

**The Speech of Mr Vir S Advani,
Chairman & Managing Director, Blue Star Limited,
at the 77th Annual General Meeting
held on August 6, 2025**



Ladies and Gentlemen,

Good evening!

On behalf of the Board of Directors of Blue Star Limited, it gives me great pleasure to extend a warm welcome to each one of you, to the 77th Annual General Meeting of the Company, being held virtually this year. This is my second AGM as the Chairman and Managing Director of your Company, and I deeply appreciate the faith and trust you have placed in us.

As I shared in my letter to you in the Annual Report, FY25 was a landmark year for Blue Star, during which we delivered our strongest financial and operational performance to date, surpassing the ₹10,000 crore revenue milestone and achieving record profitability.

The Company achieved outstanding growth across all its key business verticals, driven by significant operational milestones that further cemented our leadership in the industry. Notably, our Room Air Conditioners business performed exceptionally well, fuelled by an intense summer in the first half of the financial year and stocking by channel partners to tackle potential supply chain uncertainties in the latter part of the year.

The Electro-Mechanical Projects and Commercial Air Conditioning Systems business segment continued to deliver a solid performance, supported by strong demand from the manufacturing, data centre, and infrastructure sectors, while also achieving improved margins and maintaining a healthy order book.

We have made a modest beginning in expanding our international footprint with acquisition of a few customers in Europe and North America. We believe that we should be in a position to scale our exports once the international trade environment stabilises.

During the year, we continued to make strategic investments in capacity expansion, technology upgradation, and digital transformation, all while strengthening our competitive position and preparing the business for the future. We also maintained a sharp and consistent focus on business excellence, market responsiveness, supply chain efficiency and customer-centric innovation. These enabled us to end the financial year with robust momentum and an even stronger competitive position.

Q1FY26 Financial Results

Earlier today, the Board of Directors approved the financial results for the first quarter of FY26. The quarter brought with it some early challenges, particularly due to unseasonal rainfall across most of the country, which impacted the summer demand for air conditioners.

Financial highlights for Q1FY26, on a consolidated basis, are as follows: Revenue from operations for Q1FY26 grew to Rs 2,982 crores, compared to Rs 2,865 crores in Q1FY25. EBITDA (excluding other income and finance income) for Q1FY26 was Rs 200 crores (EBITDA margin 6.7% of revenue), compared to Rs 238 crores (EBITDA margin 8.3% of revenue) in Q1FY25. Net profit for Q1FY26 was Rs 121 crores, compared to a net profit of Rs 169 crores in Q1FY25. Net cash position as of June 30, 2025, stood at Rs 371 crores, as compared to a Net cash position of ₹1,043 cr as of Jun 30, 2024. The carried forward order book as of June 30, 2025, was at a record Rs 6,843 crores in comparison with Rs 6,085 crores as of June 30, 2024.

Despite this temporary setback, we remain steadfast in our focus on driving growth and building greater resilience across our businesses. We derive confidence from our strong fundamentals, including a healthy carried-forward order book, a solid balance sheet, and a well-diversified portfolio with a significant B2B segment. These driving factors place us in a good position to regain traction in the coming quarters.

Looking ahead, we are encouraged by early indicators pointing to a robust festive season. Coupled with our continued execution discipline and operational agility, we remain cautiously optimistic about the prospects for the remainder of the financial year.

The Origin Story

We celebrated 80 years of our journey in FY24 and as we march towards our centennial, I find myself reflecting on what first sparked the extraordinary legacy of Blue Star that we are all part of today. Often, it is a quiet, almost unremarkable moment that ignites a vision powerful enough to shape an entire industry.

For our founder, Mohan T Advani, or MTA as he was fondly called, that moment came in the 1930s while enduring India's scorching heat. He knew, deep down, that this tropical country needed reliable cooling for the three things that life depends upon — air, food, and water. While his father urged him towards the Indian Civil Service, MTA envisioned a different path. He joined Bombay Garage, distributors of the American Frigidaire refrigerator brand, convinced that cooling was India's future. His passion and curiosity stood out. Inspired by his determination, Bombay Garage sent him to Frigidaire's factory in England for a year of training on air conditioning and refrigeration fundamentals.

After he returned, World War II broke out, halting imports and stalling operations at Bombay Garage. In 1943, the time had come for MTA, to start his own company. The whole world would have called him crazy for thinking of starting a business at the peak of the Second World War, but history emphatically says he was anything but. He was an incurable optimist who saw mere shadows where others feared phantoms.

As Victor Hugo said, "No force on earth can stop an idea whose time has come", and MTA went on to follow his dream founding the Company on September 27, 1943. Not even a World War could stop the birth of Blue

Star. When the time came to choose a name for the fledgling company, MTA's imagination took wings. When almost everyone starting a company named it after the family or the founder, MTA wanted a name that would symbolise something far more significant. He chose 'Blue Star' to stand for the excellence and reliability he envisioned for his company. MTA believed in the positive attributes of 'blue' - clear skies, conservatism, but above all, its association with the word 'cool'. He appended the sapphire hue to 'Star', that luminous celestial body, which is a guiding light, showing the inspiring path to follow to attain certain success. The name itself would be the North Star for everything the Company did, both then and far into the future.

