

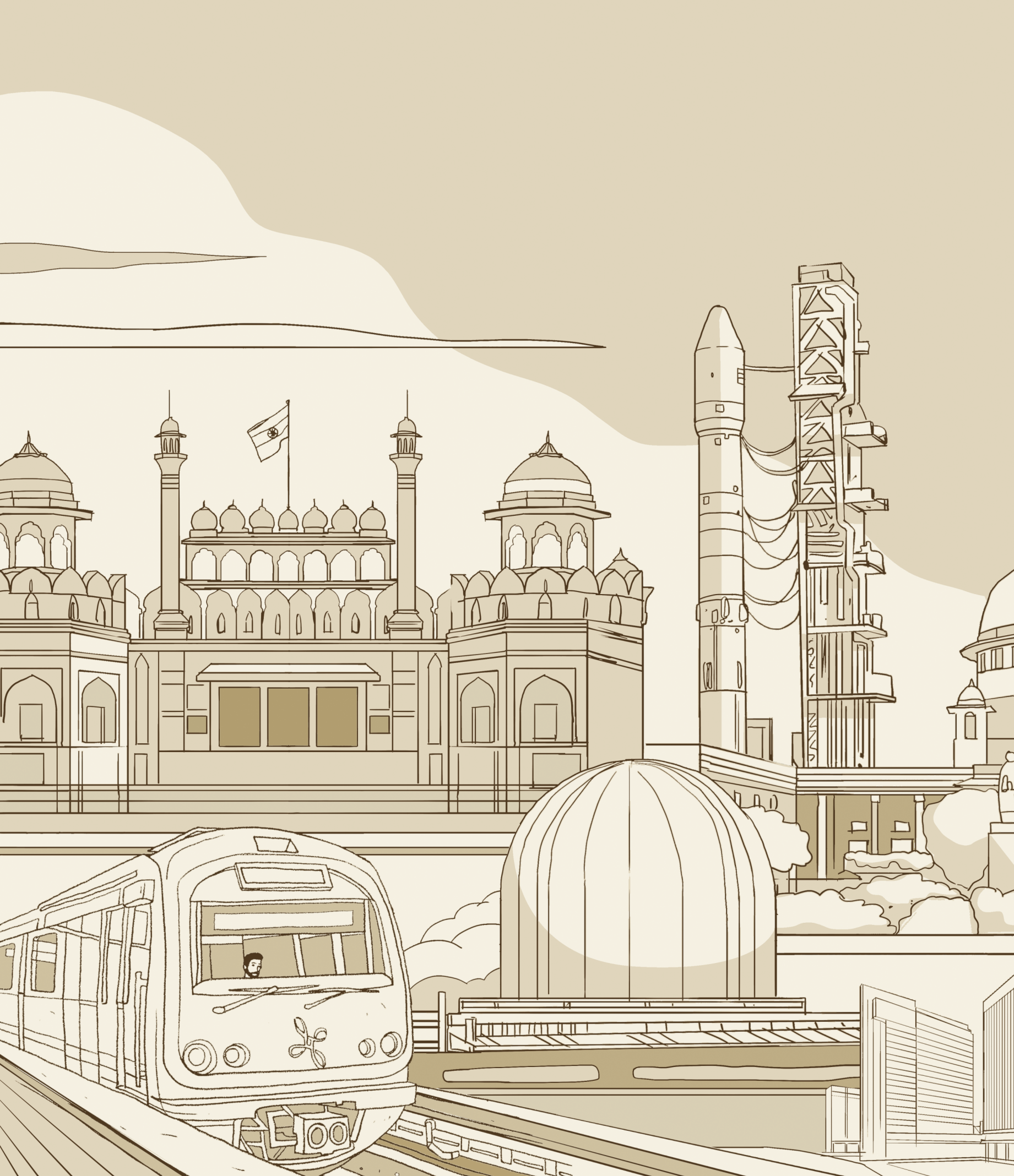


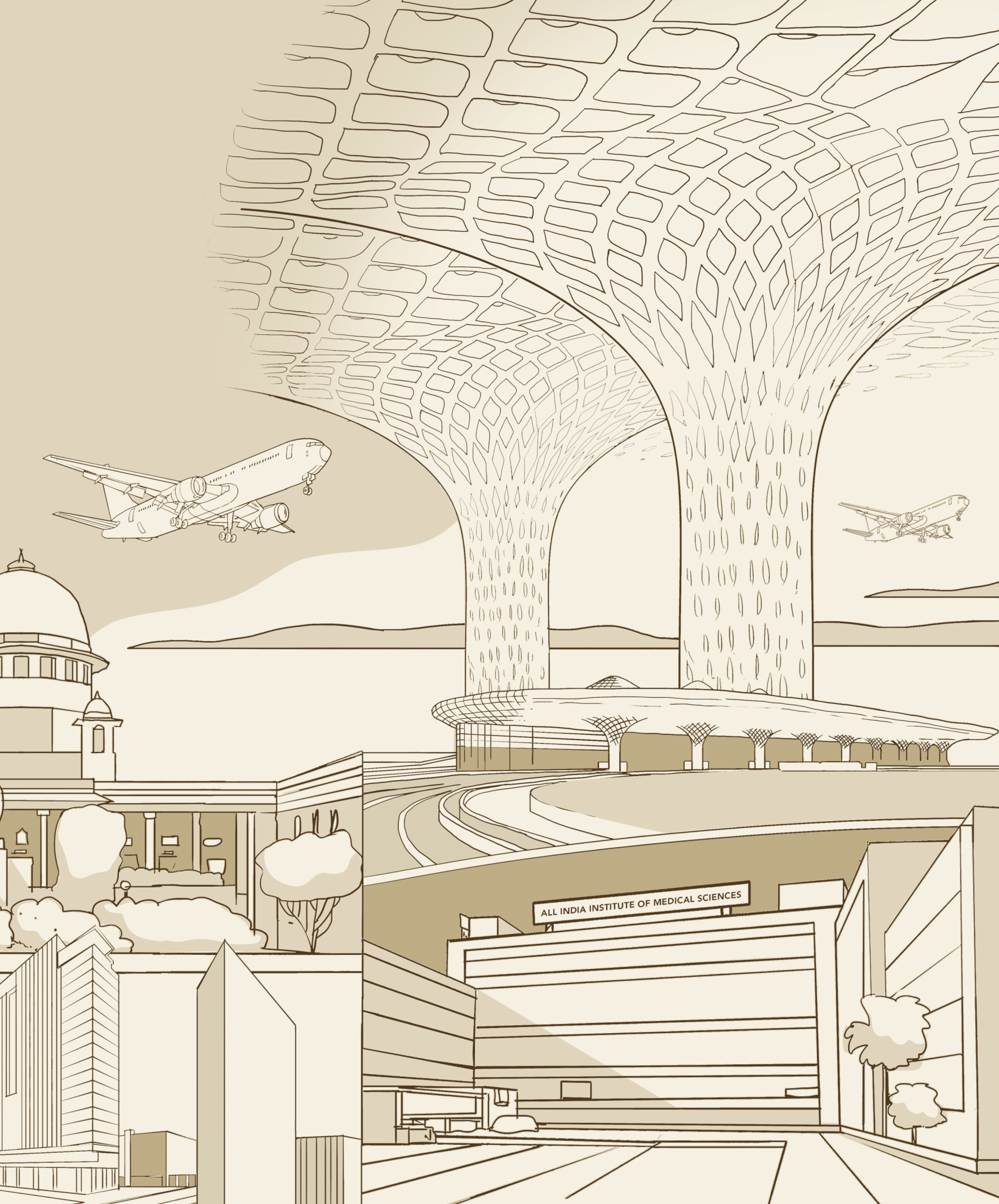
# Reach for the Stars

The Story of Blue Star Limited

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Menka Shivdasani





ALL INDIA INSTITUTE OF MEDICAL SCIENCES



# Reach for the Stars

The Story of Blue Star Limited



Platinum Jubilee Edition

Menka Shivdasani

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“

*A man's lifework must make  
a contribution that  
reaches for the stars  
– beyond himself  
and far into the future.*



MOHAN T ADVANI  
1912 – 1974

”

For Mohan T Advani, no horizon was too vast, no turbulence too daunting, and like the sea, his ambition was limitless. At Marine Drive in Bombay, the city of his dreams, circa 1962.

## FOREWORD

# 75 and Going Strong



### A Legacy Built On Trust

Seventy-five years is a long time in the history of a Company which began with little more than a dream in a war-torn world. Blue Star started up in British India, when World War II was at its peak, and in the almost fifty years that we have been actively involved with this Company, we have seen India go through many dramatic changes. We have lived through all kinds of crises, from Partition in the 1940s, to liberalisation in the 1990s, and demonetisation recently. We have built a legacy which has endured the tests of time, and today stands strong with great ballast and resilience. And what continued to pave our way over the decades? It was our courage of conviction, talented people, a strong value system, a sense of integrity, and a willingness to work hard. These were the qualities that the founder, Mohan T Advani, wove into the DNA of the Company, and they continue to be an integral part of our fabric today.

While the Advani family has been intrinsically involved in the management of the Company from its inception, the expertise of several talented professionals also contributed tremendously in building a solid, respected organisation through the decades. If today we are among only 40 odd corporates on the Indian Stock Exchanges with annual revenues of over Rs 4,000 crores that have completed 75 years, we believe it is because of this steadfast adherence to putting professionalism first.

The year 2017 was a sad one for Blue Star, as we lost two of the last stalwarts who built the Company in its initial days – Gulab Ramchandani and Ram Malani – leaving only Raj Seth of the original generation, who is still with us in Delhi.

We have built a culture of working together as one cohesive unit. Paramount to our success is the trust that we have earned over decades of our existence from our stakeholders. Today, at 75, Blue Star is a preferred employer, the brand of choice for customers, and a stock that resonates with investors. Recent surveys of shareholders, customers and employees provide a gratifying image of Blue Star today: a business with a clearly articulated vision, and a management driven by ambition, integrity, and values. Overall, an organisation you can trust, is what they say.

The Company has always been committed to the maximisation of three fundamental goals: employee pride, customer satisfaction and shareholder value. While excelling at this trinity of inter-related goals, we have endeavoured to encourage transparency, care and reliability in our conduct and commitments, thereby fostering high-trust based relationships with all stakeholders. ‘Trust’ has been the building block of our robust foundation and growth, enabling us to sustain our leadership position and giving us a place in the league of the most reliable corporate entities; almost one-third of corporate and commercial India has a Blue Star product installed in its premises. As markets mature and products get commoditised, it is this trust that will continue to play a significant role in ensuring our future success.



### Being Future-Ready And Staying Relevant

Today, as we expand in new directions and across various geographies, Blue Star is a market leader in the air conditioning and refrigeration space in India. Our deep understanding of the industries and markets that we serve has helped us to respond quickly to dynamic challenges in the economy and market place. We strive to embrace and rapidly integrate new practices and the latest technologies into our products, services and processes. We would like to believe that Blue Star is always future-ready, that over the generations we have been able to remain relevant to our target group, and that it is this perpetual effort to stay relevant that has ensured our success.

### Striding Into The Future

As we take our first steps from our Platinum Jubilee toward our centenary, we have ambitious growth plans. We are confident that our business philosophy and business model, which are as strong and solid as the products we manufacture, combined with the vigour and agility of our fresh leadership, will lead our way into the future.

We would like to thank our customers, business associates and channel partners (our extended arm) for reposing their faith in us over the years, and our large army of loyal and committed employees who rise to the occasion every time Blue Star is faced with challenges. We sincerely and gratefully acknowledge the unstinted support and wise counsel provided by our colleagues on the Board. We would like to thank them all for their continuing support over all these 75 years. This is a Company that they have all helped us build and we look forward to serving all our stakeholders for many more years.

*Ashok M. Advani*

ASHOK M ADVANI

*Suneel M. Advani*

SUNEEL M ADVANI

# Origins



**F**or Mohan T Advani, hard work and success always went together; the family in which he grew up took both for granted and the older generation led by example.

Mohan was the fourth of six children, born on November 11, 1912, in Hyderabad, Sind, in pre-partition India. His father, Tolasing Advani and his mother, Guli (née Jhangiani), belonged to a prominent family of advocates in the Sindhi Amil community. Four children were born in Hyderabad (Sind), and Gobind and Devi in Karachi. Bhagsing was the eldest, born in 1909; Ruki in 1910, Jotu in 1911, Mohan in 1912, Devi in 1923, and then four years later, Gobind was born.

Mohan and his siblings grew up in a traditional household, and Tolasing chose careers for them all. Bhagsing (Bhagu), the eldest brother, was to be an engineer, and Jotu a lawyer. Mohan, who ranked first in the University of Sind matriculation exam and was their father's favourite, was expected to join the coveted Indian Civil Service (ICS). The two sisters, Ruki and Devi, were to earn college degrees. His father decided to send Mohan to Fergusson College at Poona, which conducted a twelve-month training course for the ICS exam. However, he was disappointed to find that his son had no interest in this; instead, Mohan jumped at the opportunity to join Bombay Garage, which had the Frigidaire refrigerator agency, and was looking for someone they could send to train in London for a year.

As a result, Mohan T Advani became one of the few air conditioning and refrigeration professionals in India, at a time when the industry was still developing. It was this expertise and his entrepreneurial spirit that set the foundation for Blue Star, which has grown to be an industry leader today.



**ABOVE LEFT**

Tolasing Advani, a prominent lawyer in Karachi and his wife Guli



**ABOVE RIGHT**

A family photo, Mohan Advani, holding elder son, Ashok is on extreme right. Also seen are his mother Guli, sisters Rukhiya and Devi, daughter Suneeta, Jotu and his wife, Mithi, Bhagu, his son Hiroo, daughter Anju and wife Parpati, Gobind and G N Vaswani, an early employee, circa 1943



**TOP LEFT**

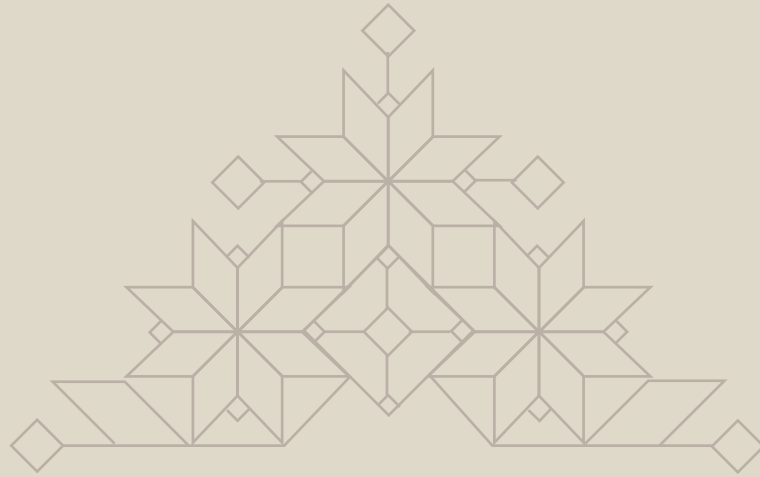
Mohan T Advani with Ashok and Suneel at Bishop Cotton School, Shimla

**TOP RIGHT**

Suneel, Suneeta and Ashok pose for a formal family photograph before departing for further studies at MIT and Harvard, 1964. "Nehru's nation-building policies ordained that for my generation of young men, engineering was the field to pursue," states Ashok. "It was my father's dream that both Suneel and I should go to MIT in the USA. Goaded by him, and possessed of good fortune, both of us fulfilled his dream! After that I went on to Harvard for an MBA, and Suneel returned to Bombay to pursue legal studies. By the time Suneel and I completed our education, we had six college degrees between us and a father who strutted around like a proud peacock!"

**LEFT**

Ashok and Suneel share a light moment with their mother, Padmi

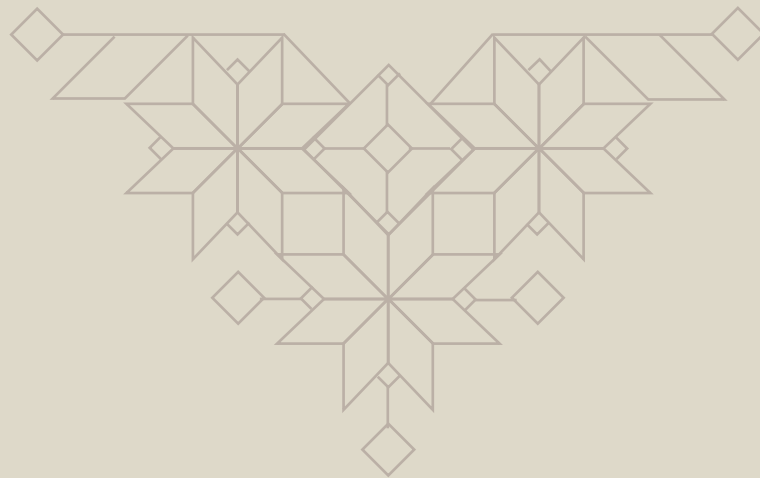


# Blue Star Through the Decades



Speaking of Blue Star's growth, Mohan T Advani once said: *"In the first ten years we set ourselves up and became viable. Next, we devoted our resources and energies to diversifying and expanding the product lines we handled."* Always, the main emphases were on engineering, on industrial products and on air conditioning. These core businesses continue even today, even as they have adapted to changing times. The growth strategy today, as Suneel M Advani, Chairman, says, is *"expanding the core through related diversification"*.

