November 3, 2015

Blue Star

Performance Highlights

Y/E March (₹ cr)	2QFY2016	2QFY2015	% chg (yoy)	1QFY2016	% chg (qoq)
Net Sales	717	642	11.6	909	(21.1)
EBITDA	27	26	3.9	66	(58.9)
EBITDA margin (%)	3.8	4.0	(28)bp	7.2	(347)bp
PAT	7	9	(24.3)	39	(82.5)

Source: Company, Angel Research (Standalone)

Blue Star reported an in-line set of numbers for 2QFY2016, posting an 11.6% yoy increase in top-line to ₹717cr. On the operational front, net raw material cost as a percentage of sales increased by 330bp yoy to 70.2%. However, this was offset by a 102bp yoy and 199bp yoy decline in Employee and Other expenses to 8.9% and 17.1% of sales, respectively. The EBITDA margin for the quarter declined by 28bp yoy to 3.8%. On account of higher depreciation and after adjusting for exceptional items (VRS related expenses of ₹13cr), the net profit declined by 24.3% yoy to ₹7cr.

Improvement in macro scenario to support growth: The Cooling Products division has been the key performer for the company and is expected to carry the baton till the Electro Mechanical Projects and Packaged Air-conditioning Systems (EMPPAC) division recovers on the back of an expected improvement in the macro scenario. Slow order finalization and execution has impacted the EMPPAC division's performance, which however is likely to rebound as the market condition improves. The company has been brisk in adding orders after clearing out legacy orders. As for the Cooling Products business, the company has been growing at a rapid pace in the room air conditioners (RAC) segment and thereby enhancing its market share. The company expects its market share to increase to 10.5% from the current 10.0%, in the near term.

Outlook and valuation: We expect Blue Star to report a CAGR of 14.3% in its revenue over FY2015-17E to ₹4,157cr. The EBITDA margin is expected to expand by 256bp over FY2015-17E to 6.0% due to better margin orders. Consequently, the net profit is expected to be at ₹130cr in FY2017E as compared to an adjusted net profit of ₹42cr in FY2015. At the current market price, the stock is trading at EV/sales of 0.9x for FY2017E and 26.3x its FY2017 earnings. We have not accounted for the merger of Blue Star Infotech into the company as the same is subject to respective shareholders' and High Court's approval and as we await more information about the deal from the company. **Currently we have a Neutral rating on the stock.**

Key financials (Consolidated)

Y/E March (₹ cr)	FY2014	FY2015	FY2016E	FY2017E
Net Sales	2,934	3,182	3,624	4,157
% chg	0.4	8.4	13.9	14.7
Net Profit	66	42	87	130
% chg	68.3	(35.6)	104.2	50.3
EBITDA (%)	4.6	3.4	5.3	6.0
EPS (₹)	8.2	6.0	8.2	14.5
P/E (x)	51.9	80.6	39.5	26.3
P/BV (x)	7.1	7.5	7.2	6.2
RoE (%)	15.0	9.1	18.6	25.4
RoIC (%)	12.4	8.8	19.9	25.1
EV/Sales (x)	1.3	1.2	1.0	0.9
EV/EBITDA (x)	28.5	34.3	19.7	15.0

Source: Company, Angel Research; Note: CMP as of November 02, 2015

NEUTRAL

CMP	₹380
Target Price	-
Investment Period	-

Stock Info	
Sector	Cons. Durable
Market Cap (₹ cr)	3,418
Net Debt	317
Beta	0.7
52 Week High / Low	395 / 274
Avg. Daily Volume	12,053
Face Value (₹)	2
BSE Sensex	26,559
Nifty	8,051
Reuters Code	BLUS.BO
Bloomberg Code	BLSTR IN

Shareholding Pattern (%)	
Promoters	39.5
MF / Banks / Indian Fls	21.1
FII / NRIs / OCBs	6.8
Indian Public / Others	32.7

