

Letter from the Chairman



Shailesh Haribhakti
Chairman of the Board

Dear Shareholder,

This letter marks my first communication to you as the Chairman of Blue Star Limited, and I am privileged to be addressing you at this momentous time when the Company is celebrating its 75-year milestone! At the outset, I express my deep gratitude to you for your continuous support over the years.

In the last quarter of FY19, Blue Star witnessed significant changes in its Board composition. After a career of 50 glorious years with the Company, Suneel M Advani retired from the Board on March 31, 2019 and was re-designated Chairman Emeritus. Consequently, I was appointed as Chairman with effect from April 1, 2019. We also inducted Rumjhum Chatterjee, Arvind Singhal and Sunaina Murthy as new Directors, and I am sure they will strengthen the Board with their rich and diverse experience.

I have been a member of Blue Star's Board since 2005, and I am honoured to be the first professional Independent Chairman of this 75-year old Company. My appointment underscores the importance that the Company's promoters accord to corporate governance and professional management.

Despite a soft summer season in FY19 combined with commodity price escalations, rupee depreciation, the NBFC crisis, and an increase in interest rates, the Company delivered an impressive performance across businesses. Blue Star outperformed the market across several categories and also continued to gain market share. Our market capitalisation crossed the coveted USD 1 billion mark! It is all the more significant and a matter of deep satisfaction that the Company had such several achievements in its Platinum Jubilee year. Rightly, the Directors recommended a dividend of ₹10.00 per equity share of ₹2.00 each for FY 2018-19 (FY 2017-18: regular dividend of ₹8.50 per equity share plus special dividend of ₹1.50 per share to commemorate the Company's Platinum Jubilee).

Letter from the Chairman

Blue Star has been a leading player in the air conditioning and refrigeration industry for decades now, and it has established itself as a significant player in the room air conditioner business. It has gained a strong position in the mechanical, electrical, plumbing, and fire-fighting arena as well. We established our engineering facility management business a few years ago, along with foraying into the water and air purification segments, subsequently making successful inroads into these competitive categories. Our international business is now spread across various countries and our goal is to enhance it even further in FY20. We are the largest AC&R service provider in the country, maintaining more than five million tonnes of equipment, and handling over one million service calls a year. Today, we are proud to say that Blue Star, a predominantly cooling-centric brand for decades, has evolved into a multi-faceted company in the last few years due to strategic expansion and related diversification initiatives.

For 25 years, manufacturing has played a key role in Blue Star's success story, with our world-class and differentiated products. Our factories are state-of-the-art and we believe in staying ahead of the curve in terms of manufacturing processes. Our Manufacturing Excellence Programme leverages high-end digital technology and appropriate automation, helping the Company to be more agile, adaptive and connected, in line with Industry 4.0. To further our commitment in this area, we deployed an 'Intelligent Factory' solution at our Dadra and Wada plants during the financial year. The Company has embarked on a Business Excellence Mission as well, and intends to apply for the prestigious Deming Prize in 3 years.

Our after-sales service operations have been a strategic priority area for the Company, backed by its strong value proposition to provide 'Gold Standard Customer Service'. We continue to invest in enhancing our service delivery infrastructure as well as making it digitally enabled.

We have always endeavoured to make this Company a great place to work and we have embarked on a series of related initiatives in order to improve employee engagement and to be recognised as a preferred employer.

Each and every Blue Starite strives to live by the Company's Credo, "I am Blue Star. I take pride in delivering a world-class customer experience."

As Suneel M Advani had recalled in one of his speeches at the Company's Platinum Jubilee celebration, Founder Mohan T Advani's idea of Blue Star was not just a business enterprise generating profits and delivering returns, but an organisation committed to sustainability, good governance, and nation building. We have been front-runners in meeting environmental standards by embracing international norms. Today, Blue Star stands in the forefront of sustainable development initiatives for mitigating ozone depletion and global warming; community development in the areas of skill building; food preservation, as well as higher education - all of which contribute towards the progress of our society and nation.

Finally, let me take this opportunity to thank all our employees for their outstanding contributions to the Company's performance. I would also like to express my gratitude to the Board of Directors, our customers, shareholders, and all other partners for supporting us in shaping this wonderful organisation that is 'Built on Trust'.

Looking ahead

While there will be macro-economic challenges, I am hopeful that India will be the fastest growing economy in the world. With its strong fundamentals, a remarkable portfolio of highly differentiated products and services, steady adoption of latest technologies and a pool of highly talented people, Blue Star will continue to grow and deliver value to its stakeholders!

I am excited about the prospects for Blue Star!

Yours sincerely,
Shailesh Haribhakti