*Here is a quick glance at Blue Star over the last 75 years.*





**ABOVE**

Mohan T Advani (MTA)

**BELOW**

Blue Star staff with MTA at the centre in front of the Forbes Street office – the Company's first official address where ice-candy machines and bottle coolers were manufactured by hand, circa 1948

# 1943–53

**M**ohan T Advani, risk-taker and adventurer, launches Blue Star when World War II is at its peak, on a shoestring budget and with just two people, initially engaged in the repair and reconditioning of air conditioners and refrigeration equipment.

As the War ends, he travels the world looking for opportunities, forging partnerships with leading global names for AC&R products, technical know-how as well as product technologies.

In 1952, Blue Star acquires an office on lease in the newly-constructed landmark structure, Kasturi Buildings, situated in the prime locality of Churchgate.

Ram D Malani (RDM) and B T Advani (BTA) join Blue Star in 1946 and 1949 respectively.



# 1953–1963



## ABOVE

MTA cutting a cake along with Padmi Advani, BTA and others to mark the 20<sup>th</sup> anniversary celebration of Blue Star

## BELOW

From left to right- Gulab Ramchandni, B T Advani, Mohan T Advani and Ram D Malani with Germans from GDR at a training programme on business machines held at Mumbai, circa 1962

This decade begins with an economic recession and moves on to the self-defeating government policies of socialism and the notorious licence-permit Raj. Air conditioners are identified as luxury goods, and excise duty is raised to a whopping 125%. Blue Star reacts with strategic diversification, and looks overseas for high-technology engineering equipment for distribution in India.

Agency lines are signed up with Honeywell, Perkin-Elmer and manufacturers in the GDR (formerly East Germany). Meanwhile, the air conditioning business continues to grow, and in 1955, Blue Star successfully executes its largest comfort air conditioning installation of the time at Industry House – Bombay headquarters of the Birla Group of Industries. A year later, Blue Star embarks on the manufacture of packaged air conditioners.





# 1963–1973



By its Silver Jubilee in 1968, Blue Star is well established as a leading firm in the fields of air conditioning and refrigeration. The Company has made a name for itself in the Middle East as an exporter of cooling products.

The Company is listed on the Bombay Stock Exchange in 1969. As the Company evolves, funds are required for further expansion. By the 1960s, the Company has diversified its activities into distribution of foreign manufacturers' high-technology equipment, most importantly Hewlett-Packard, and continues its geographic expansion within India. New offices open up, and MTA travels extensively, not only to the bigger branches at Delhi, Calcutta and Madras, but also to smaller towns like Baroda, Bangalore and Jamshedpur to set up branch offices. Ashok M Advani and Suneel M Advani join the Company in 1969.

In the 1960s, the Company also develops engineering expertise in systems design and erection of central air conditioning projects, including all three of the first skyscrapers in the emerging business district of Nariman Point, Bombay.

In January 1970, on a visit to Ahmedabad for the inauguration of a Blue Star office, MTA suffers a myocardial infarction, which considerably damages his heart muscles. Three months later, his elder brother BTA also has a heart attack, leaving RDM to bear the entire burden of top management. Fortunately, BTA recovers within a few months. MTA's enthusiasm, despite his health problems, remains undimmed, as he continues to be involved in forging new business partnerships, primarily the all-important distribution agreement with Hewlett-Packard.



#### TOP

Shanmukhananda Fine Arts and Sangeetha Sabha Hall, a prestigious air conditioning project executed by Blue Star, 1964

#### ABOVE LEFT

Prospectus to the IPO, July 1969

#### ABOVE RIGHT

AMA and SMA join Blue Star in 1969

# 1973–1983

A time of consolidation. On the 30<sup>th</sup> anniversary, in September 1973, MTA says: “I think we have excellent prospects. I foresee tremendous growth. In the next five years, we’re likely to grow as much as we have in the last thirty.” MTA does not live to see this growth; he is just 61 years old when he passes away on February 14, 1974, after a fatal fall at home. His elder brother, BTA takes over the reins, and when he retires in 1979, Ram Malani, becomes Chairman and Chief Executive.

A major event during Ram Malani’s tenure as Chairman and Chief Executive is the inauguration of Blue Star’s Plant at Bharuch in Gujarat on December 8, 1980. The factory is set up for the manufacture of water coolers, deep freezers and bottle coolers.



**ABOVE**  
Padmi Advani in front of MTA's portrait

**RIGHT**  
Inauguration of the Bharuch factory, 1980



# 1983–1993



**ABOVE**

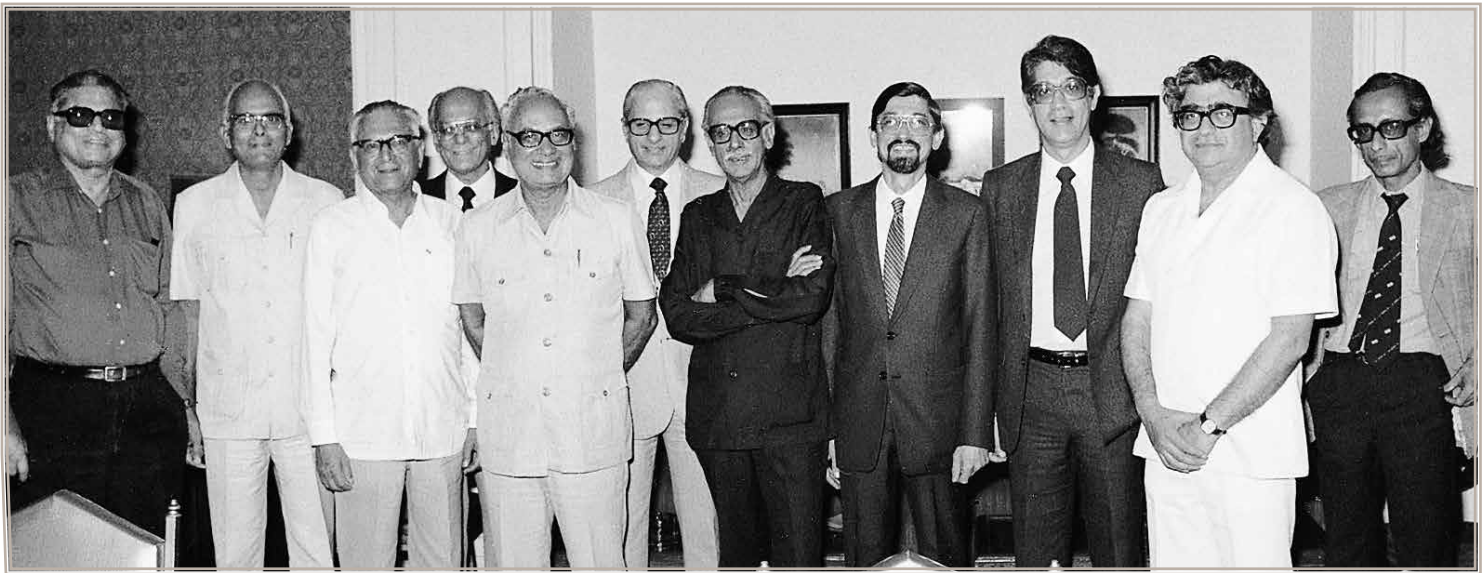
Blue Star's 40<sup>th</sup> anniversary celebration

**BELOW**

AMA and SMA take over as Chairman and Vice Chairman from RDM at a Board Meeting, 1984

In 1984, Ram Malani retires, and MTA's sons, AMA and SMA, take over the reins in a smooth transition. It is still the era of License Raj, and growth opportunities come only through diversification in all directions, which often proves to be risky and unprofitable. Manufacturing of chillers and related equipment starts at Thane in 1985, in technical collaboration with York International and Mitsubishi. Technology upgradation and manufacturing in the air conditioning business comes into its own in the 1980s. Three major joint ventures with Yokogawa in 1987, and Motorola and Hewlett-Packard in 1989 are set up.

Blue Star constantly looks to expand its business. The appliances division, in particular, becomes very entrepreneurial. Blue Star takes on all-India distribution for an array of products by other manufacturers, including gas stoves, cooking ranges, television sets, light fittings and digital watches. Some succeed whilst others fail, but all of them provide valuable opportunities for managers to hone their entrepreneurial skills.



# 1993–2003

Liberalisation and globalisation create new opportunities, but also fresh challenges. As Blue Star celebrates its Golden Jubilee in 1993, it decides to shed unviable businesses, 'stay lean and mean' and 'stick to the knitting' by getting back to its core competence areas of air conditioning and refrigeration, focusing on cooling the three things life depends upon – air, food and water.

The emphasis is on building a lean organisation by downsizing, enhancing productivity, and improving technology and quality.

During this time, while many businesses shut shop or sell out to multinationals, unable to cope with the hyper-competition arising from the 1991 liberalisation of the economy, Blue Star backs itself to win against international competition.

Blue Star, which had forayed into export of software development services in the 1980s – a business that had matured in the 1990s – launches Blue Star Infotech Ltd in 2000, with subsidiaries in the USA and UK.



#### TOP

Blue Star's Golden Jubilee Celebration in Delhi. Left to Right: Raj Seth, Suneel and his wife Nargis, and Bal Malhotra.

#### ABOVE

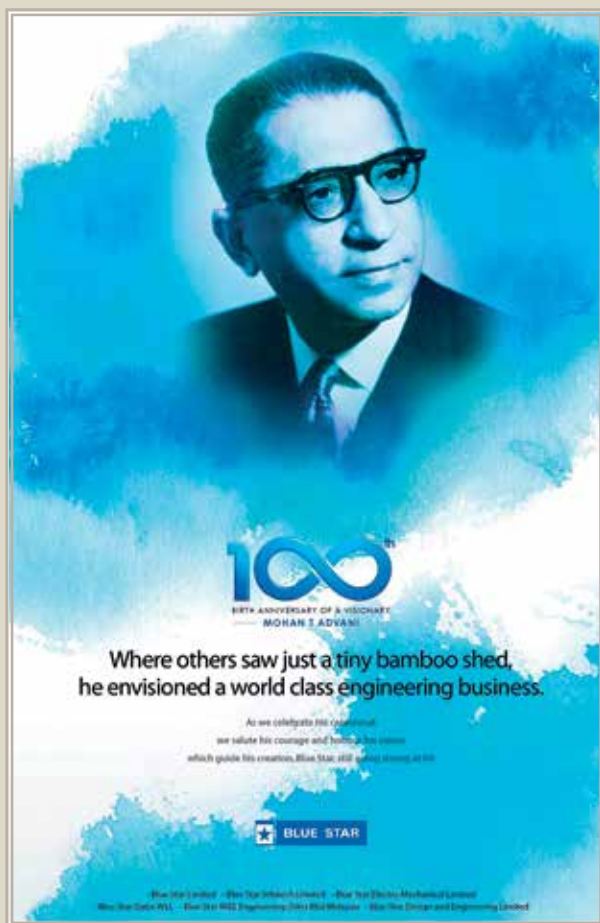
SMA laying down the foundation stone at Dadra factory, circa 1996

#### RIGHT

SMA inaugurates Corporate Office of Blue Star Infotech Limited in March 2001



# 2003–2013



The first half of this period is characterised by steep growth in the central air conditioning business.

Two new factories in Himachal Pradesh and one in Wada are mobilised for the growing production base of the Company. The 2008 global meltdown affects Blue Star too, and profitability falls. The Projects business goes into decline as the commercial construction industry becomes muted. In 2009, Satish Jamdar takes over as Managing Director and leads Blue Star into becoming a major modern manufacturing company.

Two new acquisitions – Naseer Electricals and D S Gupta Plumbing – take place to fortify Blue Star's strength in the electrical, plumbing and fire-fighting contracting arena.

The decision to enter the residential air conditioner segment puts brand-building and advertising into sharp focus in a highly competitive market. With disposable incomes on the rise, middle-class aspirations growing and easy finance options available, this market holds exciting, new possibilities.



TOP LEFT

AMA addressing shareholders at the Company's AGM, 2003

LEFT

Print ad released on MTA's birth centennial, 2012

ABOVE

A print ad of 2011, when Blue Star launched its residential air conditioners

# 2013–2018 AND BEYOND

Under a new management headed by Vir and BTN, the Company moves towards its Platinum Jubilee, with ambitious plans for the future. The Company broadens its air conditioning and contracting business to become an end-to-end Mechanical, Electrical, Plumbing and Fire-Fighting (MEP) player, and to become a leader, not just in the corporate and commercial air conditioning segments, but also in the residential market. The dealer network is expanded and its product range is broadened. The products array is enhanced through the inclusion of water purifiers, air coolers, and air purifiers.

The Company exports its products to 19 countries across the Middle East, Africa, SAARC and ASEAN regions. It enters into Engineering Facility Management (EFM) which covers a wide repertoire of operating and maintenance services. In 2015, the Professional Electronics and Industrial Systems business is spun off to a new subsidiary named Blue Star Engineering & Electronics. In 2017, the Company sets up a wholly-owned subsidiary, Blue Star International FZCO, in Dubai Airport Freezone, UAE, to consolidate its international business under one management team. In 2016, Ashok retires from the Board and hands over the Chairman's reign to Suneel. 2018 witnesses the launch of a new logo which provides the brand with a refreshing, modern personality. Blue Star has built its legacy on trust, with its internal as well as external stakeholders, which is aptly reflected in its new tagline of 'Built on Trust'. The Company, with an expansive global footprint, has an annual revenue of over Rs 4,600 crores, a network of 32 offices, 5 modern manufacturing facilities, 2800 employees, and a robust network of over 5000 channel partners.

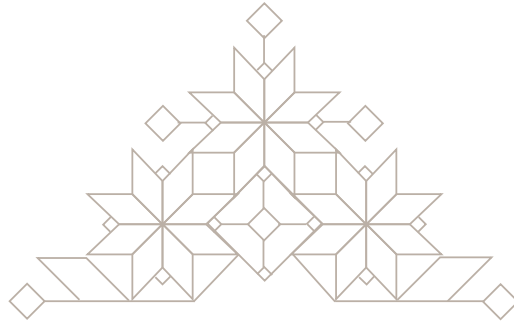
#### BELOW RIGHT

AMA and SMA garlanding the portrait of MTA and opening the celebrations for the Platinum Jubilee Year

#### BELOW LEFT

Vir and BTN with SMA at the bust of MTA





# Blue Star Today

- Blue Star operates across the entire value chain as a Manufacturer, EPC contractor, System Integrator and After Sales - Service Provider.
- The Company manufactures a plethora of products from room air conditioners to large chillers, and from water coolers to cold storages. Very few companies in the world can claim such a wide offering.
- Blue Star was the first to introduce energy-efficient scroll compressors in India.
- It is the largest MEP contractor in the country.
- The organisation is the first Indian manufacturer of Inverter VRF Systems and Inverter Drives for room air conditioners.
- Blue Star was the first to introduce super-efficient Turbocor chillers in India, which work on magnetic bearings and use oil-free technology.
- Blue Star is the largest Indian player in commercial refrigeration.
- The Company strives to launch products which sets global benchmarks. Some examples are the Inverter VRF System which works non-stop at 53°C, and Water Purifiers with Immuno Boost Technology which enhances alkaline balance and provides anti-oxidants.
- Blue Star is the first Indian company to have implemented the ERP system across Manufacturing, Marketing, Contracting and Service in 2009.
- The Company is ahead of the curve in terms of digital enterprise initiatives, covering embedded technologies in products, field apps and processes. It is the first in the industry to introduce remote monitoring of close to 600 chillers, and a wi-fi enabled mobile app named 'Blue Star Comfort Companion' for room ACs for on-off, temperature setting, sleep curve optimisation, and monthly budget control.
- It is the first Indian company to have secured certifications from the National Environmental Balancing Bureau (NEBB), USA for testing and balancing of chilled water systems, and from National Air Duct Cleaners Association (NADCA), USA for duct cleaning.
- Blue Star has the largest number of Indian Green Building Council Accredited Professionals in India.
- The Company is India's largest player in Non-Destructive Testing solutions.
- Blue Star has introduced robots and cobots in manufacturing.
- Blue Star has an Academy for Technical & Functional Excellence and one for Leadership Development, which uses blended learning methodology, comprising self-learning, guided learning, classroom learning and e-learning resources.
- The Company maintains over 5 million tonnes of air conditioning and commercial refrigeration systems.
- It has the biggest 24x7 call centre in the country, and has handled 1.1 million calls in 2017.



