

Thematic Call on AC Sector – Investment Buy Call

Dear Bajaj Capital Investors,

New Stocks Recommendation on 22 June 2026 – Investment BUY Call (3 months horizon)

Company Name	MCap (Cr.)	CMP - 22 June 2026	Target Price	Upside Potential (%)
PG Electroplast Ltd.	16K	568	651	15%
EPACK Durable Limited	2,400	253	287	13%
Voltas Ltd.	45K	1,354	1,515	12%
Blue Star India Ltd.	34K	1,665	1,882	13%
Virtuoso Optoelectronics Ltd (VOEPL)	1,300	416	469	13%
ICE Make Refrigeration Ltd	1,200	774	857	11%

We initiate a positive BUY view on the AC & refrigeration sector for the next 3 months, supported by the ongoing extreme summer conditions and heatwave situation across India. The prolonged rise in temperatures is driving strong consumer demand for cooling products, with air conditioners increasingly becoming an essential requirement rather than a discretionary purchase. The sector is witnessing strong seasonal momentum, higher retail demand, faster inventory movement and improved sales visibility during the peak summer period.

The domestic AC market continues to offer a strong structural growth opportunity due to low household penetration, rising disposable income, urbanisation and increasing adoption in Tier-2 and Tier-3 cities. Apart from residential AC demand, commercial refrigeration, HVAC solutions, hospitality, retail cooling and data centre requirements are providing additional growth drivers. The current demand environment is expected to support higher volumes, better capacity utilisation and improved operating leverage for manufacturers and component suppliers.

For the near term, we remain constructive on the sector as strong summer demand, premiumisation towards energy-efficient AC models and favourable consumption trends are likely to support revenue growth. However, investors should monitor short-term headwinds such as raw material inflation, higher commodity costs and potential supply chain constraints, which may impact margins and lead to cost pressures for manufacturers. Despite these near-term challenges, the sector remains attractive from a 3-month tactical perspective, supported by strong domestic demand growth and favourable long-term industry fundamentals.

Potential clients need to understand that this will not be a linear growth journey but most likely a volatile investment process. Depending on client discussions and risk appetite, stop losses could also be recommended.

Note: CMP considered as of 22 June 2026. We recommend a “Buy on Dips” strategy in the above-mentioned stocks and advise booking profits once the respective target prices are achieved.

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team