Abs.(%)	3m	1yr	3yr
Sensex	(5.5)	(4.7)	41.6
BLUESTAR	1.1	12.2	88.0

3 Year Price Chart

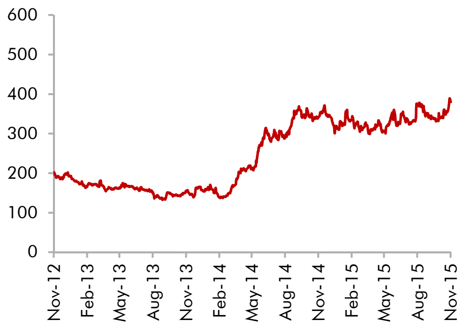

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Exhibit 1: 2QFY2016 performance highlights

Y/E March (₹ cr)	2QFY2016	2QFY2015	*yoy chg (%)*	1QFY2016	*qoq chg (%)*	1HFY16	1HFY15	*% chg*
Net Sales	717	642	*11.6*	909	*(21.1)*	1,625	1,480	*9.8*
Net raw material	503	430	*17.1*	639	*(21.3)*	1142	1014	*12.7*
(% of Sales)	*70.2*	*66.9*		*70.4*		*70.3*	*68.5*	
Staff Costs	64	64	*0.1*	61	*5.3*	125	125	*(0.1)*
(% of Sales)	*8.9*	*9.9*		*6.7*		*7.7*	*8.4*	
Other Expenses	123	123	*(0.0)*	143	*(14.1)*	266	260	*2.0*
(% of Sales)	*17.1*	*19.1*		*15.7*		*16.3*	*17.6*	
Total Expenditure	690	616	*11.9*	843	*(18.2)*	1,533	1,399	*9.6*
Operating Profit	27	26	*3.9*	66	*(58.9)*	93	81	*14.5*
OPM	*3.8*	*4.0*		*7.2*		*5.7*	*5.5*	
Interest	9	11	*(11.9)*	8	*12.3*	18	22	*(18.6)*
Depreciation	12	9	*26.4*	9	*27.4*	21	19	*11.1*
Other Income	2	3	*(29.1)*	0	*347.7*	2	4	*(45.2)*
Exceptional Item	(16)	-		-		(16)	-	
PBT	(8)	9	*(184.7)*	49	*(115.7)*	41	45	*12.6*
(% of Sales)	*(1.1)*	*1.4*		*5.4*		*2.5*	*3.1*	
Tax	(2)	0		10		8	5	
(% of PBT)	*25*	0		*20*		19	11	
Reported PAT	(6)	9	*(164.0)*	39	*(114.8)*	33	40	*(17.0)*
Extraordinary Item	13	-		-		13	0	
Adjusted PAT	7	9	*(24.3)*	39		46	40	*14.6*
PATM	*1.0*	*1.4*		*4.3*		*2.8*	*2.7*	

Source: Company, Angel Research

Exhibit 2: Actual vs. Angel Estimates

(₹ cr)	Actual	Estimate	*% Variation*
Net Sales	717	714	*0.4*
EBITDA	27	23.3	*15.7*
EBIDTA margin	*3.8*	*3.3*	*50bp*
Adjusted PAT	7	4	*53.7*

Source: Company, Angel Research

Top-line improves, margins disappoint

For 2QFY2016, Blue Star reported numbers that were broadly in line with our estimates. The standalone top-line for the quarter reported an 11.6% yoy increase to ₹717cr. This is in-line with our estimate of ₹714cr. The raw material cost as a percentage of sales increased by 330bp yoy to 70.2% but this was offset by a 102bp yoy and 199bp yoy decline in Employee and Other expenses to 8.9% and 17.1% of sales, respectively. The EBITDA margin contracted by 28bp yoy to 3.8%, but still, is higher than our estimate of 3.3%. The raw cost increased on account of i) Rupee depreciation, ii) excess RAC inventory build-up and iii) change in mix in the service business with a higher contribution from the relatively lower margin segments. On account of higher depreciation and after adjusting for exceptional items (VRS related expenses of ₹13cr), the net profit declined by 24.3% yoy to ₹7cr. Still, the net profit has come in higher than our estimate of ₹4cr.