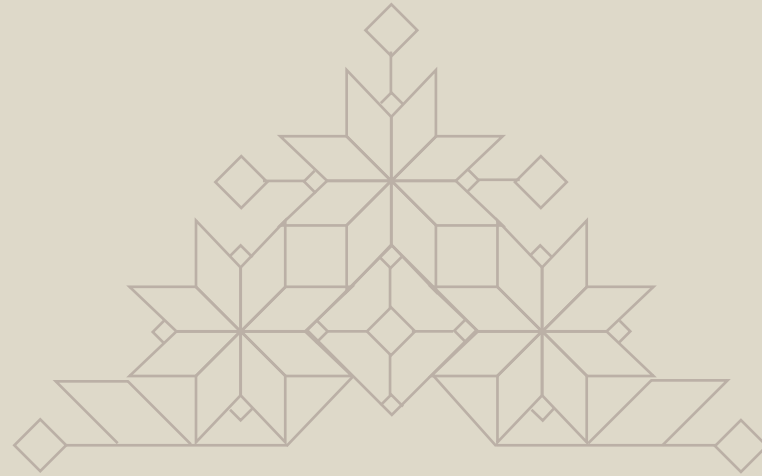
Air India, Express Towers and Oberoi - Sheraton buildings at Nariman Point, Mumbai, air conditioned by Blue Star





The  
Foundation



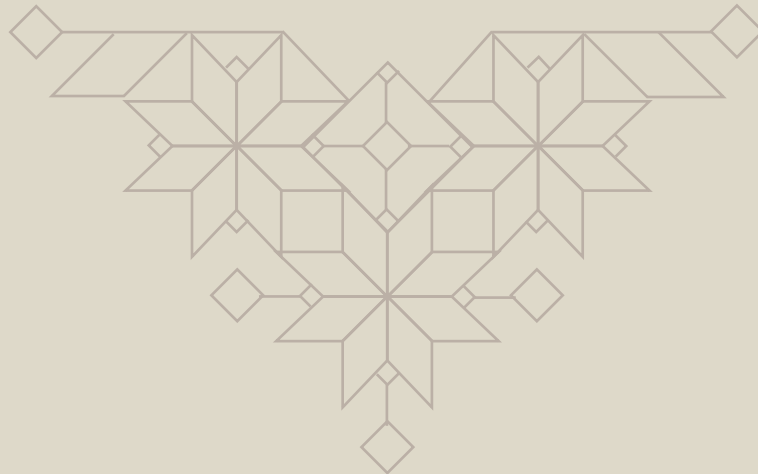


# 1

## A Star is Born

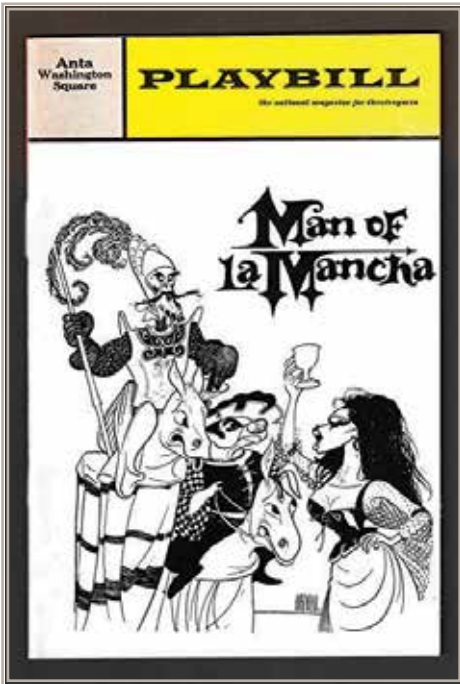


When Mohan T Advani launched Blue Star in 1943 with two employees, could he have imagined that 75 years later, it would become the market leader in expert cooling solutions?





A dapper Mohan T Advani, strikes a pose in his younger days



**TOP AND ABOVE**

Richard Kiley, in his portrayal as Don Quixote, *Man of La Mancha*

**Blue Star is one of only 40 companies out of a total of around 6,000 listed on the stock exchanges, which have completed 75 years in business, and have crossed Rs 4,000 crores in annual revenue.**

*To dream the impossible dream  
To fight the unbeatable foe  
To bear with unbearable sorrow  
To run where the brave dare not go...*

★★★

*To right the unrightable wrong  
To love pure and chaste from afar  
To try when your arms are too weary  
To reach the unreachable star...*

FROM MAN OF LA MANCHA

In the mid-1960s, a Broadway musical called *Man of La Mancha* ran for 2,328 performances, winning five Tony awards, including Best Musical. The production, inspired by Miguel de Cervantes 17<sup>th</sup> century masterpiece *Don Quixote*, told the story of a ‘mad knight’ who duelled windmills and fought for a cause that he believed in.

Seated in the audience, watching the musical not once but several times, was Mohan Tolasing Advani, or MTA, as he was better known. MTA had done a few things that some might have deemed quixotic too. In 1943, in the middle of the Second World War, the 30-year-old told his wife he was planning to quit his job and become an entrepreneur, although she was expecting a child at the time. On September 27, 1943, he founded Blue Star Engineering Company in Bombay, with no more than two employees, Rs 2,000 in his bank, and an impossible dream. As the physician Sansón Carrasco said in *Man from La Mancha*: “A man who chooses to be mad can also choose to be sane.” Founding Blue Star was one of the sanest decisions MTA ever made.

Over the years, the Company has continued to hold its own, becoming a market leader in air conditioning and refrigeration, without losing any of the values it has always stood for – ‘gentlemanly, transparent, shareholder and stakeholder-friendly’, in the words of *Business India*, a leading corporate magazine, writing on the occasion of Blue Star’s Diamond Jubilee in 2003. Blue Star’s success stems from the fine balance it has struck, retaining its traditional values even as it has adapted rapidly to the fluctuations of a growing, but tumultuous Indian economy. Suneel M Advani (SMA), then



Vice Chairman of the Company, put it succinctly to *Business India* in 2003: “The name is the same, the people too, but we have re-engineered, reinvented and recreated the whole organisation several times over to respond to the changing dynamics of the business environment and new opportunities.” When he said this, Blue Star had taken 60 years to reach a turnover of Rs 600 crores. Since then, it has taken just 15 years to nearly reach Rs 5,000 crores in the Platinum Jubilee year.

It is a matter of pride for the Advani family that it has successfully navigated the shoals that often impede generational changes in management and ownership. The handing over from the first to the second and third generations has been extraordinarily smooth. Undoubtedly, the credit should be given not only to the maturity of the promoter family, but largely to the Founder’s edict that the “interests of the Company should override the interests of individuals who own or manage it”.

It was only after they had proved their competence that MTA’s sons Ashok and Suneel inherited the mantle of leadership in their early 40s, in 1984; Suneel had joined the Company as a trainee. When Ashok was a young boy “aimlessly wandering around in Kasturi Buildings”, his father called him to his cabin, pointed to his chair, and said: “You can aspire to this seat only when you prove that you are good enough to do so. You will be given every opportunity to show your worth, but you will have to earn it. It is not your birthright.” Suneel repeated the same injunction to his son, Vir, the current Managing Director.

**ABOVE – LEFT AND RIGHT**

Ashok M Advani (left) and Suneel M Advani (right) began working at Blue Star in 1969

**BELOW**

Ram D Malani, Chairman & Chief Executive of Blue Star, 1979-1984, was the first qualified engineer to join Blue Star in 1946



“

*You can aspire to this seat only when you prove that you are good enough to do so. You will be given every opportunity to show your worth, but you will have to earn it. It is not your birthright.*



MOHAN T ADVANI TO ASHOK M ADVANI  
IN THE EARLY DAYS

”

From left, Vir S Advani, Suneel M Advani, Ashok M Advani, Satish Jamdar and B Thiagarajan at the Company's corporate office, 2014

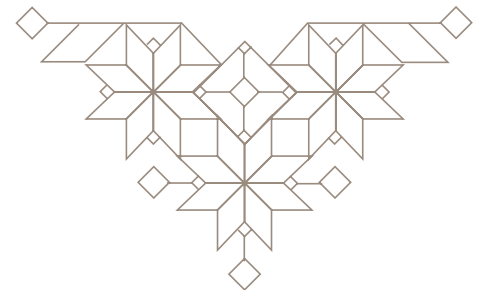






Professionals have always played a key role in the Company; in 1979, Ram D Malani, a non-promoter professional, became Chairman. More recently, in 1996, Satish Jamdar joined as Vice President; two decades later, he left as Managing Director. Jamdar, who had worked in a family-run company earlier, soon discovered that despite its size, Blue Star combined the personal touch of a family organisation with professional independence and opportunities to grow. One of the warm memories he has taken with him is the fact that Nargis, wife of Suneel M Advani, offered her support when his own spouse was in hospital. “Nargis spent time with me personally and gave me a lot of mental peace and strength,” he says. “She didn’t have to do it. These are the things that make a difference and it is done sincerely; you respect that.”

As the Company celebrates its 75<sup>th</sup> year, it has ambitious plans under its new leadership team of Vir S Advani, Managing Director, and B Thiagarajan, Joint Managing Director. Building upon its core competence areas in the air, water and food space through related diversifications, it has grown from a Business to Business (B2B) Company to become a significant player in consumer products, reaching out to new markets both in India and overseas in the Business to Consumer (B2C) arena.



**TOP**

Ashok M Advani and Suneel M Advani garland the Founder MTA’s portrait during the Golden Jubilee, 1993

**OPPOSITE TOP**

SMA, Nargis, Satish Jamdar and his wife, Meera, greet each other during an official event

**OPPOSITE BOTTOM**

B T Advani

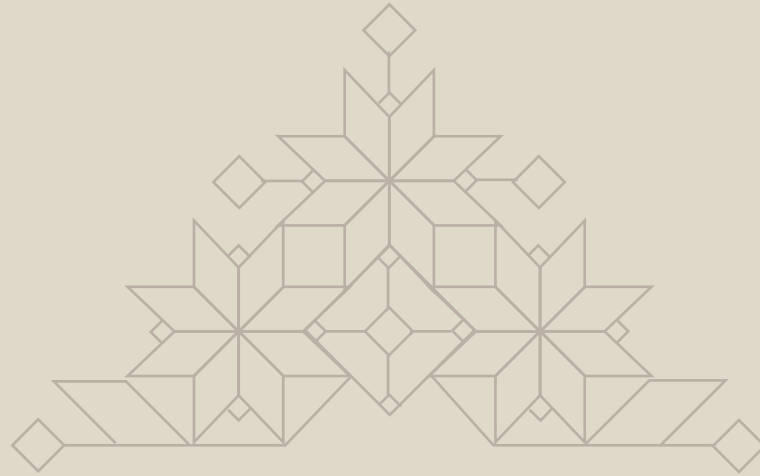




With 75 years of experience in providing expert cooling solutions, Blue Star now operates in three key segments – Electro-Mechanical Projects & Packaged Air Conditioning Systems; Unitary Products; and Professional Electronics & Industrial Systems. It has a network of 32 offices, five modern manufacturing facilities, over 2,800 employees, 3,000 channel partners, as well as 800 service associates and 1,000 retailers, satisfying the needs of large corporates, small businesses and individual households in more than 800 towns across India, and in more than 19 countries in the Middle East, SAARC, Africa, and ASEAN regions.

To ensure future growth, Blue Star also envisaged a finely tuned Blue Star@75 strategic plan, which was updated to Blue Star@77, to ensure that the Company consistently has a dynamic rolling plan in place.



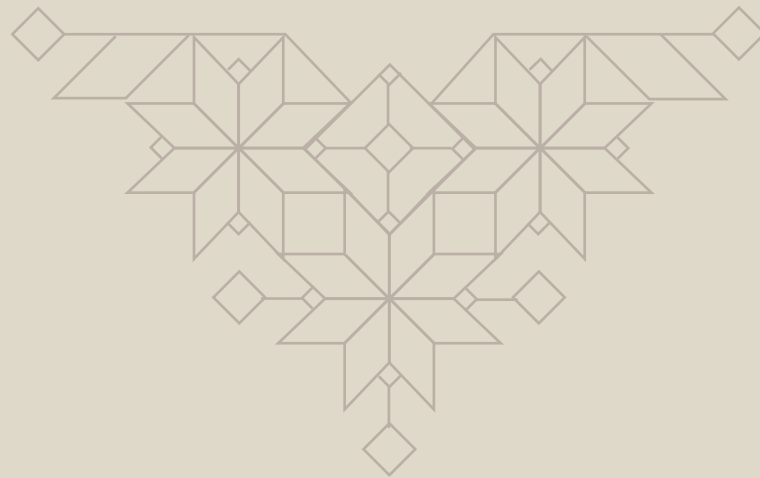


# 2

## The Early Years



As one of the pioneers of refrigeration in India, Mohan T Advani ensured that his Company had a distinct personality and a name designed to be emblazoned across the sky.





**LEFT**

As thousands of Sindhi refugees made their way to Bombay after Partition, Mohan T Advani went out of his way to help as many as he could. "He was a humanitarian in the broadest sense and he employed all the relatives who needed or wanted a job, but they were not given positions of responsibility until they had proved their worth," recalls his daughter, Suneeta. Seen here, in December 1947, are refugees crowding the dock at Karachi as they prepare to ship out for new homes in Bombay.

*Source: Photo by Margaret Bourke-White for The LIFE Picture Collection/ Getty Images.*

**BELOW**

Mohan T Advani, hard at work, The Bombay Garage, circa 1936

When Mohan T Advani created Blue Star, he could not, in his wildest imagination, have foreseen that the Company would grow so splendidly, well into the 21<sup>st</sup> century.

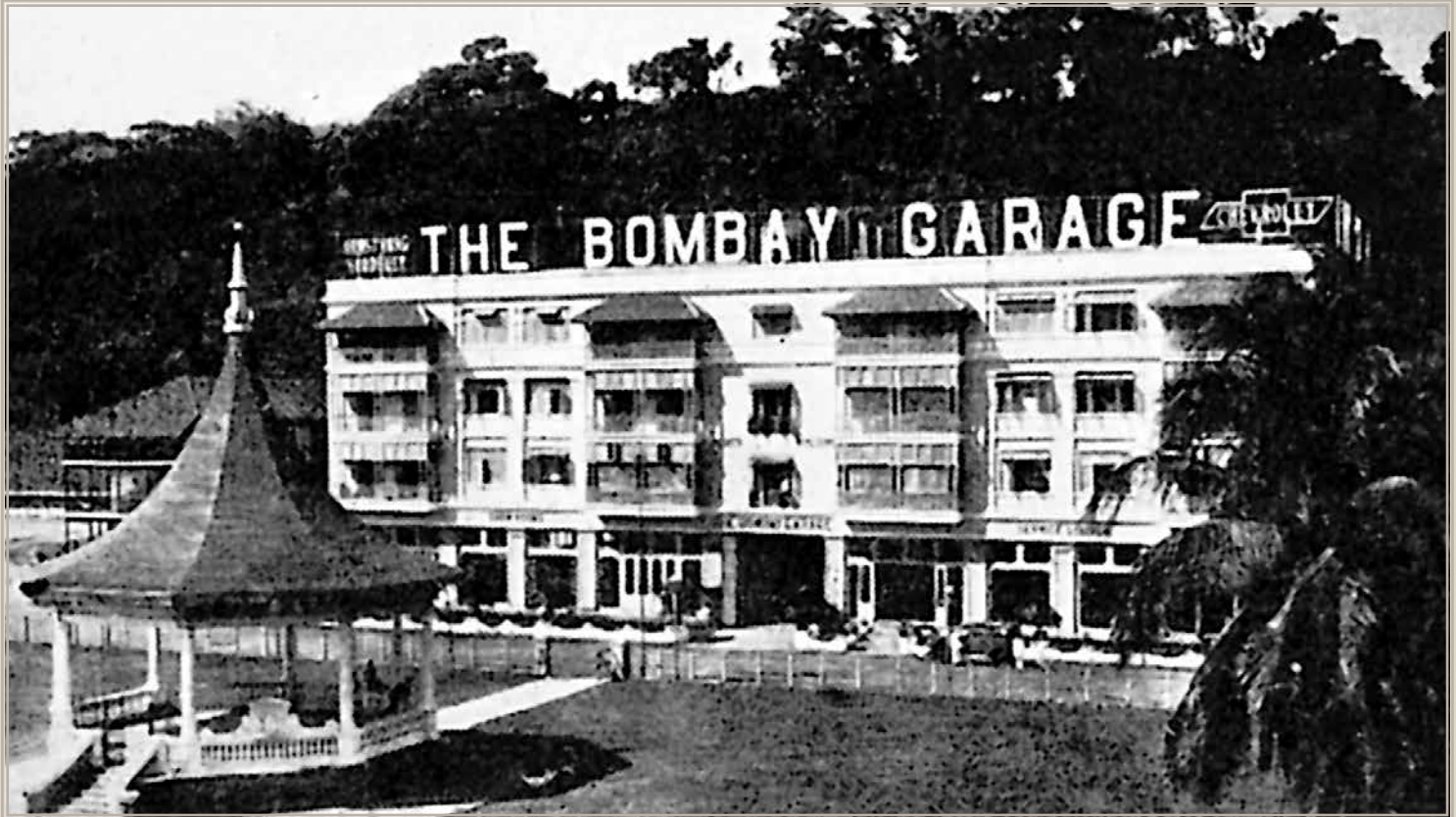
MTA had always been a bright student, ranking first in the University of Sind matriculation examination, and receiving a merit scholarship when he joined the Arts course at D J Sind College to study Economics. It was here that he met his wife-to-be, Padmi. "She was a couple of years junior to Mohan at college," recalled his eldest brother Bhagsing (Bhagu), "and he spent more time with her than in studying! Consequently, when he passed his BA in Economics in 1932, he did not get the first class, as expected."

