ashok M Advani.

Online & Retail Expansion:

Holds a 10% market share in ACs and water purifiers in online channels.

Presence in 3,900+ towns, with 4,120 channel partners and 1,251 service associates.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	2,241.19	3,327.77	2,865.37	2,275.96	2,807.36
Growth(%)	19%	48%	-14%	-21%	23%
Expenses	2,085.84	3,085.87	2,627.54	2,126.94	2,598.70
Operating Profit	155.35	241.90	237.83	149.02	208.66
Growth(%)	27%	56%	-2%	-37%	40%
Other Income	12.77	12.74	23.85	18.51	21.24
Depreciation	23.49	28.32	28.02	29.95	34.98
Interest	10.24	12.19	7.64	6.48	15.93
Profit before tax	134.39	214.13	226.02	131.10	178.99
Tax	33.93	54.42	57.26	35.04	46.53
Net profit	100.39	160.54	168.84	96.19	132.57
Growth(%)	30%	37%	5%	-76%	27%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	5,360.19	4,263.59	6,064.08	7,977.32	9,685.36
Growth(%)	2%	-20%	42%	32%	21%
Expenses	5,077.22	4,023.78	5,716.96	7,477.59	9,016.75
Operating Profit	282.97	239.81	347.12	499.73	668.61
Growth(%)	-19%	-15%	45%	44%	34%
Other Income	40.48	64.95	36.16	195.13	44.24
Depreciation	87.99	92.29	85.98	84.78	97.61
Interest	29.47	64.72	46.40	54.70	58.08
Profit before tax	205.99	147.75	250.90	555.38	557.16
Tax	65.32	47.09	82.90	154.69	142.85
Net profit	143.25	100.35	167.71	400.46	414.95
Growth(%)	-25%	-30%	67%	139%	4%

Balance Sheet

(Rs Cr)

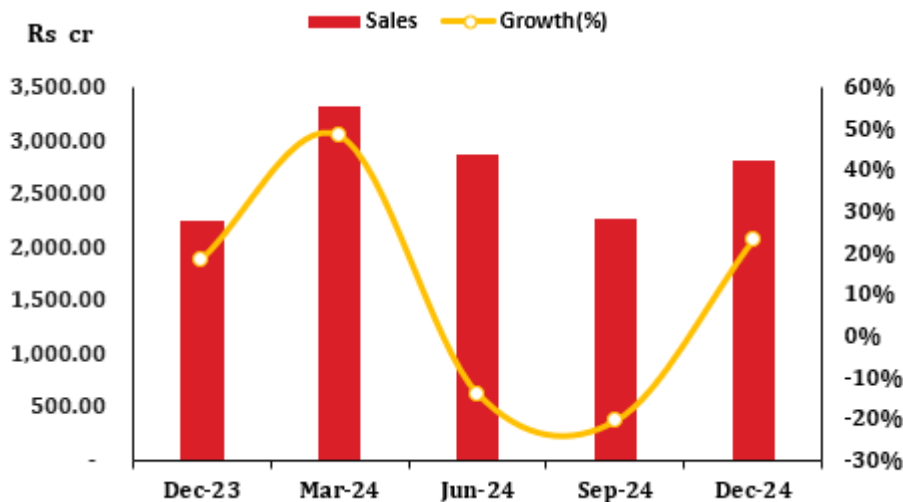
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	19.26	19.26	19.26	19.26	41.12
Reserves	763.11	865.92	998.32	1,311.39	2,568.96
Borrowings	520.16	510.13	553.70	661.95	242.93
Other Liabilities	2,136.73	2,154.14	2,741.36	3,454.64	3,758.26
Total	3,439.26	3,549.45	4,312.64	5,447.24	6,611.27
Net Block	443.79	383.56	432.80	858.89	1,164.54
Capital Work in Progress	67.36	71.53	152.29	83.32	127.06
Investments	16.87	294.97	162.34	148.10	266.80
Other Assets	2,911.24	2,799.39	3,565.21	4,356.93	5,052.87
Total	3,439.26	3,549.45	4,312.64	5,447.24	6,611.27