Segment-wise performance

Exhibit 3: Segment-wise performance (Standalone)

Y/E March (₹ cr)	2QFY2016	2QFY2015	% chg (yoy)	1QFY2016	% chg (qoq)
Total Revenue					
A) EMPPAC	459	399	14.8	327	40.2
B) Cooling Products	246	206	19.1	556	(55.9)
C) PEIS	12	37	(66.0)	25	(50.7)
Total	**717**	**642**	**11.6**	**909**	**(21.1)**
Less: Inter-Segmental Rev.	-	-		-	
Net Sales	717	642	11.6	909	(21.1)
Segmental Profit					
A) EMPPAC	26	29	(9.0)	9	199.9
B) Cooling Products	14	14	(0.1)	79	(82.3)
C) PEIS	2	8	(74.4)	5	(56.4)
Segmental Margin (%)					
A) EMPPAC	5.7	7.2	(150)bp	2.7	305bp
B) Cooling Products	5.7	6.8	(110)bp	14.2	(850)bp
C) PEIS	17.2	22.8	(566)bp	19.4	(224)bp

Source: Company, Angel Research

EMPPAC margins contract: The segment's revenue (accounting for 64% of total revenue) grew by 14.8% yoy to ₹459cr in 2QFY2016. The EBIT margin witnessed a decline of 150bp yoy to 5.7% for the quarter as compared to 7.2% in 2QFY2015 on account of slow project execution, which in turn slowed down the pace of billing. There has been almost no movement in the closure of legacy jobs over the past quarter, which stood at ~₹30cr spread across 20-25 jobs.

Cooling Products segment's strong run continues: Despite 2Q traditionally tending to be a lean quarter for the segment, the segment's top-line grew by 19.1% yoy to ₹246cr. The segment once again has managed to outgrow the industry, which as per Management has grown by ~9.0% in value terms during the quarter. The EBIT margin for the quarter declined by 110bp yoy to 5.7% as negative currency movement impacted raw material cost, and lower realization owing to excess inventory buildup in the industry put pressure on the pricing.

The Cooling Products segment continues to be strong while the EMPAAC segment continues to weather the storm. The company has significantly increased its distribution network to 2,250 dealers as compared to 1,950 dealers in the same period last year to further grow its business.

Top-line disappoints but margin improves for PEIS segment: The Professional Electronics and Industrial Systems (PEIS) segment's revenue decreased by 66.6% yoy to ₹12cr. Margins for the business declined by 566bp yoy to 17.2%. However, these numbers are not comparable on a yoy basis as the PEIS business was transferred into Blue Star's wholly owned subsidiary effective April 01, 2015. There were some orders that were booked under the standalone business which the company will continue to execute. The quantum of such orders will decline, going forward as all the new orders are now being booked with the subsidiary.

Conference Call Highlights

- The EBITDA margin decline was owing to drop in gross margins across all segments mainly due to combination of negative currency movement, excess inventory buildup that put pressure on realizations, and change in business mix in the service business. The expectations are that the currency movement will be more or less stable, while the inventory issue has been resolved and the mix should also get regularized by the end of the year.
- The EMPPAC business' performance was impacted by sluggish execution along with a higher cost structure. The improvement in the top-line is on the back of the company hitting the market more proactively after being vigilant in the recent past. The recently launched inverter based VRF - IV Plus, is receiving a good response from the market. The company is planning towards introducing Inverter VRF IV + in a select export markets as well. Inverter VRFs are more profitable than any of the company's products businesses. The overall market for the EMPPAC segment is yet to revive.
- Order inflow has improved for Segment I- which has grown by 67% yoy to ₹561cr. The segment's order book stood at ₹1,55cr, representing a growth of 7% on yoy basis. The cash flow situation has improved for the market in general. The drop in interest rates should aid order inflow.
- In the Electro Mechanical Projects business, there was improvement in order inflow from select markets in segments such as healthcare, malls, power and metro. Integrated MEP gained more traction in segments like hospitality, healthcare and malls. The new business margins have returned to north of 12% with favorable terms and conditions.
- The company's market share in the RAC business has improved to 10.0%. The company is targeting a market share of 10.5% in the near term and ~12% over the next 2-3 years. Blue Star's Inverter ACs are growing faster than the market. The Management pointed that going forward, inverter ACs will account for close to 35-50% of the total RACs, citing examples of China and Japan. The share of Inverter ACs for the industry is 10% of total sales while that of Blue Star is at 15% of its total AC sales.
- PEIS - The negative currency movement impacted the budgets of its clients (institutions/government/PSUs; as they are in USD terms). With stable currency and revised budgets, the business should improve. The inquiry levels have been stronger across clients and the company expects things to return to normalcy by 4QFY2016.

