

**Blue Star Limited**



**The Speech of the Chairman, Mr Shailesh Haribhakti,  
at the 72<sup>nd</sup> Annual General Meeting of Blue Star Limited**

**August 6, 2020**



## **Blue Star: Resilient, Reimagined, Trusted, and Built to Last**

Good afternoon, Ladies and Gentlemen!

It gives me great pleasure to welcome you all to the 72<sup>nd</sup> Annual General Meeting of Blue Star Limited.

I would have very much liked to meet and address you in person, but as you know, we are holding this meeting over a virtual platform due to the prevailing unprecedented circumstances. I would like to thank you for sparing the time to join us today from wherever you are, and for your continued faith in Blue Star and its management. I hope you and your family members are remaining healthy and staying safe.

As you know, I took charge as Chairman of the Company in April 2019. Fiscal year 2020 started off as a promising year on all fronts, as we set forth on the next phase of our journey towards the Blue Star Centennial, after celebrating our Platinum Jubilee. We were on track in terms of revenue growth, profitability, and various excellence programmes until January 2020, when the country began witnessing early signs of the pandemic. In a manner of speaking, FY20 ended abruptly, and at the same time, it became clear that the summer season as well as the rest of FY21 would be challenging periods as well.

As I speak, the infection rate continues to rise in several parts of the country, but we are learning to live and work in the changed circumstances. The advent of a

few lifesaving medicines provides welcome relief and there is hope that a vaccine will be available before the end of this calendar year. I must salute the spirit of the Government authorities, healthcare workers, police, and the public, in fighting the pandemic.

I must acknowledge the understanding and support of our numerous customers, on whose trust we continue to evolve and grow. To remind you, the credo of your company is, "I am Blue Star. I take pride in delivering a world-class customer experience", and that is what each Blue Starite strives to do. I would also like to convey my appreciation to the employees of Blue Star as well as its dealers, business associates and vendors and their families for their laudable efforts in pursuing business continuity and their ongoing and relentless efforts towards restoring normalcy. With courage and conviction, and diligence and determination, they continue to contribute, placing the Company's interests above their own. Their commitment and sacrifices will definitely be recorded in the history of your glorious Company.

### **Q1FY21 financial results**

The Board of Directors in its meeting this morning approved the Unaudited Financial Results for Q1FY21. While the consolidated revenue de-grew by 60%, the Operating Profit de-grew by 99%. Much of the crucial summer season sales were washed out with retail outlets shut under lockdown and non-essential e-commerce sales not allowed. Most project sites were not available for execution.

Things began opening up slowly, albeit with restrictions, only in the month of June. Understandably, therefore, the financial performance of Q1FY21 is impacted. Your Company delivered positive EBITDA and managed cash flows well. We had raised capital of Rs 350 crore through private placement of Non-Convertible Debentures with a tenure of 3 years for financing working capital and for repayment of existing short-term borrowings, and thus we are adequately capitalized.

The order inflow during the quarter was Rs 573 crore and the carried forward order book is valued at Rs 2919 crore. As of now, close to 75% of our dealer outlets are operational, and 50% of the project sites are active. With the good monsoon season being witnessed, I expect economic activity to improve progressively from now on. As I had stated in my letter to the shareholders, the second half of FY21 should witness revival of growth in demand.

### **Resilient, Reimagined, Trusted, and Built to Last**

Your company has been successful as an enterprise, in both the B2B and B2C segments, offering world-class products and solutions. It serves large corporates, medium-sized commercial establishments, MSMEs and residential customers.

Apart from big cities, our presence is strong in Tier 3, 4 and 5 towns too. We are a reputed player in the Middle East, SAARC and Far East. From window air conditioners to large chillers, deep freezers to large cold rooms, digital payment gateway infrastructure to sophisticated MRIs, air conditioning and ventilation

projects to electrical and plumbing contracts, we have such a wide range of products and solutions! These are the strengths that make us resilient.

Apart from adjusting to the new normal and coping with intermittent lockdowns, our focus continues to be on maintaining market leadership in our chosen areas of business, by widening our product range and deepening our penetration in conventional as well as e-commerce channels to accelerate revenue generation. Prudent capital allocation, efficient cash management and a tight cost structure shall be our top priorities.

With legendary cricketer Virat Kohli as our brand ambassador, we shall continue to invest in our brand, making it relevant to a wider audience. Our presence in digital and social media continues to grow.

We are working on a few initiatives to seize emerging opportunities for new products and services in the areas of cooling and purification. These include:

- Air conditioning products and solutions with virus deactivation filters and UV technology.
- Augmentation of fresh air through ventilation.
- Vaccine and pharma-related cold chain solutions.
- Air conditioning duct cleaning solutions.
- Alkaline water purifiers.
- Touch-free feature in products such as water coolers.

- A new range of affordable healthcare products such as MRIs and CT scanners.

It is important for us to preserve our identity and leadership as a trusted and differentiated player in both B2B and B2C segments and to pursue profitable growth with distinctly different and appropriate strategies that the respective businesses call for.

Aatmanirbhar Bharat as a concept has been the spirit of Blue Star right from its inception, and the Company has been making a wide array of products in India, for India and for the world, for over 75 years. Some of you had visited our state-of-the-art manufacturing facility in Dadra last year. We will continue to invest in R&D and manufacturing, as we undertake many more indigenisation programmes.

The Company shall leverage its existing digital assets and increase investments in this arena to maximise operational efficiency, enhance customer experience, and improve brand salience and reach. Through digital technologies such as customer analytics and robotic process automation, we are enhancing our customer engagement, tightening internal financial controls, and enhancing productivity. Data streaming, block chain and hyper localisation are the emerging tools that will define the future.

We are working closely with industry associations and policy makers, and contribute in terms of energy efficiency improvement, mitigation of ozone depletion, reduction of global warming, and e-waste management. We are ensuring the safety and wellbeing of our employees, dealers, business associates and vendors. This year, our CSR efforts are directed towards supporting COVID-19 relief measures.

I recall one of the paragraphs from my last year's AGM speech:

Quote:

*"Your company's credentials, competencies and capabilities, agility, ability to reinvent itself, supported by its committed teams and exemplary leadership, place it in a unique position to reap the benefits of India's growth. And I am privileged to be leading the exciting journey ahead."*

Unquote:

I continue to look at Blue Star with great optimism and as a company with great deal of resilience. The road ahead is full of challenges, but it is equally exciting and promising.

I wish to place on record my deep sense of gratitude to my colleagues on the Board for their counsel and support. I am thankful to Chairmen Emeriti Mr Ashok Advani and Mr Suneel Advani, the insights and advice of whom I deeply value.

I thank you once again for your continued faith in Blue Star and its management.

I wish you and your family members all the best!

Thank you!