Despite this setback, a disappointed Tolasing Advani had high ambitions for his son. He wanted MTA to appear for the Indian Civil Service (ICS) exam in London. MTA, unwilling to do this, went off to play cards with his cronies instead of studying, until he finally admitted to Bhagu, "Look, I don't want to do this ICS thing - that's not for me!" Eventually, Bhagu gingerly conveyed this to their father, and helped his younger brother get a job at The Bombay Garage in Bombay, working with the Chinoy, who had the Frigidaire refrigerator agency for India.

The concept of refrigeration was still new in the country; in 1921, a four-roomed plant using an ammonia system with a Lightfoot Compressor had been installed at Arthur Crawford Market for fish and fruit, and by



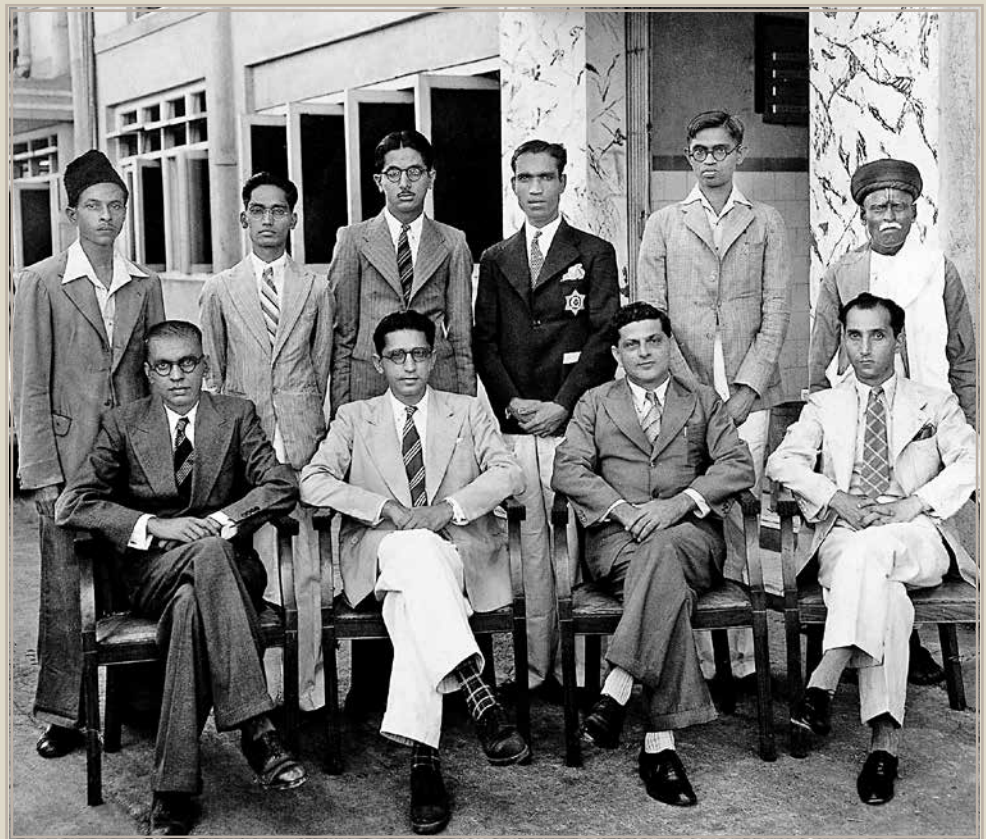




**OPPOSITE**  
Padmi and Mohan T Advani

**ABOVE**  
The Bombay Garage office

**RIGHT**  
Mohan, seated second from left with Ravi Shankar Pandya (standing second from right) and other colleagues from The Bombay Garage, circa 1943





MR. ADVANI.

WE ALL MEET HERE TODAY ON AN OCCASION, MINGLED WITH JOY AS WELL AS SORROW, BECAUSE WE ALL HAVE TO BID FAREWELL TO YOU. JOY - BECAUSE YOU ARE LEAVING US AND GETTING INTO A NEW LIFE OF COMMERCIAL VENTURE. WE, THEREFORE, EXPRESS OUR SENTIMENTS AND WISH YOU A COLLOSAL SUCCESS IN YOUR NEW UNDERTAKING AND PRAY ALMIGHTY THAT YOU GET THE FULL RETURN FOR YOUR SKILL AND ACTIVITY.

DURING YOUR EIGHT YEARS TERMS OF OFFICE, AS SALES MANAGER OF FRIGIDAIRE DEPARTMENT IN THE BOMBAY GARAGE, WE TRY TO CAST OUR MEMORY AND LOOK BACK THROUGH THE GOLDEN MIST OF THAT PERIOD, IT SEEMS THAT EVERY ONE OF US WILL NEVER DENY YOUR GENEROUS CORDIAL RELATIONS WITH YOUR STAFF AND YOUR PROFOUND INTELLECT WHICH CHEERED OUR WORK AND BY WHICH YOU HAVE ENDEARED YOURSELF TO US ALL AND THUS WE SINCERELY PRESENT YOU THIS TINY TOKEN OF OUR REMEMBRANCE AND FRIENDSHIP.

BOMBAY GARAGE  
FRIGIDAIRE STORES & SALES STAFF



**ABOVE LEFT**

Farewell note from The Bombay Garage staff to MTA

**ABOVE RIGHT**

Bhagu Tolasing Advani (BTA) and Mohan T Advani at a Company celebration. BTA, the elder brother, left his government job to join Blue Star when MTA needed him to handle the growing organisation

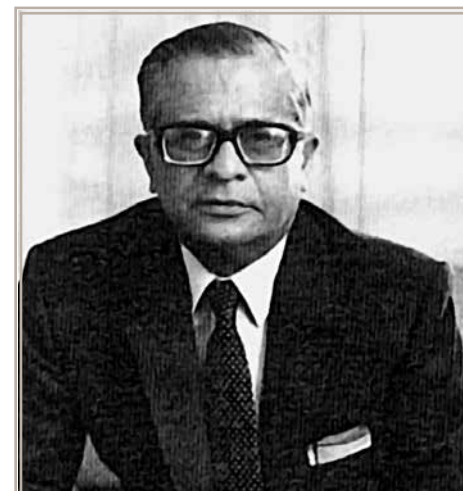
the mid-1930s, Bombay Municipality had set up small refrigeration plants in the New Chowpatty market, and in Grant Medical and Seth G S Medical Colleges' mortuary chambers. The Council Hall in Bombay, built in the late 1930s at the Regal Circle, was the first building in the city, and perhaps the first in India, to be equipped with an air conditioning plant.

The Chinoy sent MTA to Frigidaire in London for technical training in refrigeration. MTA thus became one of the first Indians to formally train in these new and specialised fields; he returned after six months in 1935, and became Sales Manager at The Bombay Garage on a princely salary of Rs 250, plus an additional car allowance of Rs 75, for a Chevrolet that the company provided. But he realised this was not what he wanted out of life. He wanted to be his own boss.

During his years with The Bombay Garage, MTA had picked up an understanding of technology. He had the imagination to conclude that technology would play a big role in business and economic growth in the future.

When he began Blue Star Engineering Company, MTA only had Rs 2,000 in the Discount Bank of India, and two employees – an office boy named Dattu, and C H Krishnan (CHK), whom he had interviewed a year earlier for Bombay Metal Corporation; CHK joined as “the new company’s secretary, accountant, salesman and manager, all rolled into one”. Among his other early recruits were Ram Malani and his elder brother B T Advani (who both went on to become Chairmen); H M Jhangiani and Raj Seth, who were air conditioning experts, and Gulab Ramchandani.

Right from the start he had a heightened sense of the importance of corporate image and saw that if his new venture was to be a success, it needed to be in a prestigious location. The first office was located at Contractor Building on Nicol Road in the upmarket commercial area of Ballard Estate. He chose

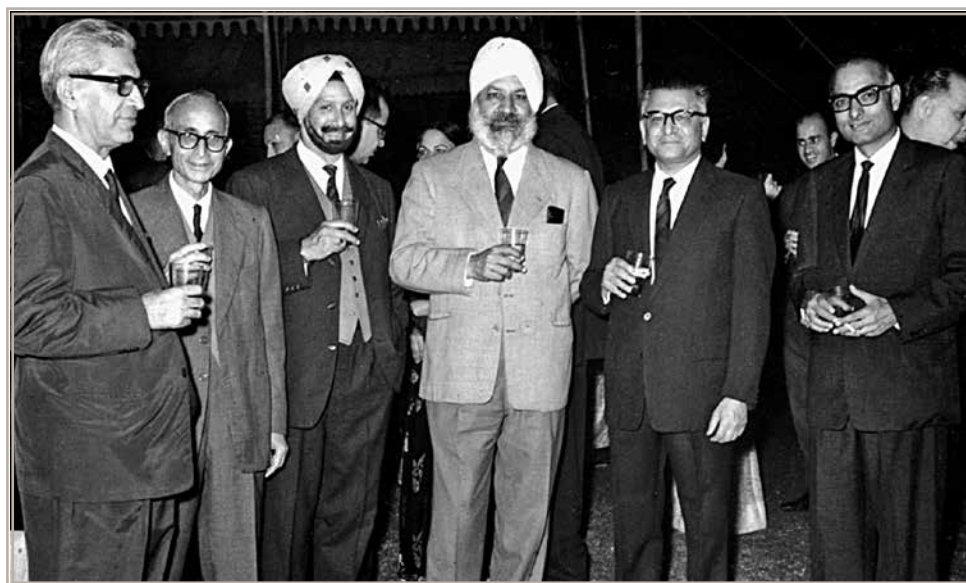


**ABOVE**

Mohan T Advani's younger brother, Govind T Advani (GTA) joined the Company in 1947, and shared his older brother's adventurous spirit. Blue Star's early exports owe a great deal to GTA; he was the one who built the Company's name in Kuwait. "I told Mohan to let me go out and explore the market aboard", he said. "the Government wasn't giving any export incentives then, but I could foresee that exports would increase. My first trip to the sheikhdom of Kuwait in 1956 was several years before the oil boom and it was quite fantastic."

**LEFT**

Shyam Narain (extreme right) and BTA (second from right) at a customer get-together in Calcutta with S Inder Singh, MD, Indian Steel and Wire, Hira Jagtiani and A S Panesar, among others



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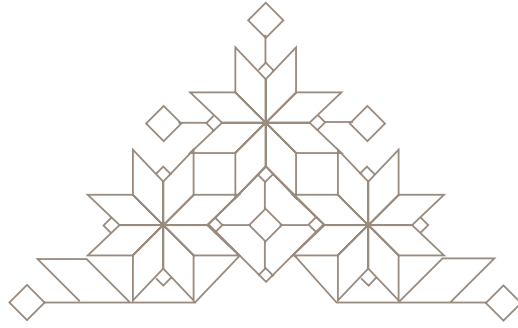
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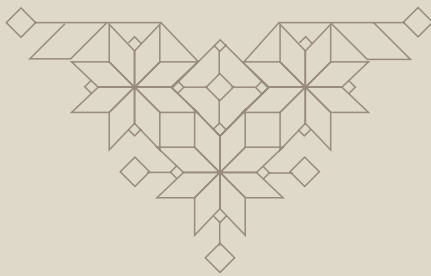


**ABOVE**

Taj Mahal Hotel, Mumbai, where MTA had once rented a suite from where he conducted the business for some time, circa 1950

**OPPOSITE**

Laxmi Building on P Mehta Road in Mumbai, where Blue Star's office was once located, circa 1950

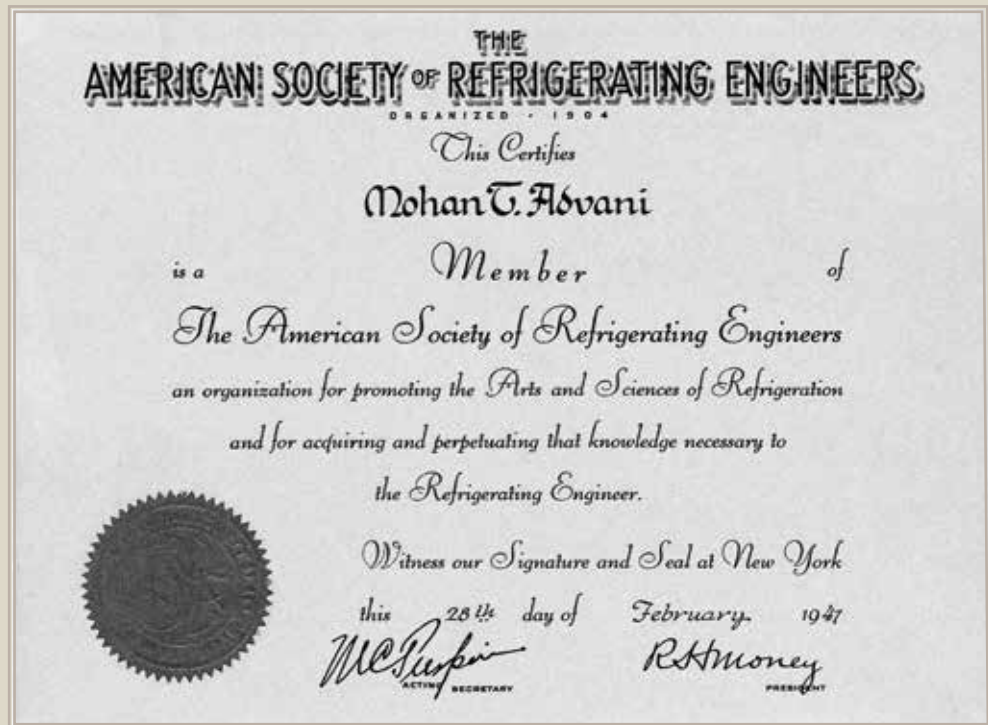


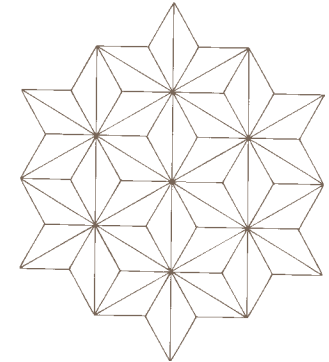
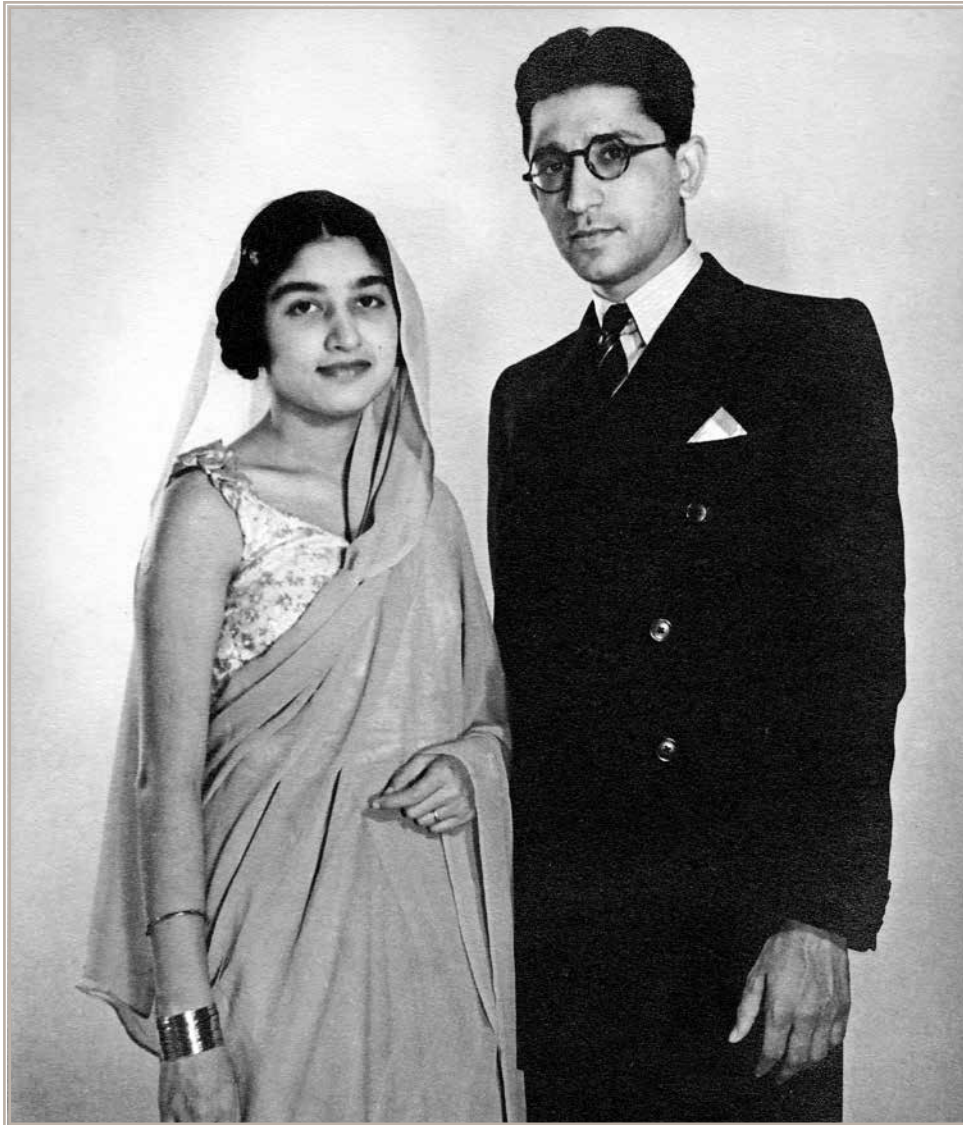
**ABOVE**

Contractor Building, Ballard Estate, where Blue Star had one of its early offices

**RIGHT**

When air conditioning was still a new and rare concept in India, Mohan T Advani received a prestigious certificate from The American Society of Refrigeration Engineers, acknowledging his expertise in the subject, 1947





**LEFT**

Mohan T Advani with his wife Padmi

**BELOW**

Padmi Advani, a trailblazer in her own right and a life partner, who helped MTA realise his dream

the name of his Company carefully, clear that it should have a distinct personality, and not be identified only with his own name.