Merger with Blue Star Infotech Ltd

Blue Star group entity Blue Star Infotech Ltd (BSIL) announced the sale of its IT business to Infogain Inc on September 29, 2015. As per the deal the aggregate consideration for the sale of the IT business of BSIL and its subsidiaries in UK, USA and Singapore is ₹181cr. BSIL will retain its real estate business, a certain amount of cash, and tax receivables which have a fair value of ₹97cr. Following the sale, which is subject to shareholders' approval, BSIL is proposed to be merged with Blue Star Ltd with effect from April 1, 2015. The cash and cash equivalents portion amounts to ₹25cr and the market value of the real estate property is ₹70cr which is leased out to 3rd party generating annual rental of ₹6cr. The proceeds from the BSIL IT division sale will be used to set up a factory for RACs – A) Phase One - investment of ₹75cr, work for which will start in CY2016 and be operational by end of FY2017 and Phase Two – investment of ₹75cr starting in CY2017 and will be operational by end of FY2018. B) Investment in Services business, marketing expenses and building up its international business.

As per the scheme, shareholders of BSIL will be issued equity shares in Blue Star as per the share swap ratio of 7 shares of face value of ₹2 each in Blue Star Ltd for 10 shares of face value of ₹10 each held in BSIL.

Note: We have not accounted for the merger of BSIL with Blue Star as the same is contingent upon approval from respective shareholders and the High Court. Although the top-line is expected to remain unaffected, there will be equity dilution of ~5-6% post the merger. We will incorporate the changes as further details are revealed and when the merger materializes.

Joint Venture in MEP contracting business

The company has entered into a Joint Venture in MEP contracting business with W. J. Towell & Co. LLC, Oman, by acquiring 51% stake in Oman Electro Mechanical Contracting Co LLC (OEMC), which is 100% step down subsidiary of W. J. Towell.

Joint venture entity Blue Star Oman Electro-Mechanical Company LLC will offer Mechanical, Electrical and Plumbing (MEP) contracting services in Oman. OEMC is a MEP contracting company. Blue star will take over management aspect in the JV which has an order book of ₹150cr. Blue Star intends to scale the business up to ₹500cr over the next few years. This move is more in line with the company's plan to grow the MEP business along with the products business internationally.

Investment Rationale

Improvement in macro scenario to support growth

The EMPPAC division of Blue Star contributed ~54% of total revenues in FY2015. The division mainly caters to industrial/institution clients like IT/ITeS, retail (including malls and multiplexes), healthcare, hospitality, infrastructure, etc. The order execution and finalization has remained sluggish, thereby affecting the segment. With slow recovery in various client industries and improvement in environment post interest rate cuts, we expect the segment to recover and be a key contributor to the company's overall top-line.

Quality order execution to support EBITDA margin expansion

The company continues to be selective in terms of order booking which has hurt its margins in the past. So far, the delay in execution of high-margin projects, coupled with delayed closure of low margin jobs, has resulted in snail-paced expansion of the EBITDA margin. The order book as on 30 September 2015 stands at ₹1,604cr with almost no movement in the legacy jobs over the past quarter which stood at ~₹30cr spread across 20-25 jobs. The Management is hopeful about clearing them out in 2HFY2016.

