The Speech of Mr Vir S Advani, Chairman & Managing Director, Blue Star Limited, at the 78th Annual General Meeting held on August 6, 2026

Ladies and Gentlemen,

Good evening!

On behalf of the Board of Directors of Blue Star Limited, I extend a warm welcome to each one of you to the 78th Annual General Meeting of your Company, being conducted virtually. Thank you for joining us.

Last year, I shared with you the story of Blue Star, its legacy, and the values that have guided us since our inception in 1943. Today, I would like to turn to the next chapter in that journey. The Indian HVAC&R industry is entering a defining phase of its evolution, creating opportunities on a scale we have not witnessed before. It is, in my view, a new paradigm for our industry. This evening, I would like to share our perspective on what this means and how your Company is preparing for it.

Before that, let me briefly comment on FY26 and the financial results for the quarter ended June 30, 2026, which the Board approved earlier today.

FY26 Business Highlights

FY26 was a challenging year shaped by multiple external factors. Despite these headwinds, your Company delivered modest financial results that exceeded market expectations.

The first half was affected by the early onset of the monsoon and an unusually mild summer, which particularly impacted the Room Air Conditioner business. However, demand recovered steadily during the second half, culminating in our highest-ever quarterly revenue in the fourth quarter. In January, we also launched a new range of Room Air Conditioners compliant with the revised BEE norms, covering every consumer segment and price point.

Our Electro-Mechanical Projects and Commercial Air Conditioning businesses delivered resilient performances, supported by growing demand from data centres and advanced manufacturing. Ducted Systems business recorded robust growth, while our VRF and Chiller businesses continued to make steady progress.

Our Custom Design and Manufacturing business for heat pump solutions in the United States and Europe also performed well despite tariff and supply chain disruptions. In contrast, our Middle East business was affected by the conflict in West Asia and will require more time to stabilise.

Within Commercial Refrigeration, muted demand from the frozen food and QSR segments kept the Deep Freezers and Cold Rooms business subdued, while the Storage Water Coolers business recorded strong growth, driven by demand from government and corporate customers.

Our Professional Electronics & Industrial Systems business also delivered a steady performance, with Industrial Solutions maintaining its growth momentum.

Q1FY27 Highlights

Earlier today, the Board approved the results for the quarter ended June 30, 2026. During the quarter, unprecedented increases in commodity prices and the depreciation of the Indian Rupee since Q3FY26 adversely affected our profitability.

Despite these challenges, Revenue from Operations grew by 13.3% to ₹3,377.92 crores. EBITDA stood at ₹174.95 crores as compared to ₹199.99 crores in Q1FY26. Profit Before Tax, before exceptional items, was ₹125.62 crores and Net Profit was ₹102.52 crores.

Our balance sheet remains strong. Net cash position stood at ₹900.25 crores at the end of the quarter, compared with ₹370.92 crores a year earlier, primarily due to lower inventory levels. The carried-forward order book also grew by 13.5% to ₹7,764.38 crores.

The Electro-Mechanical Projects business secured strong order inflows for Data Centre MEP projects, providing a healthy foundation for growth in the coming quarters. Commodity prices and exchange rates, however, remain volatile, and we will continue to balance growth with profitability across our product businesses.

Our brand continues to enjoy strong customer trust, supported by a deep dealer network and a reputation for world-class products designed for Indian conditions. We will continue investing in research and development, value engineering and product optimisation, while maintaining disciplined cost management and a strong balance sheet.

While our fundamentals remain robust, the continuing conflict in West Asia and the resulting geopolitical uncertainties warrant a measured outlook for the remainder of the financial year.

Indian HVAC&R: A New Paradigm

For much of the 83 years since Mohan T. Advani founded this Company, cooling and refrigeration in India were viewed as discretionary categories — necessary in some settings, aspirational in many others, but rarely regarded as engines of economic growth.

That has fundamentally changed.

India is today the fastest-growing HVAC&R market in the world. Traditional market segments continue to expand, while entirely new opportunities — including Data Centre Cooling and Advanced Manufacturing — are emerging at an unprecedented pace.

Residential demand is being driven by a growing aspirational middle class and first-time buyers across Tier 3, 4 and 5 towns. When one compares India's room air conditioner penetration with that of developed economies, the scale of the opportunity becomes unmistakably clear. The progress we have witnessed so far is only the beginning.

Commercial Air Conditioning is benefiting from sustained investments in manufacturing, infrastructure and data centres. Commercial Refrigeration is being supported by structural growth in organised retail, quick commerce, food processing, pharmaceuticals and India's expanding cold chain ecosystem.

This, in my view, is a golden era for our industry, and particularly for your Company, which has been at the centre of India's cooling story since 1943.

How we respond to this opportunity will define Blue Star's next phase of growth. This is not simply another growth cycle; it is a structural transformation that will reshape how cooling is designed, manufactured, distributed, serviced and experienced across India.

Building Blue Star for the Next Phase of Growth

To realise the opportunities before us, we must continue strengthening the capabilities that have differentiated Blue Star for more than eight decades.

Affordability and competitiveness

As India becomes the world's fastest-growing HVAC&R market, competition will intensify. A significant share of future demand will come from first-time buyers and consumers in smaller towns, making affordability an increasingly important competitive advantage. Our objective is to make reliable, energy-efficient cooling solutions more accessible without compromising on quality or performance.

Energy Efficiency and Sustainability

As cooling demand grows, energy efficiency will become even more critical, not only to reduce the burden on India's power infrastructure, but also to lower operating costs for consumers. We expect energy efficiency standards to become progressively more stringent.