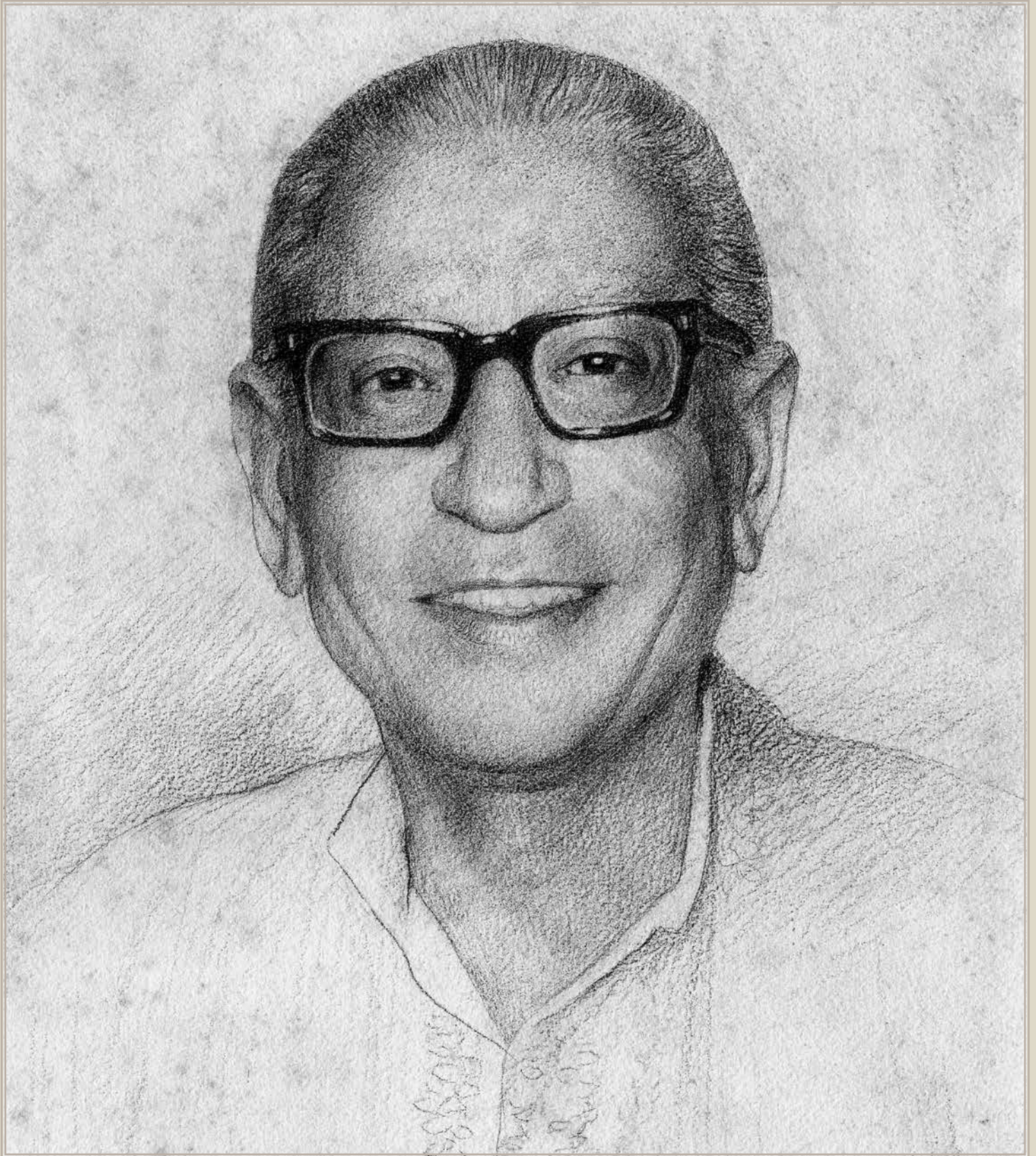
In those early days, and through all the decades that followed, MTA's confidence also came from his secret source of strength—the whole-hearted support of his wife Padmi, who stood by him through all the difficult times, even stepping in to help manage parts of the business whenever she was required to do so.

Over time, several other members of his family recognised the worth of what he was doing and eventually his elder brothers joined the Company, accepting their younger sibling as the leader. They were charmed by his easy manner, charisma and work ethic.

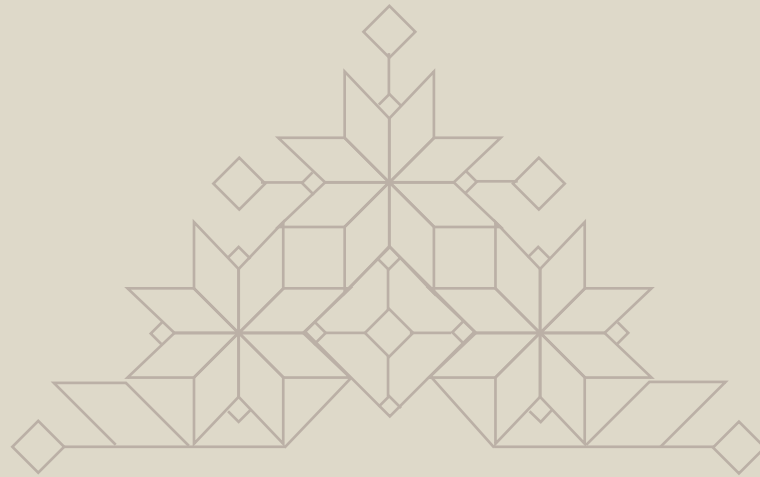




Padmi Advani



Mohan T Advani

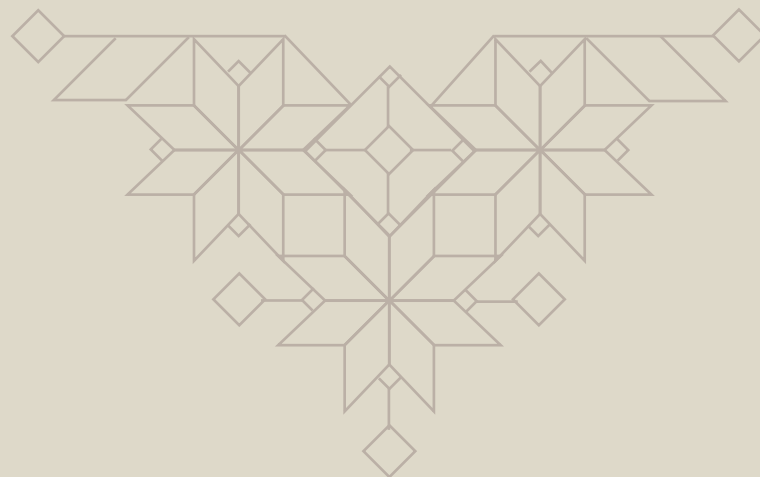


# 3

## ‘We Didn’t Wait for Plums to Fall...’



Blue Star’s Founder seized opportunities wherever he could find them,  
making them productive through sheer confidence in himself  
and his ability to attract talented people.



*We grew because  
we didn't sit back and wait  
for plums to fall into our laps.  
When we saw opportunities,  
we reached out boldly and seized them.*

MOHAN T ADVANI—FOUNDER CHAIRMAN, BLUE STAR LIMITED



As the War drew to a close, and the organisation grew to a dozen employees, MTA seized new opportunities, setting up a workshop to recondition automobile equipment such as batteries, dynamos and starters for the Royal Air Force, and another in Poona to recondition steel ammunition boxes for the Ammunition Factory at Kirkee. “Dad used to collect old ammunition boxes from the GIs who were passing through India, get them refurbished and then sell them back to the United States Armed Forces,” recounts Ashok M Advani.

In 1946, shortly after the War had ended, and as production in the USA shifted from war material to civilian goods, MTA suddenly told his team that he was off to the United States of America. “You boys run the show,” he told his young managers. In his words, “The post-war era was upon us. Clearly, one had to seize the future. I emptied the corporate bank account and set off on an odyssey to the West. I flew off in a converted Lancaster bomber, entertaining grave doubts about the future of avionics throughout the flight. It took three uncertain days to get to London and crossing the Atlantic was nearly as difficult as getting away with the Crown Jewels. For three weeks, I cooled my heels in bombed-out London in a winter of record-breaking severity, when finally, I made it to the United States.”

MTA had very little money, but his instincts and personal sense of style made all the difference. He booked a suite at the exclusive Waldorf-Astoria Hotel and started phoning various companies for distributorships. “They agreed,” recalled Gulab Ramchandani (GR), who had joined the Company as an 18-year-old in the same year, “because India was a closed and unknown market then; they hadn’t done business with India and here was somebody who spoke flawless English wanting to do business, living in the world of the Waldorf and calling them to his suite for a drink!”

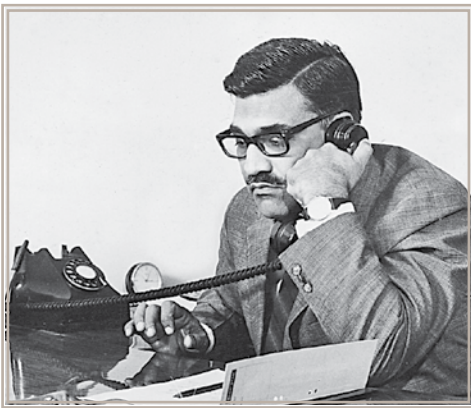
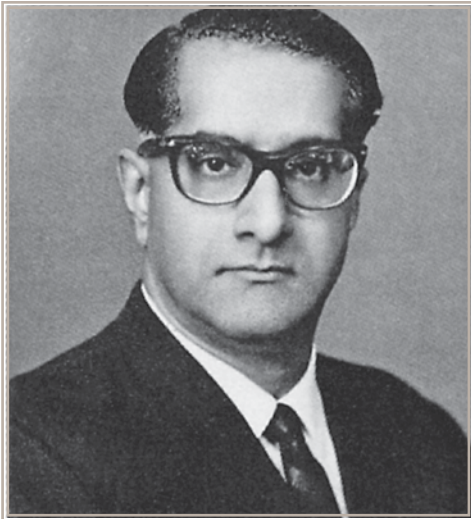
“

*MTA was essentially  
a marketing man,  
yet he took up the  
challenge to design  
and develop the  
first water cooler  
manufactured in India.  
I believe this single  
act laid the  
firm foundation  
for Blue Star as  
a manufacturing  
company. The  
Company later  
exported the  
know-how and  
earned valuable  
foreign exchange.  
MTA must get the  
full credit for this.*



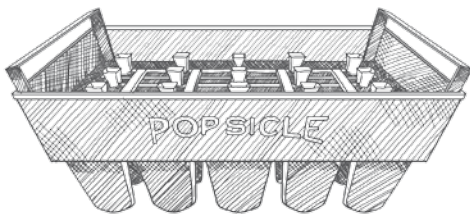
RAM D MALANI

”



**TOP AND ABOVE**

C H Krishnan (top) and Gulab Ramchandani (above) were amongst the first to join Blue Star, and saw the Company grow from scratch



As MTA would say of the wildly popular popsicle of 1940s, “We started off making machines which made popsicles. Ice-candies, they called them in those days and I like to think that quite a few of our younger executives first met up with Blue Star quite unknowingly, over an orange popsicle”

MTA ordered all the modern refrigeration equipment he could find – from ice-cream makers to soda fountains and deep freezes. Then he phoned his team in India and said: “Listen, I’ve committed us down the drain. Will you please sell them before the shipments arrive?” He sent across a bunch of literature, the team in India opened a letter of credit with the help of his friend, K U Advani, a financier, and sold the first shipment at 100% mark-up even before it arrived!

Within a few years of starting the Company, MTA had obtained the sole selling agency of the US-based Melchior Armstrong Dessau Company, which took place in 1948, and several other companies manufacturing air conditioning and refrigeration equipment. Shortly after, the Company was selected by Worthington, the US leader in air conditioning, as its India-based partner; which was amongst the first of numerous foreign associations to follow.

Today, Blue Star is recognised for its manufacturing excellence, but it did not begin with such ambitions. The Company’s earliest foray into manufacture was a modest effort at ice-candy machines in the 1940s. The popsicle or ice-candy machines were the brainchild of MTA and Ram D Malani (RDM), who was a 24-year-old engineer when he joined Blue Star in the same year. Gulab Ramchandani recalled: “Basically, it was a big tank with an impeller and a coil and brine was poured in and churned to freeze the popsicles... We sold them at Rs 7,000 each, making 100% profit. There was a tremendous demand for them, so we were selling them like rationing officers. I remember that Essabhai Noormohammedbhai of Atlantic and Asiatic Stores, was our first customer and in time, he became a good friend.”

By the time of Independence and the Partition of India in 1947, Blue Star had groomed its first managerial team comprising MTA, C H Krishnan, Ram D Malani, Gulab Ramchandani, the Swiss engineer, J Fritschy and Atu Shivdasani. The Company’s business activities now covered the reconditioning of used AC&R equipment, the sale of ice-cream makers, soda fountains, bottle coolers and deep freezes, the manufacture and assembly of ice-candy machines and bottle coolers, and spare parts for AC&R equipment. While MTA’s personality, vision and ambition contributed greatly to the Company’s initial successes, it was his astute judgment of people that made the real difference. He honed his team meticulously, seeking talent in unexpected places, carefully nurturing those he had hand-picked with warmth and trust. Mehru D Mansukhani, who spent 40 years in Blue Star, recalls how a chance meeting with MTA in an elevator changed his life. “I was scheduled to go to UK for higher education and was waiting for my semester to start in six months,” he recalls. MTA offered him an apprenticeship for that period, saying he could start immediately. “He gave me odd jobs and these became increasingly challenging with each passing day/week. I stretched myself and tried to do everything to his satisfaction,” he recalls.

MTA was a perfectionist and Mansukhani learnt a great deal in the initial three months. “One day he flared up and fired me on an issue where I was not at fault and I told him so,” Mansukhani recounts. “He was in no mood to listen. The very next day he called me early in the morning and apologised... Imagine the Chairman of a corporate apologising to a temporary rookie apprentice!





**TOP**

Padmi and Mohan with Clarke Gable and Marilyn Maxwell on HMS Queen Mary, 1948

**ABOVE**

Padmi and Mohan being seen off on a foreign business trip to the US and Europe at Santa Cruz airport by (from left) Ram Hira, S Ganapathy, S Iyer, B K Garudachar, Gulibai Advani and B T Advani



# Building upon a Dream

MTA's restless spirit and agile mind took many unexpected turns. Just as his air conditioning business expanded, he announced, in 1957, that he would construct a residential building at Altamont Road in Bombay! Olympus, the apartment block, became an obsession for almost two years. He wanted it to be self-sufficient, complete with a dhobi, ironing man, tailor, seven elevators in the two wings, parking spaces and a provision store. "Olympus was the abode of the Gods in Greek mythology," he said. "That's what I'm going to build."



**ABOVE**

MTA with the architect of Olympus, Pilooy Mody and Mort Berger of Worthington Corporation

**BELOW**

The Olympus bhumi puja in 1957





In 1957, MTA decided to pursue a deep and abiding interest in architecture and construction. He decided to build one of the finest buildings the country had seen at the time. Olympus brought out the perfectionist in him. "When Olympus was being built", Geetoo Kripalani, daughter of his good friend K U Advani says, "I was about 19-20 years old, and my father took me to look at a flat. I remember Uncle Mohan walked into what would have been a bathroom and took out something from his pocket. I didn't dare ask what it was, but he asked the worker if he knew and said, ' this is a plumb line, and it will show you if the tiles have been laid straight'. After that I've shown off my knowledge about plumb lines!" Geetoo declares.



Padmi and Mohan on a trip around the world, circa 1948

Only great people with a sense of humility could do this.” Mansukhani, who refers to MTA as the ‘biggest influencer’ in his life, still drinks his morning cup of coffee in a mug with MTA’s photo on it. “I stole a few extra mugs when these were distributed by Blue Star a few years back!” he says.