From early milestones to equipping some of India's first skyscrapers, to bringing in cutting-edge global technologies, Blue Star has always advanced through a philosophy of learning, adapting, and leading. This same mindset helped us grow from reconditioning old refrigerators on pavements, to developing full-scale solutions in mechanical, electrical, and plumbing systems.

Today, with world-class manufacturing across India, a strong R&D foundation, and operations in over 20 countries, we are proud to be serving both domestic and international markets. Our reputation for quality, innovation, and reliability continues to grow.

As we reflect on this journey, what stands out is not just how far we have come, but how consistently we have stayed true to the founding principles that shaped us. Through changing times and shifting landscapes, Blue Star has responded with agility, expanded with purpose, and earned the trust of generations. This legacy gives us both confidence and clarity as we step into the next chapter — one defined not only by potential, but also by responsibility.

Looking Ahead

Blue Star now stands at a pivotal juncture — not just for the Company, but for the industry and the entire nation. This period is widely acknowledged as India's decade of opportunity. It is also going to be the decade for air conditioning and refrigeration solutions to meet the emerging needs driven by core and social infrastructure development, revival of the manufacturing sector, rising disposable incomes and a more affluent middle-class consumer base. Against this backdrop, Blue Star is preparing to contribute meaningfully to the cooling needs of the nation.

Our Vision — *to dream, to strive, to care, and above all, to be the best in everything we do* — continues to guide us. Aligned with this ethos, we are making focused progress in innovation, sustainability, digital transformation, and customer-centricity. These form the core of our forward-looking agenda and are essential to our growth and resilience. At the heart of this strategy is our credo: *"I am Blue Star. I take pride in delivering a world-class customer experience."* This belief is deeply embedded within the organisation and shapes how we operate every day.

To fulfil this promise, we are sharpening our consumer insights, benchmarking against global standards, and investing in products and technologies that are energy-efficient and environmentally sustainable. Our commitment to future-readiness is reflected in our ongoing investments in research and development, where we continue to strengthen our capabilities in product innovation, design engineering, and applied technology. Our R&D efforts are focused on developing intelligent, climate-friendly solutions while widening the product portfolio to cater to evolving customer needs in India and our chosen international markets.

In parallel, we are also advancing our digital and IT capabilities to support innovation, enhance efficiency, and strengthen business agility. Investments in areas such as artificial intelligence, machine learning, IoT, and data

analytics are helping us improve forecasting, optimise operations, and deliver more personalised customer experiences.

Enhancing customer experience across every touchpoint, from product design and functionality to delivery, installation, and after-sales service, continues to be a key priority for us. We are investing in systems, processes, and talent to ensure that each interaction consistently reflects our commitment to quality, responsiveness, and care.

To meet rising demand with agility and precision, we are scaling up our manufacturing capacity and infrastructure. Supporting this expansion are our well-established systems for quality assurance, risk management, and business continuity, all benchmarked to global best practices. These frameworks enable us to operate with confidence, even in periods of uncertainty.

We are also reinforcing our ESG practices to ensure that our growth remains responsible, inclusive, and aligned with emerging regulatory and stakeholder expectations. These efforts are integral to building a future-ready and resilient organisation.

We remain equally focused on driving operational excellence and strengthening our human capital. Through leadership development, targeted skilling initiatives, and a culture rooted in ownership and accountability, we are building a future-ready workforce. While we already have the best talent in our industry, we are complementing this by bringing in senior external talent, including experienced professionals from other industries, to leverage emerging opportunities and accelerate our growth.

Over the years we have invested in growth capital, and in spite of a substantial increase in capital employed, we have consistently delivered ROCE of higher than 25%. We are committed to sustainable value creation and this is reflected in the six-fold increase in our market capitalisation over 6 years as we breached the ₹40,000 crores mark during this financial year.

To put it in perspective, an investment of ₹100 in your Company in 2019 has grown to ₹630 by March 31, 2025, delivering a compounded annual return of around 35%.

We stepped into FY26, with renewed optimism and a clear sense of purpose. With a strong foundation, an agile and forward-looking leadership team, and the continued trust of our stakeholders, we are confident in our ability to seize the opportunities ahead and create enduring value for years to come.

In Conclusion

Before I close, I wish to sincerely thank all those who shape Blue Star's journey — our customers, channel partners, business associates, and vendors for their unwavering trust and collaboration; the leadership team and every member of the Blue Star family whose commitment and passion drive our progress; and our esteemed Board of Directors, along with Mr Ashok M Advani and Mr Suneel M Advani, our Chairpersons Emeriti, whose wisdom continues to guide the Company.

Above all, I am deeply grateful to our shareholders for their enduring confidence, which inspires us to deliver sustainable growth and long-term value. Together, we look forward to a future of purpose, performance, and progress.

Thank you once again for your presence and participation today.