Environmental regulations will also continue to evolve, particularly with respect to lower Global Warming Potential refrigerants, e-waste management and circular design. We have consistently remained ahead of these transitions by investing early in future-ready product platforms.

Strengthening India's Manufacturing Ecosystem

The Government of India's PLI programme for white goods, together with Quality Control Orders and BIS standards, has created a strong foundation for component localisation. A competitive domestic component ecosystem will be essential if India is to realise its potential in both domestic and export markets.

We continue to strengthen our capabilities in product design, reliability engineering, manufacturing and supply chains, while investing in world-class testing infrastructure, including the Ashok M. Advani Innovation Centre at Bhiwandi in Maharashtra. These investments position us well for the next phase of growth.

Expanding Our Reach

As growth shifts increasingly towards Tier 3, 4 and 5 towns, our distribution network must expand in tandem.

In our solutions businesses, notably Electro-Mechanical Projects and Commercial Air Conditioning, we serve customers directly through highly skilled front-end teams. In Room Air Conditioners, we work through a diverse set of trade partners, including exclusive dealers, national and regional retail chains, modern retail, e-commerce, and, increasingly, Direct-to-Consumer channels, each managed with care and mutual respect.

In parallel, we will continue investing in the Blue Star brand so that it remains relevant and aspirational for new generations of consumers. Our value proposition remains simple. We are experts in cooling, providing customers with end-to-end capabilities across design, execution and lifecycle management — from a single home to a hyperscale data centre.

Customer Service

Blue Star today services an installed base of more than four million tonnes of refrigeration and around seven million customers. This installed base is one of our greatest strategic strengths. We are investing in data analytics, predictive maintenance, modern service platforms and Artificial Intelligence to improve responsiveness and enhance the customer experience. Service excellence will remain central to strengthening customer trust and building long-term relationships.

Weather-proofing Blue Star

Many parts of our business are seasonal in nature, and FY26 was an example of how a tepid summer can adversely impact the entire financial year performance. Our response is two-fold. Domestically, we will continue to expand our footprint in B2B segments that are inherently less exposed to seasonality. Internationally, we will pursue growth with greater focus and determination.

India's expanding network of Free Trade Agreements, together with our investments in research and development and manufacturing capacity, provides a strong platform for international growth.

Our operations in Europe and the United States continue to make encouraging progress. Working with established global brands under our Contract Development and Manufacturing model, we have successfully developed several heat pump solutions and believe this business has the potential to scale by an additional USD 100 million over the next three years.

Quality and Customer Trust

As our market grows and our position strengthens, quality will remain at the heart of everything we do. It is embedded in the way we design, manufacture, install and service our products. In a market where millions of consumers are purchasing an air conditioner for the first time, quality is also the surest way to earn customer trust and build relationships that last a lifetime.

Human Capital

People remain our greatest strength.

Cooling is a science, and Blue Star has long been recognised as a leader in this discipline. As our business expands, we will continue investing in developing talent across manufacturing, project execution, engineering and research and development. Our technician training and accreditation programmes will remain central to reinforcing the expertise and professionalism that customers associate with the Blue Star brand.

Technology

Air conditioning and refrigeration systems are rapidly becoming intelligent, connected products. Advances in digital controls, IoT and Artificial Intelligence are improving energy efficiency, enhancing customer comfort and enabling predictive maintenance.

As our product portfolio, customer base and partner ecosystem continue to grow, we will make sustained investments in Artificial Intelligence, Machine Learning and Data Analytics. Our objective is not simply to adopt new technologies, but to build enduring capabilities that strengthen forecasting, inventory management, product design, customer experience, financial controls and governance.

Industry Leadership

Blue Star has always believed that leadership extends beyond business performance. Over many years, we have worked constructively with industry and Government on issues that shape the future of our sector, including energy efficiency, refrigerant transition, domestic manufacturing, research and innovation, skill development, MSME growth and e-waste management.

We will continue to contribute to these important national priorities while keeping the long-term interests of both the industry and the country at the forefront.

Reinventing Blue Star

Our credo is simple:

"I am Blue Star. I take pride in delivering a world-class customer experience."

This credo has guided generations of Bluestarites and remains the foundation on which we continue to build a stronger and more future-ready organisation.

As I conclude, I would like to leave you with one conviction.

For more than eight decades, Blue Star has repeatedly reinvented itself. From its beginnings as a repair and reconditioning workshop, to becoming India's leading air conditioning company, and today a diversified HVAC&R enterprise serving customers across India and in more than 20 countries, our journey has always been defined by the confidence to adapt, innovate and grow.

The years ahead will be another period of reinvention. In doing so, we will position Blue Star for an exciting new phase of growth as we move towards our centennial in 2043.

Closing Remarks

None of this would be possible without the trust and support of our stakeholders.

I would like to express my sincere gratitude to our customers, channel partners, business associates and vendors for their continued confidence in Blue Star.

Above all, I thank our employees, whose commitment, professionalism and pride in the Blue Star brand remain our greatest strength.

I also thank my colleagues on the Board for their wise counsel throughout the year, and our Chairpersons Emeriti, **Mr Ashok M. Advani** and **Mr Suneel M. Advani**, for the invaluable guidance we continue to receive.

Finally, I thank you, our shareholders, for your continued trust and confidence.

We remain optimistic about the future and look forward with confidence to the next chapter in Blue Star's journey.

Thank you!