Cooling Products division to be the backbone

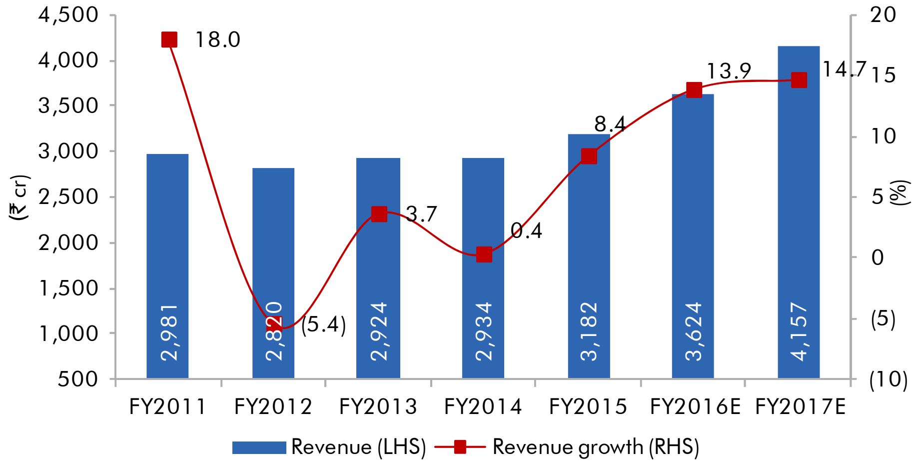
The superior performance of the division is mainly on the back of the high growth seen in the RAC segment which is growing faster than the overall RAC market. The Cooling Products segment's share as a percentage of total revenue has increased from 23.4% in FY2009 to ~42% in FY2015. We expect the division to be a key contributor as there is significant potential to capitalize on the underpenetrated RAC market in India. Blue Star can add to its current market share as it has good channel coverage and it has been selectively expanding the channel network in tier 3, 4 and 5 cities.

Financials

Improvement in revenue growth

We expect the revenue to grow gradually at 14.3% CAGR over FY2015-17E to ₹4,157cr. We believe with gradual recovery in macro-economic conditions and strong footing of its Cooling Products business, revenue would grow by 13.9% and 14.7% in FY2016E and FY2017E respectively.

Exhibit 4: Revenue growth estimates

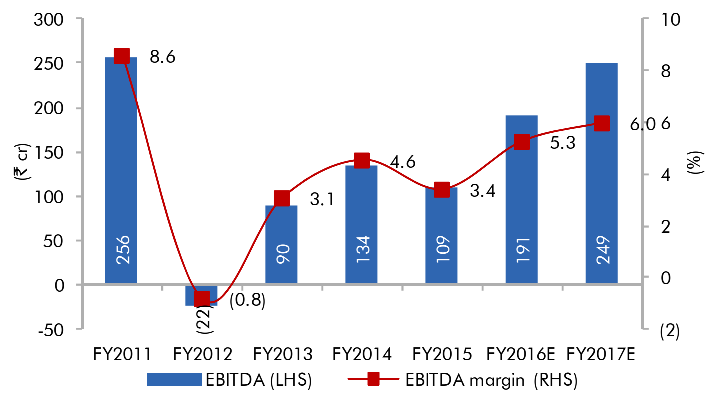


Source: Company, Angel Research

EBITDA margin to improve

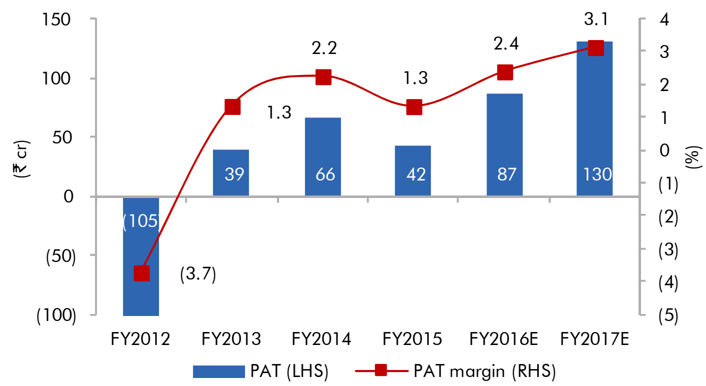
We expect the EMPPAC segment's performance to improve mainly in anticipation of a macroeconomic turnaround and with low/no margin orders coming off the books this year. We expect the EBITDA margin to improve from 3.4% in FY2015 to 5.3% in FY2016E and 6.0% in FY2017E. Consequently, the net profit is expected to be at ₹87cr in FY2016E and ₹130cr in FY2017E.