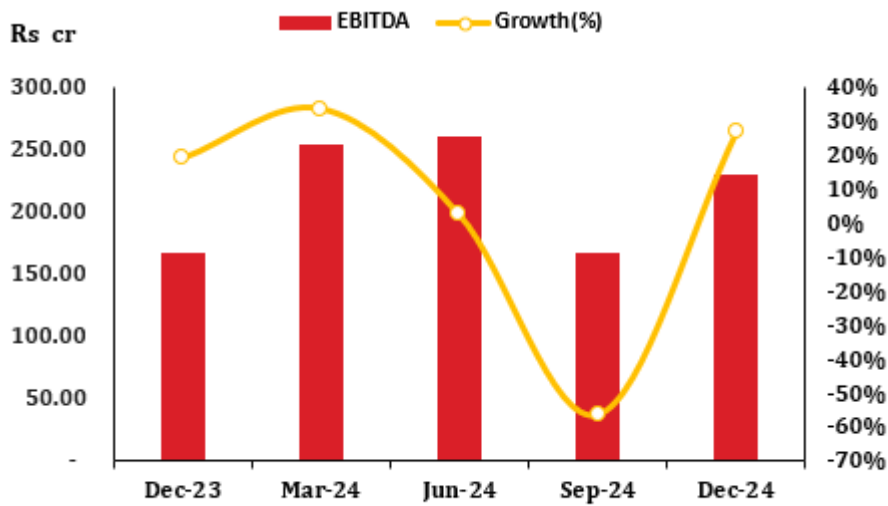
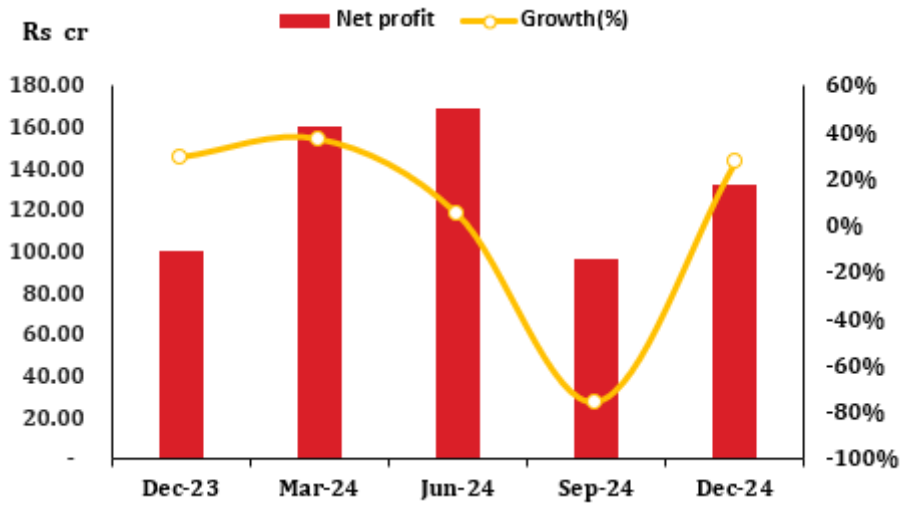
Cash Flow

(Rs Cr)

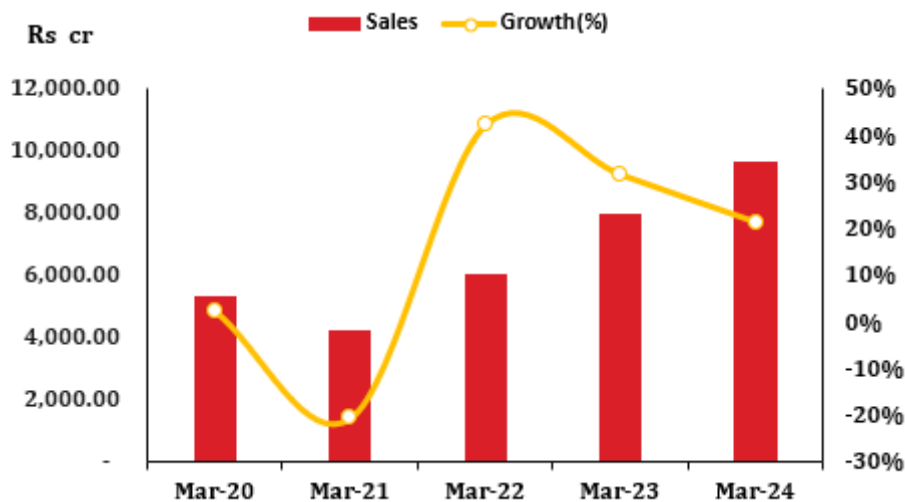
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	449.95	349.81	87.4	243.23	289.22
Cash from Investing Activity	-80.75	-238.46	-67.31	-178.45	-524.23
Cash from Financing Activity	-166.91	-69.57	-82.37	-75.94	364.83
Net Cash Flow	202.29	41.78	-62.28	-11.16	129.82