“

*Mohan was the central figure who attracted ambitious young men by his magnetic personality. He picked them with discerning judgment and placed them in key positions. He transformed this select cadre of young engineers and organisers into a very capable, hard core group which today controls the enterprise with smooth efficiency.*

—◆—

A A FAZALBHOY, PAST  
PRESIDENT, REFRIGERATION &  
AIR-CONDITIONING TRADES  
ASSOCIATION, BOMBAY,  
CIRCA 1965

”





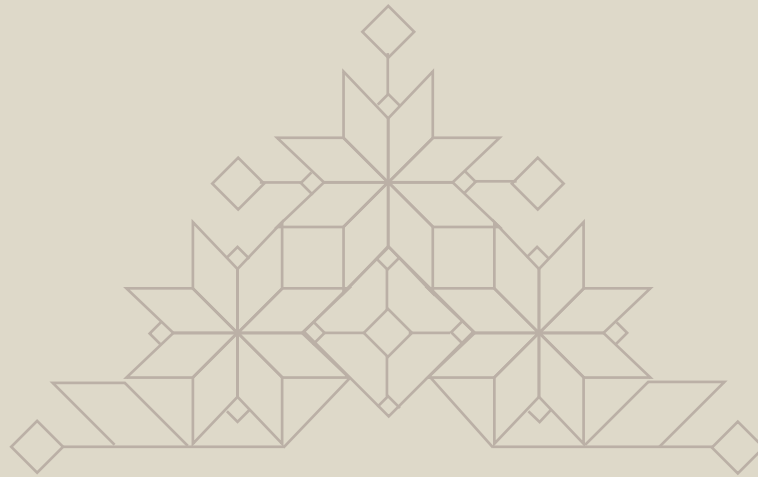
JT Thadani, CHK, MTA, J Fritschy, RDM, GR and GTA with others at the leaky bamboo shed at the Ahmedi shipyard at Colaba, circa 1948

“

*The shed was smack in the middle of a fisherman's wharf. It leaked with abandon during the monsoon and it took all our ingenuity to keep afloat while producing popsicle machines, reconditioning refrigerators and making bottle coolers. It was fun—we were, in turn, telephone operators, salesmen, mechanics, stenographers, general handymen and expert repairers of leaky roofs. A lofty optimism ruled the day but our ambition, while vast, was wholly untempered by experience. Perhaps it was just as well. We plunged in where angels would have stepped back hastily.*

—◆—  
MOHAN T ADVANI

”

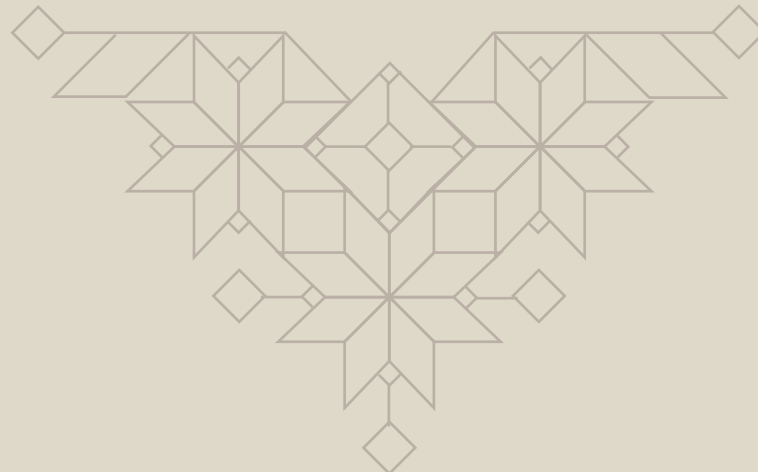


# 4

## Stalwarts who Built Blue Star



Blue Star owes its growth to the dedicated professionals who have invested wholeheartedly in the quest for excellence, and the Company continues to draw inspiration from them.



## MOHAN TOLASING ADVANI (MTA)

(1912-1974)

### Founder & Chairman (1943-1974)

Maverick, adventurer, star-gazer, visionary... there are many ways to describe a man who, in the middle of a world war, decides to quit a job and convince his pregnant wife that it is time to build a company. Mohan T Advani – or MTA as he came to be affectionately known – was a born entrepreneur. He established Blue Star Engineering Company with a staff of two in 1943. MTA's spirit of adventure took him into uncharted territories across the globe, and his meticulous approach and willingness to work hard were matched by an equal ability to enjoy life. He built business relationships at the golf course on weekends, and in the office his employees became friends. He had exciting ideas, and the charm and conviction to bring in investors who could help give wings to these concepts. At a time when fancy management degrees were non-existent, his humanity and sense of humour were his greatest managerial assets. Loyalty came easily to those who worked with him, even if leaking office roofs and lack of furniture were part of the deal. His own elder brothers accepted him as their leader, because he won their respect and trust.

When MTA passed away on February 14, 1974, at just 61, he left behind a legacy that went far beyond the products and turnover of the Company. He set in place a way of life at Blue Star, a culture of openness and integrity, where profitability is important but perfection and ethics will always have higher priority.

S Ganapathy, who joined the Company in 1948, and was MTA's secretary for almost three decades, said: "It was characteristic of MTA that he should pay as much attention to the affixing of a paper clip correctly as to the mammoth problems of a growing organisation like Blue Star... It is a measure of the man's greatness that he treated everyone like a member of the family. MTA was not merely my boss, but a benevolent friend, philosopher and guide. He was a gentleman to his fingertips."



Mohan T Advani

“

*Being young, Mohan had a certain freshness, characteristic of the young, which accounts for his urge to do things differently. He was a perfectionist and very quality conscious. He never compromised on his convictions and never consciously harmed anyone. There are men who abound in that mysterious, inexplicable attribute called charisma. Mohan was one among them. He had that ability to dream big and make that dream come true.*

—◆—

BTA'S TRIBUTE TO HIS BELOVED  
YOUNGER BROTHER

”



Portrait of MTA, painted by Bikash Bhattacharjee

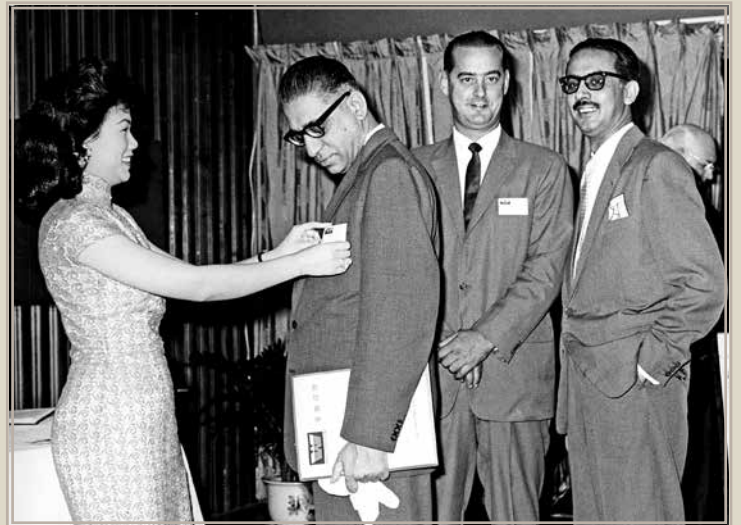




**LEFT**  
MTA at daughter Suneeta's wedding reception, 1958

**BELOW LEFT**  
MTA with S Ganapathy, his secretary for three decades

**BELOW RIGHT**  
MTA and RDM in Hong Kong





## **BHAGSING T ADVANI (BTA)**

(1909 - 1997)

### **Chairman & Chief Executive (1974-1979)**

Bhagsing T Advani (BTA) was Superintending Engineer in the Electric Grid Department of the Government of Bombay, when his younger brother MTA persuaded him to give up the job as Blue Star urgently needed professional and efficient administration. BTA, the first Electrical Engineer at Blue Star, and ever the supportive elder brother, joined the Company on January 1, 1949. "It was funny," BTA's son, Hiroo later observed. "MTA was the Economics graduate who became an engineer by training and experience, understanding the intricacies of refrigeration and air conditioning. Dad, on the other hand, who graduated as an electrical engineer from Faraday House, became the commercial man, the administrative man, and the personnel man. He dealt with labour union negotiations, and the finance and administration of the Company. The brothers totally reversed the roles that their formal education had prepared them for." Gulab Ramchandani summed it up vividly, "MTA was the prancing race horse and BTA the reins and the rock behind all this."

"Even after BTA retired, he was at the office every few days, meeting people, keeping in touch," recalls his nephew, Ashok Advani, who had grown up in a home that his father's and BTA's families shared. "He continued working for the Blue Star Foundation and the Blue Star Education Trust and provided a constant reference to the past. His presence always enabled us to look into the future from the viewpoint of our culture and our value systems, which he had done so much to shape."

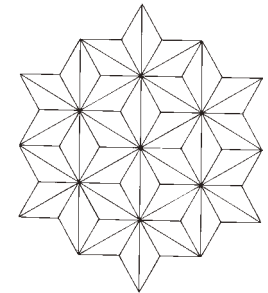
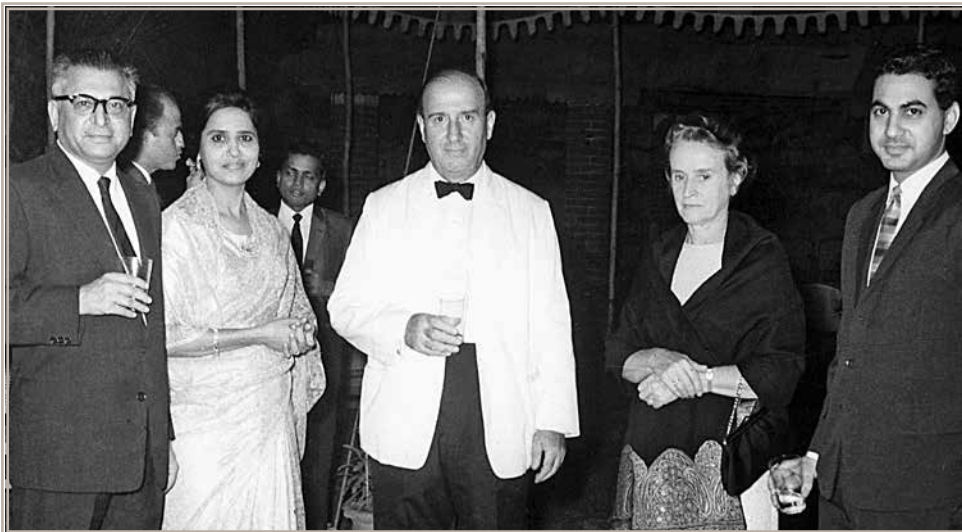


#### **ABOVE**

A young BTA, circa 1945

#### **BELOW**

BTA's daughter Anjali Taraporewala and AMA's daughter, Rohina, garlanding BTA's portrait at the Kasturi Buildings Board room during the unveiling ceremony, 2018



**TOP LEFT**

BTA, Chairman & Chief Executive of Blue Star, circa 1978

**TOP RIGHT**

Panditrao Kulkarni and BTA, at the FIE Foundation awards function, circa 1970

**CENTRE**

BTA, Kamla Makhija, and S K Jaggi, with customers, circa 1971

**BOTTOM**

BTA's farewell in the Calcutta office, 1979



## **RAM D MALANI (RDM)**

(1920 - 2017)

### **Chairman & Chief Executive (1979-1984)**

A few months before the opening of the Madras branch in 1946, MTA recruited a bright 24-year-old mechanical engineer, Ram D Malani (RDM). Blue Star had not yet developed its stripes as an engineering company, and RDM was to prove a valuable addition to the team as its very first engineer. RDM joined Blue Star on December 31, 1945, after a chance meeting with MTA at a tea party in Karachi. His salary was a grand three hundred rupees per month, and he was put in charge of organising, establishing and managing the Air conditioning and Refrigeration Engineering and Service departments. Forty years later, he recalled those early days: “Blue Star was then a small, unknown, proprietary organisation selling reconditioned refrigerators, components, spare parts and Freon gas. We started making popsicle machines and bottle coolers – all custom-made with teakwood housing and cork insulation.”

RDM also noted that in those early formative years, every member of the Company necessarily had to be “a jack of all trades – salesman, serviceman, book-keeper and store-keeper. Looking back, I can see now that I could not have had a better grounding. We soon built a name and reputation for quality products and service, and customers started offering a premium for a Blue Star popsicle machine or bottle cooler.”

RDM made two fundamental contributions to the Company. As Suneel M Advani pointed out at a condolence meeting for him at Bandbox House on June 22, 2017, “He started Manufacturing for Blue Star in the late 1940s. He built the factory in Thane, and under his watch, Ashok built the factory at Bharuch. In the mid-1960s, he also designed a Management Information System (MIS). It was quite basic, but the system he designed back then still forms the basis of what is in operation today. I have never met someone with as high an IQ as Ram Malani. He was Blue Star’s first professionally educated engineer, and probably the finest engineer the Company ever had.”

#### **ABOVE**

A young Ram Malani

#### **RIGHT**

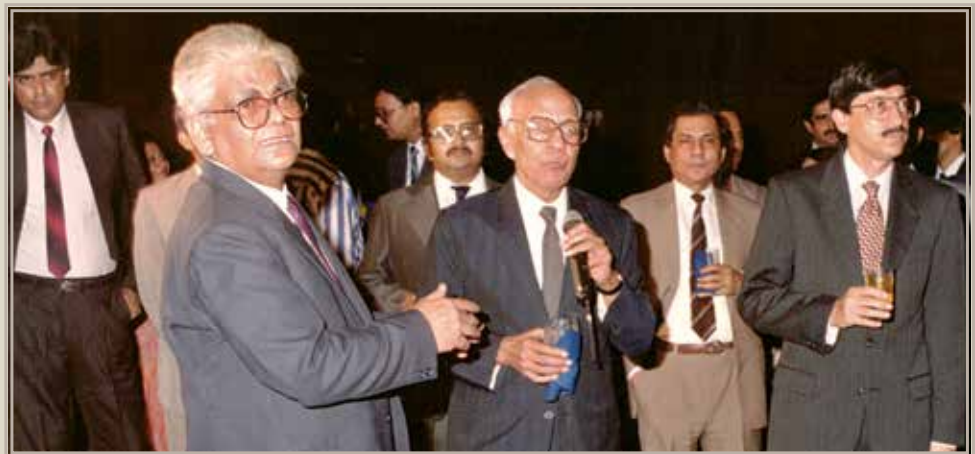
RDM speaking at the Golden Jubilee Celebrations, 1993

#### **OPPOSITE TOP**

RDM’s daughter Shaila and son-in-law Raj garlanding RDM’s portrait at Kasturi Buildings Board room while unveiling it, 2018

#### **OPPOSITE BOTTOM**

Sajni and Ram Malani along with Padmi and Mohan Advani at Hongkong, 1961

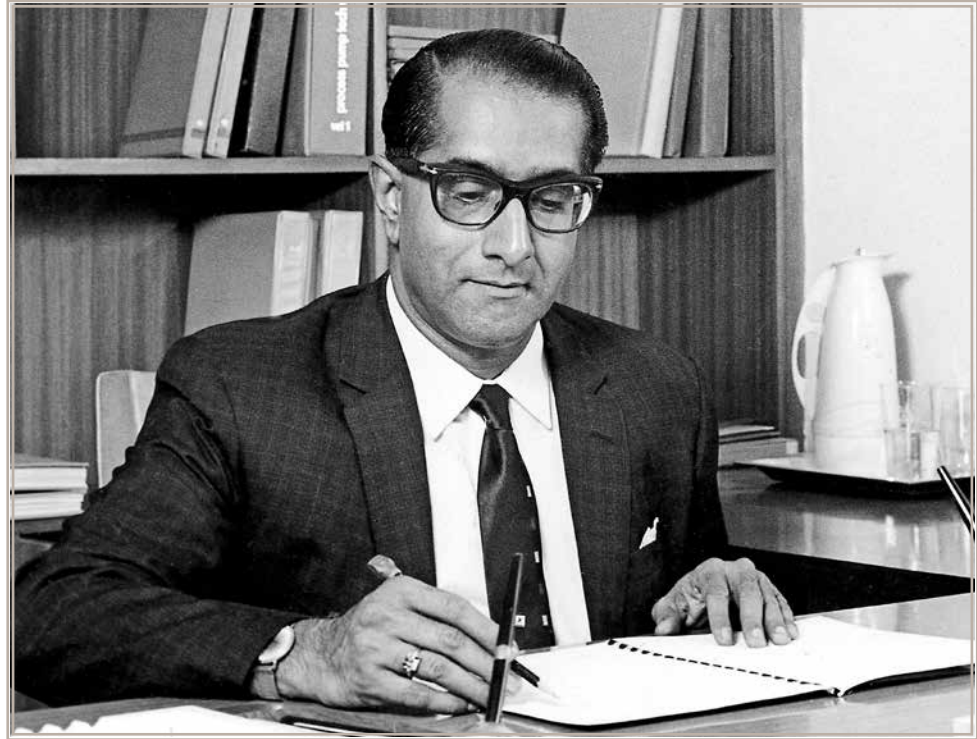




## C H KRISHNAN (CHK)

(1921 - 2008)

**Executive Director**



C H Krishnan (CHK) was the second employee to join MTA and rose from a stenographer to Executive Director. The journey was often challenging.

When World War II ended in 1945, MTA decided it would be a good time to expand operations. He sent CHK on a tour of South India to ascertain the market potential there. CHK found there was a considerable demand for refrigeration accessories in the region and Blue Star's first branch was opened at Madras (now Chennai) on May 16, 1946, with CHK in charge. CHK began his days at 8 am and ended at midnight, and success came the hard way.