Exhibit 5: EBITDA margin to improve



Source: Company, Angel Research

Exhibit 6: PAT expected to improve



Source: Company, Angel Research

Exhibit 7: Relative valuation

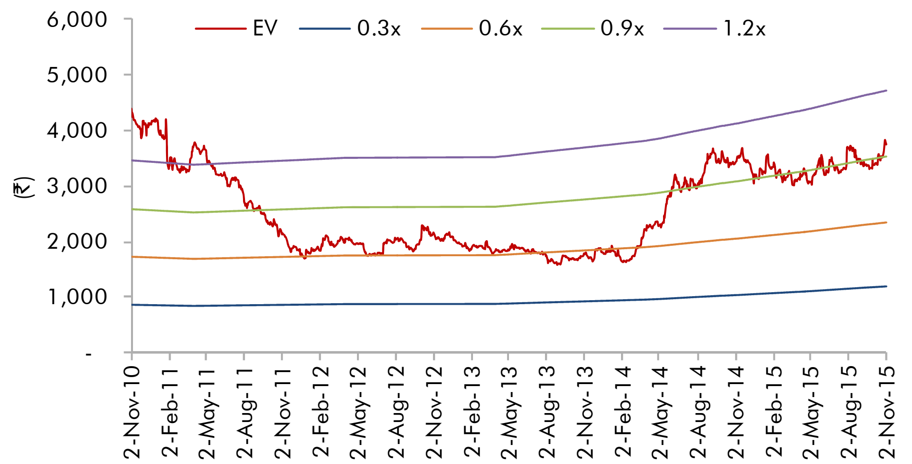
	Year end	Net Sales (₹ cr)	OPM (%)	PAT (₹ cr)	EPS (₹)	ROE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)	EV/Sales (x)
Blue Star*	FY2017E	4,157	6.0	130	14.5	25.4	26.3	6.2	15.0	0.9
Voltas	FY2017E	6,413	8.9	463	14.1	18.0	20.2	3.4	15.4	1.3

Source: Angel Research, Bloomberg

Outlook and valuation

We expect Blue Star to report a CAGR of 14.3% in its revenue over FY2015-17E to ₹4,157cr. The EBITDA margin is expected to expand by 256bp over FY2015-17E to 6.0% due to better margin orders. Consequently, the net profit is expected to be at ₹130cr in FY2017E as compared to adjusted net profit of ₹42cr in FY2015. At the current market price, the stock is trading at EV/sales of 0.9x for FY2017E and 26.3x its FY2017 earnings. Currently we have a Neutral rating on the stock.

Exhibit 8: One year forward EV/sales band



Source: Company, Angel Research

Key concerns

- Slowdown in investment cycle may impact the order inflow, thus impacting revenue. It may also force the Management to compromise on its strategy of avoiding low margin projects.
- Slowdown in consumer segments like IT/ITES, healthcare, hospitality and infrastructure is also expected to impact the company's growth.
- Foreign exchange fluctuations have a direct impact on the profit of the Cooling Products division since commercial refrigerators are imported. Further depreciation in the local currency may impact the profits of Blue Star.

Company Background

Blue Star is India's largest central air-conditioning company with a network of 32 offices, seven manufacturing facilities, over 2,000 dealers and around 2,500 employees. The company's operations could be classified under three main segments:

EMPPACS: This segment comprises central and packaged air-conditioning (involving design, engineering, manufacturing, installation, commissioning and support of large central air conditioning plants, packaged air conditioners and ducted split air conditioners) as well as electrical projects and plumbing and fire fighting projects. In addition, the company promotes after-sales service as a business, by offering several value added services in the areas of upgrades and enhancements, air management, water management, energy management and LEED consultancy for Green Buildings.

Cooling Products: Blue Star offers a wide range of contemporary window and split air conditioners. The company also manufactures and markets a comprehensive range of commercial refrigeration products and services that cater to the industrial, commercial and hospitality sectors.

PEIS: This division has been the exclusive distributor in India for many internationally renowned manufacturers of hi-tech professional electronic equipment and services, as well as industrial products and systems.

