

**The Speech of the Chairman, Mr Shailesh Haribhakti,  
at the 73<sup>rd</sup> Annual General Meeting of Blue Star Limited**

**August 4, 2021**



## **Blue Star**

### **- Resilient & Reinvented -**

Ladies and Gentlemen,

Good afternoon!

It is my pleasure to welcome you all to the 73<sup>rd</sup> AGM of Blue Star Limited.

When I addressed you last year, I was hoping that I would be able to meet many of you in person for this AGM. The long tail of the second wave and the possibility of a third wave indeed calls for caution. With the vaccination drive gaining momentum, let us hope that full normalcy gets restored within this year.

### **The year that was**

As I reflect on the period since the last AGM, there are 10 things that stand out clearly, as far as Blue Star is concerned:

1. The Company bounced back quickly, adjusted to new realities, reorganised its operations, and gained market share in every line of business.
2. Many programmes were launched to enhance competitiveness and build new capabilities to enable the Company to grow faster than the market and improve profitability.
3. The Management had set itself aggressive goals and delivered a record performance in Q4FY21.

4. The Company managed cash flows exceptionally well and secured the balance sheet.
5. Keeping in mind the need to prepare the Company for the new post-pandemic world, an ambitious 3-year strategic plan has been formulated and is being implemented.
6. A rigorous Enterprise Risk Management mechanism, which includes a Business Continuity Plan is helping the Company to manage the uncertain and volatile market environment.
7. The Company aligned its CSR programmes to COVID relief measures and undertook several projects such as medical assistance and digital education for underprivileged children.
8. COVID protocols practiced were best-in-class, and by providing personal protection to our employees, dealers, and business associates, we could assure customers safety.
9. Employee morale was high, and filled with enthusiasm, a sense of challenge and responsibility, they displayed and continue to display resilience and a great sense of optimism.
10. As in the past, the Company reinvented itself once again and has emerged stronger, and success in such trying circumstances has led to a higher level of confidence.

## **Q1FY22 financial results**

Earlier today, the Board met and approved the results for Q1FY22.

The great momentum gained in Q4FY21 was to propel us in Q1FY22 and the rest of FY22. The sudden and unfortunate onset of the second wave of the pandemic has been a setback. While the Company has performed exceedingly well in the first quarter compared with the previous year, it fell short of its original plan.

Financial highlights for the quarter ended June 30, 2021, on a consolidated basis, are summarised below:

- Revenue from operations for Q1FY22 grew 68.1% to Rs 1052.04 crores, compared to Rs 626.02 crores in Q1FY21.
- EBIDTA (excluding other income and finance income) for Q1FY22 was Rs 42.23 crores (EBITDA margin 4% of revenue), compared to Rs 1.36 crores (EBITDA margin 0.2% of revenue) in Q1FY21 due to higher scale.
- Net profit for Q1FY22 was Rs 12.69 crores, compared to a net loss of Rs 19.66 crores in Q1FY21.
- Net borrowing as on June 30, 2021, declined to Rs 68.47 crores, compared to a net borrowing of Rs 428.53 crores as of June 30, 2020, despite short-term challenges to the operating cash flows during the quarter.

## **Shaping the future**

Economies across the globe are booming, and I believe that India will be amongst one of the fastest growing economies. Given the fact that

businesses are investing in their expansion plans and consumer sentiments are encouraging, the prospects for Blue Star for the rest of the fiscal year are positive.

I hold the view that the vaccination drive will gain momentum in the second half of this fiscal year and help the country to control the next wave of the pandemic, if any, without any significant lockdown restrictions or business interruption. At the same time, it is important for all of us- businesses as well as consumers- to ensure that we follow COVID appropriate behavior and get our employees, dealers, business associates, their family members and the communities close to our establishments vaccinated. I am pleased to inform that all the employees of Blue Star, have received at least one dose of the vaccine.

Michael Porter, the famous Management Guru, once said, "Good leaders need a positive agenda, not just an agenda of dealing with crisis." We have successfully dealt with the crisis, and it is time for us to move forward with an aggressive growth agenda, which will entail the following:

- Scale up revenue by addressing the market opportunities offered by the growing and aspirational middle class and MSMEs in the areas of Air Conditioning and Refrigeration, with our new range of products and solutions, and improving profitability by enhancing our competitiveness.
- Expand our global footprint by leveraging our leadership in Commercial Air Conditioning and Refrigeration.

- Further strengthen our R&D and product innovation capabilities, not only for India, but also for international markets.
- Invest in best-in-class, Industry 4.0 manufacturing facilities in Wada for Deep Freezers and Sri City for Room Air Conditioners.
- Continue to invest in digital technologies and remain ahead of the curve.
- Build on our human capital and create a leadership and talent pipeline for supporting our growth plans.

Blue Star's orientation to the ESG Framework will be evident from the Integrated Report, Business Responsibility Report and Management Discussions & Analysis sections of the Annual Report for 2020-21. In pursuing our growth ambitions, as in the past, Blue Star shall remain committed to environmental and social obligations, and continue to be regarded as a well-governed enterprise.

Before I conclude, I would also like to thank the members of the Board and the Chairmen Emeriti for their vision, and the experience and creative perspectives they bring to Blue Star. I would like to place on record my great sense of appreciation to the employees, dealers, and business associates of Blue Star for the continued perseverance and commitment that they demonstrate, and the hard work that they put in every day with a sense of purpose and pride. And last, but not least, I would like to thank you, our shareholders, for continuing to support us, in good times, and in difficult ones.

Let us hope that the pandemic will be behind us soon, and we will have the opportunity to meet again face to face.

My best wishes to you all!