There was the issue of umbrellas, for instance. These were manufactured by a gentleman whose office was next door to Blue Star at Forbes Street in Bombay. Krishnan took a large stock to Madras to sell for the Company - only to find that with the very first showers, every single one of the umbrellas he sold came back; the black dye had run colour! MTA sacked the manufacturer and the agency ended abruptly. The money was returned to the customers. Fortunately, Blue Star's reputation not only survived this disaster, but went on to grow rapidly soon after. The lesson had been learnt, and quality was always a priority thereafter!

Eventually, CHK went on to head the government liaison function based in Delhi during the License Raj days.

## GULAB RAMCHANDANI (GR)

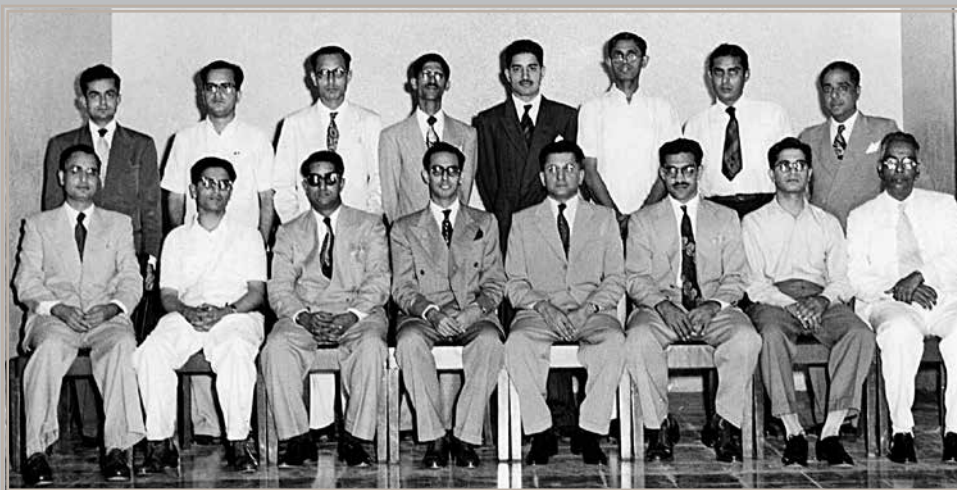
(1928 – 2017)

### Executive Director

April 13, 2017, was a sad day for the Blue Star family, when 89-year-old Gulab Ramchandani (GR), one of the earliest employees, passed away in Dehradun. GR, who joined Blue Star in 1946, was with the Company for 33 years, before he accepted “an offer that he could not refuse”, in Suneel Advani’s words. An alumnus of The Doon School, he left Blue Star to serve his alma mater as headmaster of the institute from 1979 to 1988; *The Times of India* described him as the ‘Old Boy and workaholic headmaster’.

GR recalled his first meeting with MTA when he came to dinner with his father and asked what he was doing. The young boy said he was confused because he planned to be a chemical engineer, but various people were suggesting other options. “Join me, don’t sit around and waste your time,” MTA told him. So GR turned up at 59, Forbes Street, only to be handed a fat Frigidaire manual, which he was told to study. He responded: “I’ve just done my BSc, I’ve studied very hard, and I’m not studying again!”

MTA then wisely suggested he check the stocks of refrigeration parts instead, and it proved to be a learning experience. “That was a great education,” GR recalled, “because taking stock of something like 5,000 items, I got to identify, know the part number and shape and size of every part that went into a refrigeration compressor. It was of great value to me.” It proved to be a valuable starting point for another innovation as well; GR then worked with RDM to make a price list. “We got part numbers, did a lot of homework, struggled through, thought ahead – in which Ram was, of course, a genius. We finally produced the first printed refrigeration parts price list India has ever had. Everyone else was quoting prices at random.”



#### TOP

Gulab Ramchandani at his desk, 1960s

#### ABOVE

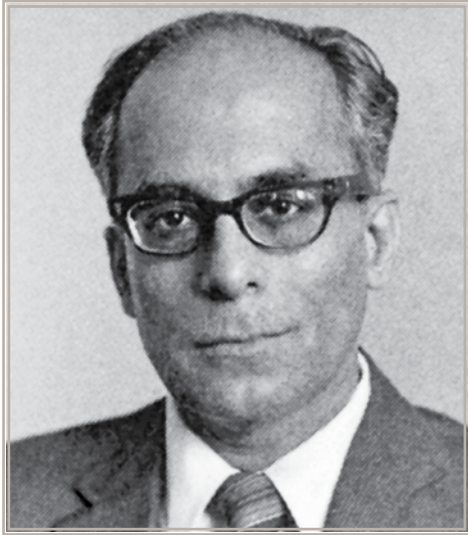
Gulab and Ratna Ramchandani at their wedding reception, 1952

#### LEFT

BTA, GR and others senior executives, circa 1955

#### OPPOSITE TOP

C H Krishnan in his office, 1960s



Hiru M Jhangiani

## HIRU M JHANGIANI (HMJ)

(1928 – 2014)

### Executive Director

Hiru M Jhangiani (HMJ) had the distinction of being the first professional AC&R engineer that Blue Star employed, and he rose to become Executive Director of the Company. A graduate in Science from Bombay's St Xavier's College, he was the first Indian to attend a two-year course in air conditioning, heating and refrigeration at the Milwaukee School of Engineering. After graduating with flying colours, he joined Blue Star at the age of 22 in 1950 and became the Company's most valued asset in the field; he was the one who managed the three prestigious skyscraper projects that Blue Star executed in Bombay around 1970 in the just-developing business district of Nariman Point – Air India, The Indian Express and Oberoi Hotel buildings. His major contribution was to make Blue Star the undisputed leader in central air conditioning projects. For many years, he was the doyen and recognised top gun of the Indian air conditioning industry.

In 1952, MTA sent HMJ to Delhi, to set up a branch office. HMJ's first experience there was not pleasant. "I sold my first 25-ton air conditioning system to the York restaurant in Connaught Place," he recalled. "Being new, I didn't know the ropes and all the tricks, and the owners cheated me! They had promised to pay for the material that was shipped from Bombay before they took the goods from the railway station, but they cleared the goods and didn't pay. They told me they would pay in instalments only after the restaurant opened." An upset BTA advised him to get the owners to sign hundis. "I installed the plant and they took almost two years to pay," HMJ recalled. "That was my first bad experience. I learned a bitter lesson on how not to take people at face value."





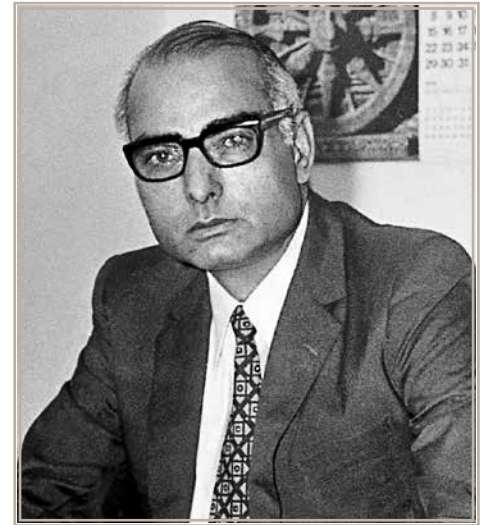
## SHYAM NARAIN (SN)

(1919 – 2009)

### Executive Director

In November 1951, the same year that Worthington Corporation in the United States appointed Blue Star as sole distributors for India, Shyam Narain (SN) joined the Company in Calcutta. Armed with a Master's degree in Economics from the prestigious St Stephen's College in Delhi and four years' experience working with a prominent refrigeration company in Calcutta, SN decided that Blue Star was where he belonged. Within three months of Gulab Ramchandani recruiting him, SN became Assistant Manager. Blue Star was on a growth path and though he studied manuals on air conditioning and refrigeration, the Economics graduate did not meet the challenge as easily as his fellow Economics graduate, MTA, did.

"I then launched out in designing, engineering and selling small central installations," SN recalled. "I made many mistakes which poor Atu Shivdasani had to rectify. I can only presume that those were not serious because I never heard about them from either him or GRI!" SN's eye for detail was legendary and his major contribution was the large number of top-class managers he trained and mentored in Blue Star. SMA remembers SN fondly as his most important mentor. "SN taught me everything I know in commercial management," he says.



Shyam Narain

## HIROO B ADVANI (HBA)

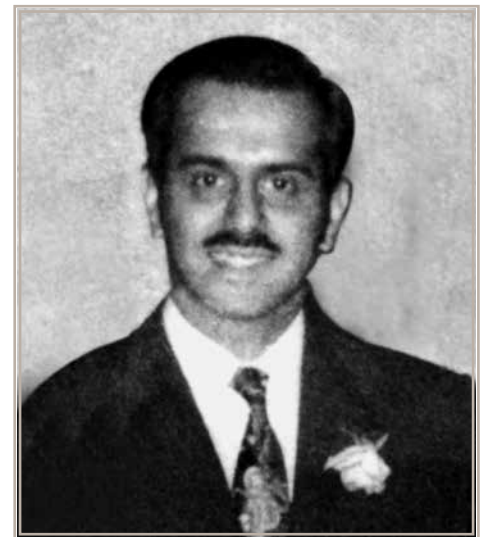
(1936)

### Executive Vice President

Hiroo B Advani (HBA) was the first of the second-generation Advanis to join Blue Star. A Commerce and Economics graduate from Sydenham College in Bombay, he initially worked as a management trainee with a shipping company in Holland for two years. This experience proved to have unexpected benefits for Blue Star; soon after he joined the Testing Machines department in 1960, he realised that the Germans were charging exorbitant freight rates for sending equipment to India. The actual cost was one-fifth of the money Blue Star was paying, and the difference worked out to Rs 2-3 lakhs a month – a huge sum in those days. Blue Star got a credit note from the Germans and decided to organise the freight and shipping themselves. "Both MTA and Dad (BTA) gave me a pat on the back," Hiroo recalls.

HBA, who was always looking for new challenges, enjoyed the freedom that Blue Star offered. As Blue Star's resident representative in Jamshedpur, HBA travelled extensively, including to places like Rourkela, Ranchi, Patna and Dhanbad, selling air conditioning projects, water and bottle coolers, as well as testing machines and Honeywell instruments. Though he made breakthroughs with companies like TELCO and TISCO, one of the memorable sales he had was the first water cooler that he sold in Jamshedpur – the owner of a film and photography shop bought the cooler, not for drinking purposes, but to develop and process films!

HBA played a major role in growing the branch network before retiring prematurely from Blue Star to set up his own venture.



Hiroo B Advani



Raj N Seth

## **RAJ N SETH (RNS)**

(1926)

### **Executive Vice President**

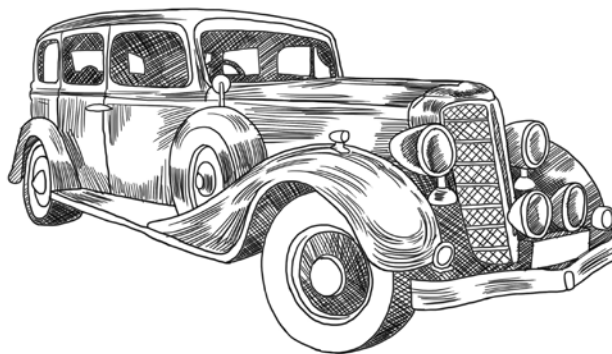
MTA was always on the lookout for bright, talented people, so when he met Raj N Seth (RNS) at a wedding reception in 1952, he invited him to the office the next day. Seth, a young engineer, was a man who loved adventure and had a passion for vintage cars, just like MTA.

He was also perfectly qualified for a job at Blue Star, having returned with a diploma in air conditioning and refrigeration from HMJ's alma mater, Milwaukee School of Engineering. RNS joined Blue Star in May 1952, as resident engineer in the Delhi branch and soon became branch manager to replace HMJ.

In a 2013 interview, RNS recalled his first meeting with MTA. "Here was a man who did not waste time and came straight to the point. He had a business appointment and he also wanted to do my interview, so he took me along. He told me openly - "We want to open a branch in Delhi. You seem to be the right person for the job. But you will have to be trained to head the branch. Does that suit you?"

The two developed a strong personal relationship, and MTA often invited him to play golf; he was the person Mrs Padmi Advani turned to years later when MTA was in hospital. RNS recalls, "MTA had the unique ability to carry people with him. He had a presence. He was genuinely fond of people and it was not a simple employee-employer relationship - he was more like a friend."

RNS proved to be invaluable to Blue Star as the Company grew; he created and ran the initial dealer network that sold Blue Star products throughout the country, making it a household name. He also headed the Northern Region for more than 30 years. RNS is the 'last of the Mohicans' - the only surviving member of the original team that built Blue Star.



## GOBIND T ADVANI (GTA)

(1927-2004)

### Vice President - International

Gobind T Advani (GTA), MTA's youngest brother, joined Blue Star in 1947, and proved to be as adventurous as his sibling. "I told Mohan to let me go out and explore the market abroad," he recalled. "The Government wasn't giving out any export incentives then, but I could foresee that exports would increase." GTA's first trip was to the sheikhdom of Kuwait in 1956, several years before the oil boom. "It was a two-hour flight from Bombay to the first stop, Muscat, in a small Dakota plane," GTA explained. "There were three or four passenger seats and all the remaining seats had been removed to accommodate a flock of sheep and goats that were being transported for slaughter. There was a terrible stink and the flight was very noisy with all that bleating!"

Some friends from Karachi who were in the city came to pick him up from the airfield. "There was only one car in the whole of Kuwait and that belonged to the British High Commission," GTA said. "So we walked to the hotel as there was no other transport except for camels." There were no private rooms and GTA paid Rs 70 per day – a fortune at the time – for dormitory-style accommodation, with Indian toilets. His first foray into a foreign land, however, proved hugely successful, with a customer, Yusuf Alghanim, willing to place an order for 100 water coolers. To the client's amusement, GTA agreed to provide only ten, until he was sure that the products were first-rate and suitable for the climate. "After all, if he liked them, he could always order more," GTA reasoned.

It was this attention to quality rather than quantity that made the difference. As exports grew, GTA sold water coolers in Doha, Dubai, Yemen, Muscat and Karachi; the Company was so successful that 'Blue Star' became a generic name for water coolers in Kuwait! Thus, GTA was responsible for making Blue Star a name known throughout the Gulf, which was the foundation of the Company's current extensive presence across West Asia.



#### TOP

Gobind T Advani

#### ABOVE

GTA with his wife Pushpa, circa 1980



Jotsing T Advani with his wife, Mithi, circa 1975

## **JOTSING T ADVANI (JTA)**

(1911 - 1986)

### **Corporate Advisor and Legal Counsel**

MTA's elder brother Jotsing (affectionately known as Jotu) migrated from Karachi to Bombay in the post-Partition years and was entrusted with handling all the legal affairs of the fledgling Blue Star. "He was a legal brain," recalls Ashok M Advani, adding that while his "heart and soul were in Blue Star", he was never a part of the formal management as he liked his independence. JTA was legal advisor to the Company and also handled insurance. "He attended every meeting, and was in effect the Company Secretary. The secretarial and legal work that he did – filing a case, settling a dispute really mattered," says Ashok.



K U Advani

## **K U ADVANI**

(1906 - 1966)

### **Director**

K U Advani, financial advisor to the Ranas of Nepal, was a leading light of the Sindhi Amil community in Bombay. A close friend of MTA's, he helped finance Blue Star in its early years, when money was difficult to come by, according to Ashok M Advani. He died in an Air India crash in the Alps in 1966, in which Dr Homi Bhabha also died.

## **NANIK R VASWANI (NRV)**

(1933)

### **President and Vice Chairman**

Nanik R Vaswani, who had married MTA's daughter Suneeta in 1957, was with Blue Star briefly from 1979 to 1981, stepping in temporarily to fill a leadership gap at the time when BTA retired and GR left to join Doon School. NRV, who had served on the Board as Non-Executive Director, resigned his lucrative job with Exxon in the United States to join Blue Star as President and Vice Chairman.

Though he was with the Company for barely two years, NRV played a role in building its international presence. "One of my happier experiences," he recalled, "was the negotiations with Yokogawa. When asked what I expected to accomplish during my first trip to Tokyo, I replied that I expected to sign an MOU by the end of the visit, which drew many laughs. Nevertheless, that's exactly what was accomplished, due in large part to the effort and cooperation from both sides." NRV returned to his job in America when Ashok M Advani was in a position to take over as President and Vice Chairman.



Nanik R Vaswani at his desk, circa 1980

## LEADERS IN MODERN TIMES

### ASHOK M ADVANI (AMA)

(1941)

**Chairman & Chief Executive (1984-2016)**

**Chairman Emeritus (2016 - till date)**

In June 1969, a few months after Blue Star had celebrated its Silver Jubilee, Ashok M Advani (AMA), MTA's elder son, returned from the United States after some gentle persuasion from his father. Armed with an MBA from the Harvard Graduate School of Business and a BS in Electrical Engineering from Massachusetts Institute of Technology (MIT), AMA was certainly qualified to take Blue Star to new heights. By the time he retired from the Board in November 2016, at the age of 75, he had spent 47 years with the Company, including 33 years as Chairman. He is currently Chairman Emeritus of Blue Star, and Advisor to the Board and Executive Management.