Profit and loss statement (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Gross sales	**2,924**	**2,934**	**3,182**	**3,624**	**4,157**
Less: Excise duty	-	-	-	-	-
Net Sales	2,924	2,934	3,182	3,624	4,157
Total operating income	**2,924**	**2,934**	**3,182**	**3,624**	**4,157**
% chg	*3.7*	*0.4*	*8.4*	*13.9*	*14.7*
Net Raw Materials	2,184	2,087	2,214	2,534	2,920
Personnel	230	248	267	278	306
Other	420	466	591	621	683
Total Expenditure	2,834	2,801	3,073	3,433	3,908
EBITDA	**90**	**134**	**109**	**191**	**249**
% chg	*(0.3)*	*(1.2)*	*9.7*	*11.7*	*13.8*
(% of Net Sales)	*3.1*	*4.6*	*3.4*	*5.3*	*6.0*
Depreciation& Amortisation	33	38	43	45	47
EBIT	**57**	**96**	**66**	**146**	**202**
% chg	-	*67.9*	*(31.2)*		*38.3*
(% of Net Sales)	*2.0*	*3.3*	*2.1*	*4.0*	*4.9*
Interest (incl. forex loss)	53	54	49	45	43
Other Income	36	35	31	13	15
(% of Net Sales)	*1.2*	*1.2*	*1.0*	*0.4*	*0.4*
Exceptional Items	-	-	*(5.7)*	*(15.8)*	-
PBT	**41**	**76**	**43**	**99**	**174**
% chg	-	*87.1*	*(44.0)*	*131.2*	*76.0*
Tax	3	2	(8)	25	43
(% of PBT)	*6.3*	*2.9*	*(18.5)*	*25.0*	*25.0*
PAT (reported)	**38**	**74**	**51**	**74**	**130**
Extraordinary (Expense)/Inc.	-	12	12	(13)	-
Share of Profit of Associate	1	4	4	-	-
ADJ. PAT	**39**	**66**	**42**	**87**	**130**
% chg	-	*68.3*	*(35.6)*	*104.2*	*50.3*
(% of Net Sales)	*1.3*	*2.2*	*1.3*	*2.4*	*3.1*
Basic EPS (₹)	**4.3**	**7.3**	**4.7**	**9.6**	**14.5**
Fully Diluted EPS (₹)	**4.3**	**7.3**	**4.7**	**9.6**	**14.5**
% chg	*(37.2)*	*168.3*	*64.4*	*204.2*	*150.3*

Balance sheet (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
SOURCES OF FUNDS					
Equity Share Capital	18	18	18	18	18
Pref. Share Capital	-	18	-	-	-
Reserves& Surplus	383	443	438	457	533
Shareholders' Funds	**401**	**479**	**456**	**475**	**551**
Total Loans	422	494	398	390	382
Deferred Tax Liability	(0)	(1)	(17)	(17)	(17)
Other Long Term Liabilities	5	4	6	6	6
Total Liabilities	**827**	**976**	**843**	**855**	**923**
APPLICATION OF FUNDS					
Gross Block	451	514	549	603	637
Less: Acc. Depreciation	238	269	304	349	396
Net Block	**213**	**245**	**245**	**254**	**241**
Capital Work-in-Progress	8	15	22	18	14
Goodwill	15	11	11	9	8
Investments	27	33	36	36	36
Long term Loans & adv	112	120	139	152	175
Other non-current assets	-	-	-	-	-
Current Assets	**1,785**	**1,911**	**1,704**	**1,938**	**2,238**
Cash	17	68	44	14	37
Loans & Advances	98	130	116	132	151
Inventory	510	466	479	541	615
Debtors	835	833	795	943	1,082
Other current assets	325	414	270	308	353
Current liabilities	**1,332**	**1,359**	**1,315**	**1,552**	**1,788**
Net Current Assets	**453**	**552**	**389**	**386**	**450**
Misc. Exp. not written off	-	-	-	-	-
Total Assets	**827**	**976**	**843**	**855**	**923**