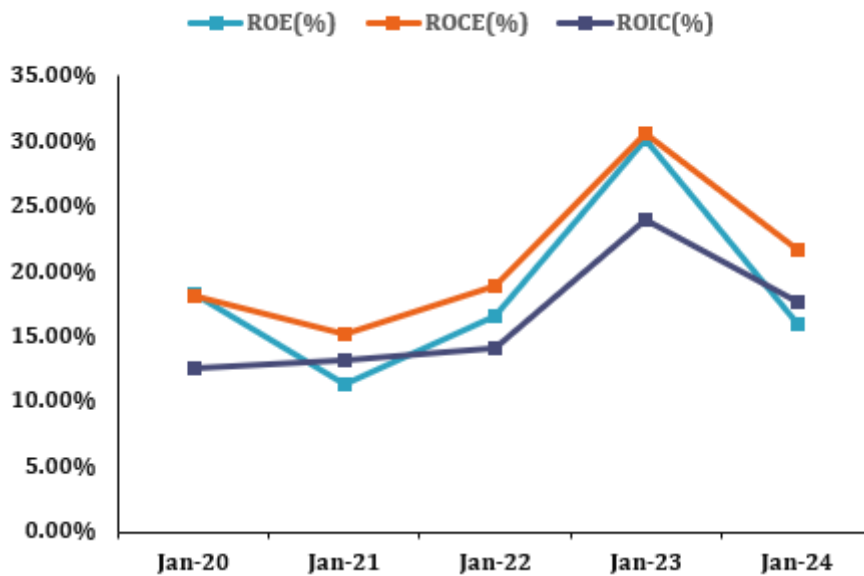
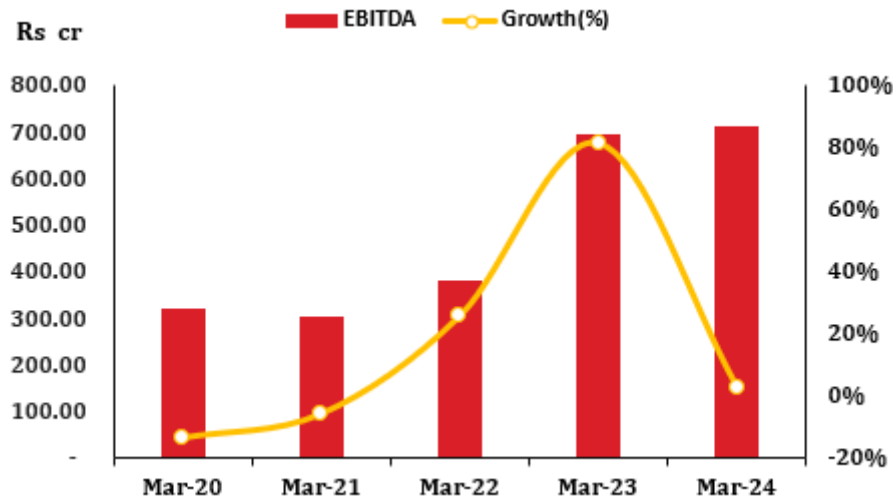
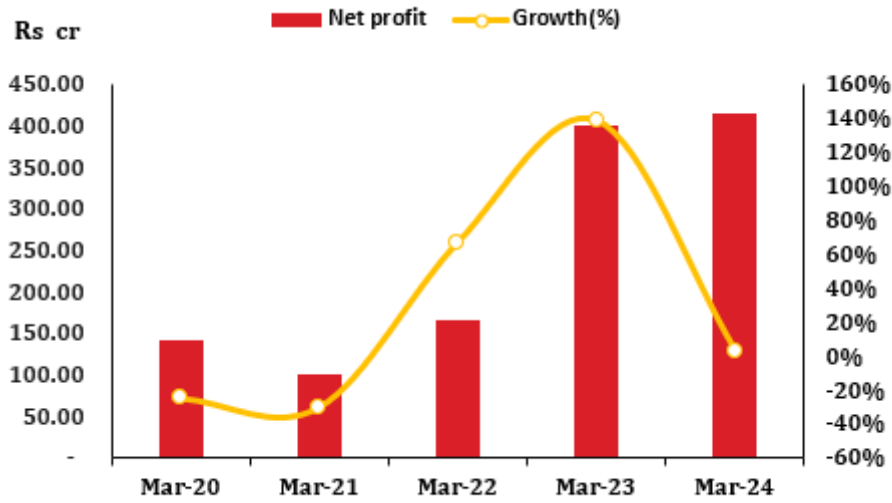
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.66	0.58	0.54	0.50	0.09
Debt/Assets	0.15	0.14	0.13	0.12	0.04
Debt/Ebitda	1.61	1.67	1.44	0.95	0.34
Debt/Capital Ratio	40%	37%	35%	33%	9%
Cash flow/Debt	0.87	0.69	0.16	0.37	1.19
Interest coverage ratio	7.99	3.28	6.41	11.15	10.59
Sales Change	2%	-20%	42%	32%	21%
Ebit Change	-21%	-10%	40%	105%	1%
Operating Leverage	-7.82	0.75	1.06	1.39	1.58
Financial Leverage	4.40	4.01	4.24	4.09	2.53

Efficiency ratios

Receivable days	57	69	72	71	74
Receivable turnover	6.40	5.26	5.10	5.15	4.96
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	6	5	5	5	6
Net Fixed assets turnover	12.08	11.12	14.01	9.29	8.32
Sales/capital employed	4.12	3.06	3.86	4.00	3.39
Total Asset Turnover	1.56	1.20	1.41	1.46	1.46

Profitability ratios

Ebitda	323.45	304.76	383.28	694.86	712.85
Ebitda margin	6%	7%	6%	9%	7%
Gross Profit	1286.42	947.39	1272.45	1703.91	2187.54
Gross Profit Margin	24%	22%	21%	21%	23%
EBIT	235.46	212.47	297.3	610.08	615.24
EBIT Margin	4%	5%	5%	8%	6%
ROE	18%	11%	16%	30%	16%
Net profit margin	3%	2%	3%	5%	4%
EPS	7.44	5.21	8.71	20.79	20.18
DU Pont ROE	18%	11%	16%	30%	16%
Net Profit Margin	3%	2%	3%	5%	4%
Sales/Total assets	1.56	1.20	1.41	1.46	1.46
Financial Leverage	4.40	4.01	4.24	4.09	2.53
DU PONT ROA	4%	3%	4%	7%	6%
Net Profit Margin	3%	2%	3%	5%	4%
Sales/Total assets	1.56	1.20	1.41	1.46	1.46

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	11%	10%	14%	15%	17%
EBIT Margin	4%	5%	5%	8%	6%
Sales/cap employed	4.12	3.06	3.86	4.00	3.39
NOPAT	160.79	144.75	199.07	440.15	457.50
Capital employed	1302.53	1395.31	1571.28	1992.6	2853.01
ROIC	12%	10%	13%	22%	16%

Valuation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Price/Earnings	30.89	89.65	60.41	33.17	63.11
Price/Book	5.66	10.16	9.96	9.98	10.03
Marketcap	4,424.60	8,996.35	10,131.34	13,281.31	26,187.27
Enterprise Value	4,650.82	9,174.32	10,415.38	13,699.97	26,052.83
EV/EBITDA	14.38	30.10	27.17	19.72	36.55

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