Cash flow statement (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	41	76	43	99	174
Depreciation	33	38	43	45	47
Change in Working Capital	(66)	(47)	139	(27)	(42)
Other income	(36)	(35)	(31)	(13)	(15)
Direct taxes paid	(3)	(2)	(7)	(25)	(43)
Others	57	37	28	-	-
Cash Flow from Operations	**26**	**67**	**215**	**79**	**121**
(Inc.)/Dec. in Fixed Assets	(12)	(71)	(43)	(47)	(29)
(Inc.)/Dec. in Investments	0	(6)	(3)	-	-
(Inc.)/Dec. In L.T loans and adv	(35)	(8)	(20)	(13)	(22)
Other income	36	35	31	13	15
Others	(9)	62	(14)	-	-
Cash Flow from Investing	**(20)**	**11**	**(49)**	**(47)**	**(36)**
Issue of Equity	(0)	18	(18)	0	-
Inc./(Dec.) in loans	55	73	(97)	(8)	(8)
(Dec.)/Inc. in long term provision	0	(1)	2	-	-
Forex difference on cash equivalent	0	-	-	-	-
Dividend Paid (Incl. Tax)	(32)	(42)	(54)	(54)	(54)
Others	(67)	(74)	(23)	-	-
Cash Flow from Financing	**(44)**	**(26)**	**(190)**	**(62)**	**(62)**
Inc./(Dec.) in Cash	(37)	52	(24)	(30)	22
Opening Cash balances	**54**	**17**	**68**	**44**	**14**
Closing Cash balances	**17**	**68**	**44**	**14**	**37**

Key ratios

Y/E March	FY2013	FY2014	FY2015E	FY2016E	FY2017E
Valuation Ratio (x)					
P/E (on FDEPS)	87.4	51.9	80.6	39.5	26.3
P/CEPS	47.2	33.0	39.9	25.9	19.3
P/BV	8.5	7.1	7.5	7.2	6.2
Dividend yield (%)	0.8	1.1	1.3	1.3	1.3
EV/Sales	1.3	1.3	1.2	1.0	0.9
EV/EBITDA	42.0	28.5	34.3	19.7	15.0
EV / Total Assets	4.6	3.9	4.4	4.4	4.0
Per Share Data (₹)					
EPS (Basic)	4.3	7.3	4.7	9.6	14.5
EPS (fully diluted)	4.3	7.3	4.7	9.6	14.5
Cash EPS	8.1	11.5	9.5	14.7	19.7
DPS	3.0	4.0	5.0	5.0	5.0
Book Value	44.6	53.2	50.7	52.9	61.3
DuPont Analysis					
EBIT margin	2.0	3.3	2.1	4.0	4.9
Tax retention ratio	0.9	1.0	1.2	0.8	0.8
Asset turnover (x)	4.3	3.8	4.3	5.0	5.2
ROIC (Post-tax)	7.9	12.1	10.4	15.0	18.8
Cost of Debt (Post Tax)	0.1	0.1	0.2	0.1	0.1
Leverage (x)	0.8	0.9	0.8	0.7	0.6
Operating ROE	14.4	22.6	18.2	25.4	30.8
Returns (%)					
ROCE (Pre-tax)	7.2	10.6	7.2	17.2	22.7
Angel ROIC (Pre-tax)	8.4	12.4	8.8	19.9	25.1
ROE	9.8	15.0	9.1	18.6	25.4
Turnover ratios (x)					
Asset Turnover (Gross Block)	6.8	6.1	6.0	6.3	6.7
Inventory / Sales (days)	60	61	54	51	51
Receivables (days)	100	104	93	95	95
Payables (days)	171	175	159	165	167
WC cycle (ex-cash) (days)	50	57	47	36	34
Solvency ratios (x)					
Net debt to equity	0.8	0.9	0.8	0.7	0.6
Net debt to EBITDA	4.2	2.9	2.9	1.8	1.2
Interest Coverage (EBIT / Int.)	1.1	1.8	1.4	3.3	4.7

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Disclosure of Interest Statement	**Blue Star**
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

Ratings (Based on expected returns over 12 months investment period):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
		Reduce (-5% to -15%)	*Sell (< -15)*