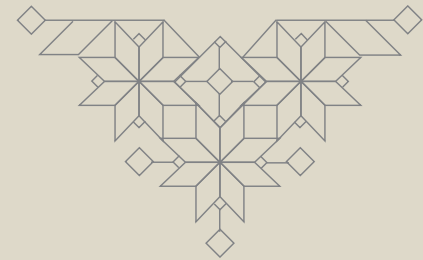
When he joined the Company, his father asked him what he would like to do, he responded by saying: "I would like to do something to grow our manufacturing base." Blue Star was largely a trading company until then, with manufacturing accounting only for 10 – 15% of the Company's turnover. "We made a small range of water coolers, window air conditioners and packaged air conditioners," AMA recalls. "Those were days of the notorious License Raj. We had just started making some components for central air conditioning plants, condensers, chillers and so on. Ram Malani took me under his wing." Despite his foreign degrees, AMA spent time on the shop floor, becoming friends with the workers, and simultaneously trying to streamline production processes. "There was some degree of my being seen as the 'boss' son, but we were raised to believe we were nobody; that we should play with all the kids, deal with everyone in a normal way," recalls AMA. "I was not one of those guys sitting in an ivory tower without knowledge or sensitivity of workers on the shop floor, I knew workers by first name. That period lasted one-and-a-half years."

In 1979, he joined the Blue Star Board. Under his chairmanship, revenues multiplied more than 400 times and the Company established itself as a leader in the air conditioning and commercial refrigeration industry in India. His management of the Finance portfolio gave the Company its strong, stable foundation and his total bottom-line focus gave the Company's managers a very early understanding of finance basics. Blue Star is one of the few companies that make all levels of operating managers responsible for Profit and Loss.

In his new role as Chairman Emeritus, AMA says: "I have made it a point to act as an advisor, confidante, someone who can bring a different perspective to the nitty-gritties of running a business without interfering – give enough



Ashok M Advani at his desk



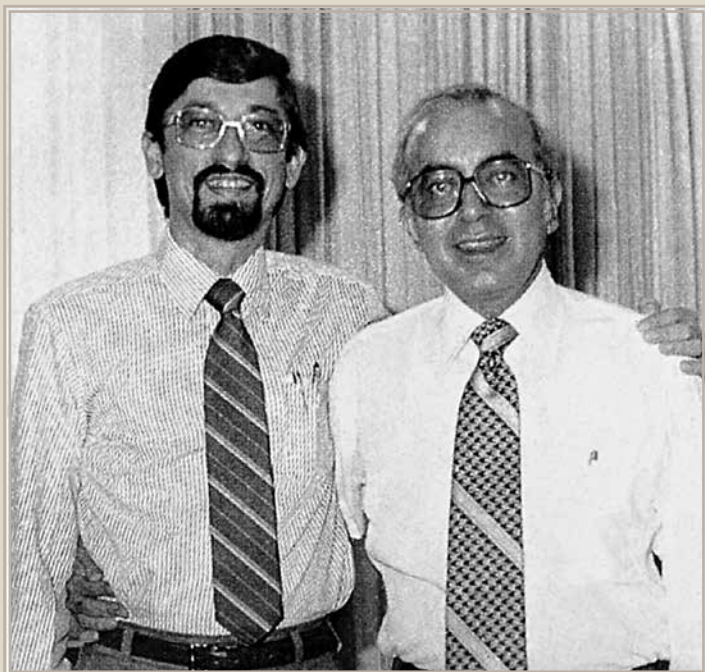
**BELOW LEFT**

Ashok Advani and Nanik Vaswani, circa 1980

**BELOW RIGHT**

AMA with Ram Malani, on the occasion of his taking over as the Chairman on June 1, 1984

space and freedom to operating management, which is led by Vir Advani and B Thiagarajan. Day-to-day operations are in good hands. The role of Chairman is different and the role of Chairman Emeritus is one step removed.” AMA is also a keen golfer and has won several golfing tournaments.



**LEFT**

AMA with sister-in-law Nargis during the Golden Jubilee celebrations at Kasturi Buildings, 1993

**OPPOSITE TOP LEFT**

AMA with his wife Anita at his 75<sup>th</sup> birthday celebrations, 2016

**OPPOSITE TOP RIGHT**

AMA, an avid golfer, wins the Mercedes Golf Tournament, 2016

**OPPOSITE BELOW**

AMA with his family at his 75<sup>th</sup> birthday celebrations at Taj Chambers, 2016



## SUNEEL M ADVANI (SMA)

(1944)

### Chairman (2016 - till date)

Suneel M Advani (SMA), who took over as Chairman of the Board of Blue Star on December 1, 2016, is a double graduate in Electrical Engineering and Economics from MIT, USA. He also holds an LLB degree from Mumbai University. Speaking of his time at MIT, he says: "I went to the States in 1964, came back in 1966 for a holiday, and returned home permanently in 1969 after I finished. I wanted to go back to USA - I'd taken admission for evening classes in a law college and got a job. My father enticed me to stay." MTA was concerned that if his son stayed back in USA to do a law degree, he would not return. "He wanted me back in the Company," recalls SMA. "He said, 'Why don't you try it out?' He sent me to B T Advani, to Ram Malani, all these people to indoctrinate me in the fun that I would have in Blue Star, and how great a Company it was. Everyone said, 'How lucky you are, why would you not want to do this? It was done in a fairly subtle manner, it was not heavy-handed."

SMA's lasting contribution is in collaborating with Rheem of USA, for helping Blue Star design and build the Dadra plant and in master-minding the entire 'world-class factory of the future', which went on to transform Blue Star into a major manufacturing entity. SMA selected and groomed Satish Jamdar and his key managers, and led them to take over all the Company's factories and transform them into world leaders. His contribution to the Company is also in the area of brand equity. His obsession with brand value and image, as well as customer satisfaction, has led to the extraordinary



#### ABOVE

Suneel M Advani

#### LEFT

AMA presenting a silver salver to SMA on completion of 45 years of service



#### OPPOSITE TOP

SMA and Nargis at their wedding reception with MTA and Padmi Advani, 1970

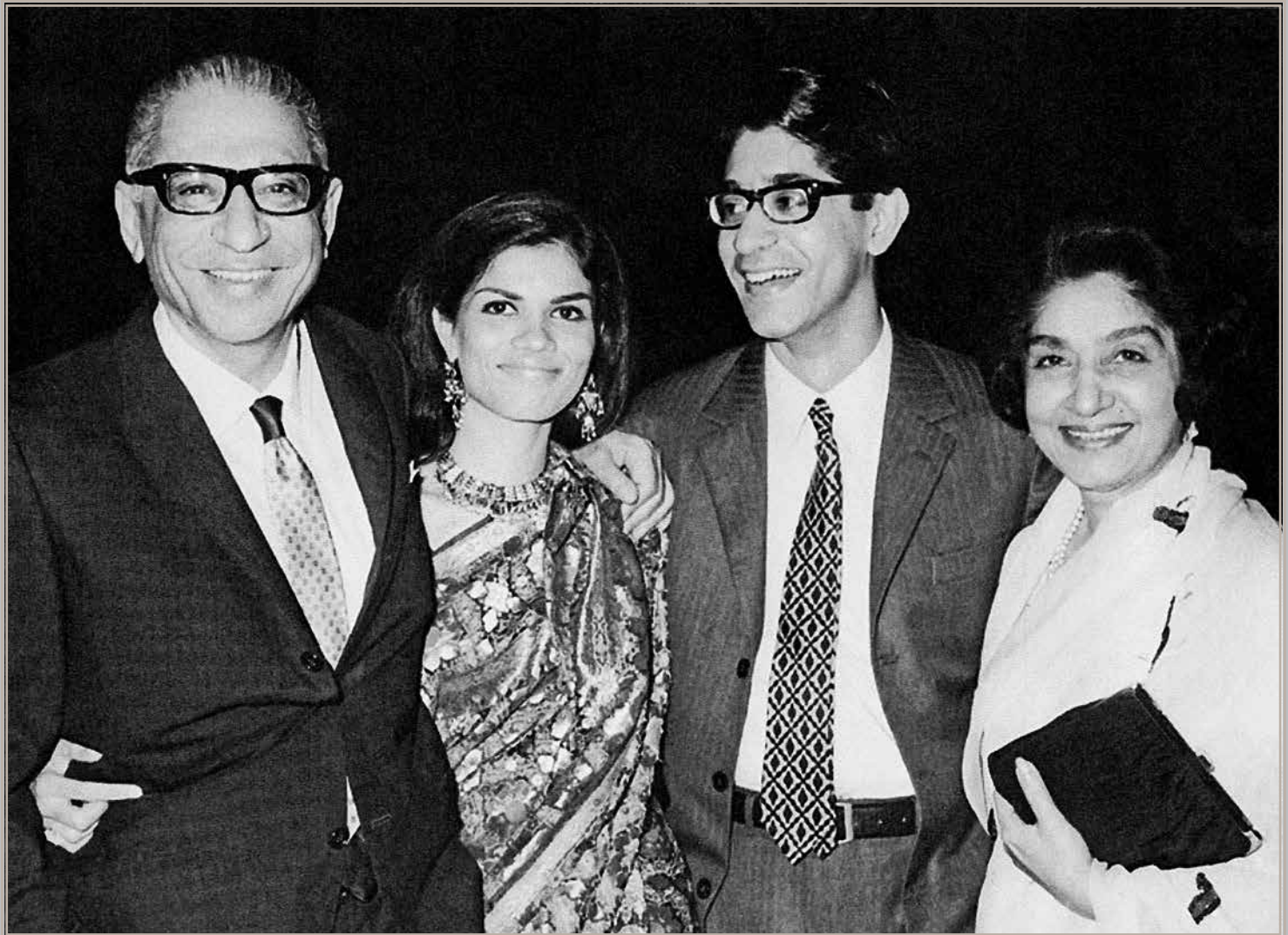
#### OPPOSITE LEFT

SMA with Champa Jagtiani at a blood donation drive, circa 1970

#### OPPOSITE RIGHT

SMA with his family on holiday in South Africa, 2017







recognition that Blue Star enjoys. Almost from the beginning of his career, SMA also played a major role in making Blue Star the leader in the Projects business. SMA established Blue Star Infotech Ltd in 2000, and assumed the position of Chairman and later, Managing Director as well, in addition to his responsibilities in Blue Star.

In the span of his career, he formed many joint ventures with global majors such as HP, Motorola, Stork-Comprimo in the hi-tech area, and with smaller Indian entities in air conditioning. For Blue Star and Blue Star Infotech, he conceived and completed several corporate acquisitions. Over the years, he served on managing councils of several industry and trade bodies, such as Confederation of Indian Industry (CII). He is also Founder and a Past President of Refrigeration and Airconditioning Manufacturers' Association (RAMA).

As SMA completes 50 years in the service of Blue Star, he looks back and reminisces, "My wife, Nargis, has served Blue Star even longer. She joined the Company in 1967, and resigned upon marrying me in 1970. But her resignation only meant that she drew no salary. In terms of time, commitment and personal sacrifices, she has been with me, and with Blue Star, every step of the way. She has truly been the wind beneath my wings. Blue Star owes her a huge debt of gratitude."



Nargis and Suneel Advani, circa 1990

## VIR S ADVANI

(1975)

### Managing Director

Vir S Advani, who became Managing Director of Blue Star Ltd on April 1, 2016, joined the Company in the year 2000 as a 25-year-old. After managing independent assignments in associate companies, he joined Blue Star Ltd in 2007, and was appointed Executive Director in 2010. Among other things, he played a key role in Blue Star Design and Engineering Services; more recently, he has turned around the troubled Electro-Mechanical Projects business.

“Vir is a top-class professional,” comments Suresh Talwar, who was a member of the Blue Star Board for 30 years and has been on Boards of 56 Indian companies. “He was a big help to his father in the Projects business and led from the front when there was a problem. At this young age, he made a presentation to the Board on what had transpired. He got in to his position as Managing Director on merit, not because he was Suneel Advani’s son.”

Vir says: “If you’re going to run a business, better spend as much time out of the office as you can. Even today I spend at least two days a week outside the office. I insist on meeting customers every week, it’s become a habit. My grandfather MTA was an extrovert. I’m an introvert by nature, a more analytical person, so it took me more effort to get comfortable with that part of the job, but it’s become part of the way I work.”



**ABOVE**  
Vir S Advani

**LEFT**  
AMA presenting Vir (a schoolboy then)  
with a memento, 1993



**TOP**

Vir Advani with father Suneel and uncle Ashok

**RIGHT**

Vir planting a tree at the Wada plant

**OPPOSITE LEFT**

Vir addressing the audience at a Blue Chip Meet

**OPPOSITE RIGHT**

Vir with his wife Ria, and sons, Uday and Jay

**OPPOSITE BELOW**

Vir awarded 'Young Entrepreneur of the Year 2017' by ITP Media







B Thiagarajan

## **B THIAGARAJAN (BTN)**

(1957)

### **Joint Managing Director**

B Thiagarajan (BTN), who was elevated to Joint Managing Director in 2016, joined the Company in 1998, when he was 41 years old. A Bachelor of Engineering in Electrical and Electronics from Madurai University, he has also completed the Senior Executive Program of London Business School. He has over three decades of experience, having worked for companies such as Larsen & Toubro Ltd, BPL Systems Ltd and Voltas Ltd, prior to joining Blue Star. BTN also plays an active role in various industry forums and is the Past President of RAMA. He has been driving Cold Chain Infrastructure Development of Confederation of Indian Industries (CII) for several years. He is a nominated Member of the CII National Council, Co-chairperson of the CII National Agriculture Council, and Chairman of CII Maharashtra State Council.

When BTN joined Blue Star, after 14 years at Voltas, he had some reservations about what he perceived was a family-run company. “Unlike Voltas, here two promoters were managing it, and I was wondering to what extent there would be empowerment of professionals,” he said. He was astonished to find that though he was joining only at the level of general manager, both Ashok and Suneel Advani – then Chairman and Managing Director, and President and Vice Chairman respectively – came thoroughly prepared for rigorous discussions with him.

“When I joined, my belief was that Blue Star would not be at the same level as Voltas,” says BTN, referring to corporate culture, governance and professionalism. “Within a month, I realised Blue Star was ahead in so many ways.”

BTN’s major contributions thus far have been the runaway success of the Cooling Products business, which he oversees; and the courage and detailed planning with which he has launched Blue Star into water and air purifiers. His contributions to the building up of Blue Star’s brand equity have been enormous.



#### **RIGHT**

BTN inaugurates the Skill Development Centre at Himalayan Institute, Kala Amb, as a CSR initiative. R G Devnani and D V Kasbekar are also seen here.



**TOP LEFT**  
BTN addressing a Supply Chain Summit, 2016

**TOP RIGHT**  
Blue Star signs MOUs with IIT Madras and School of Planning and Architecture at the Visitor's Annual Conference in New Delhi, 2016

**ABOVE**  
BTN interacting with the media at a press conference in Mumbai



Bal K Malhotra

## **BAL K MALHOTRA (BKM)**

(1938)

### **Executive Director**

Bal K Malhotra (BKM), who rose to join the Board as Executive Director, came to Blue Star under unusual circumstances. A graduate in Mechanical Engineering in 1962, he arrived in Calcutta hoping to find a job. When he visited 7, Hare Street for an interview, he discovered the vacancy had already been filled. Then, on his way down in the elevator, he noticed the word 'Engineering' on a first-floor office door. On impulse, BKM went to the office and found himself at Blue Star Engineering Company (Calcutta) Pvt Ltd.

"I hadn't the foggiest idea what Blue Star did," he recounts. "I walked in and charmed the telephone operator. Shyam Narain called me in, and the first question he asked was whether I had applied through the advertisement put out by Blue Star. I said I had not, and he told me that he was sorry but they had filled in their vacancies through that ad."

BKM left, disappointed, only to find the Blue Star gorkha running after him. It had occurred to Shyam Narain that Hiroo Advani, then Department Manager for GDR products, was looking for someone. Hiroo spoke to him for ten minutes, and then asked him to write a short essay on BKM's favourite author, Erle Stanley Gardner. BKM got the job! He joined the Company as Sales Engineer in the Testing Machines department and rose through the ranks, working in Calcutta, Jamshedpur and Kanpur before being transferred to Delhi in July 1973.

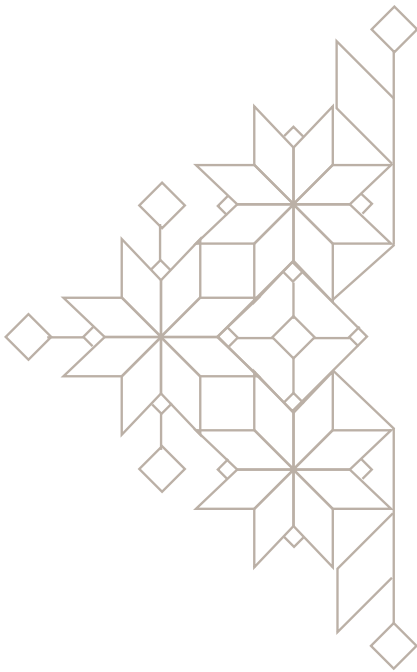
BKM spent his entire career in Blue Star and handled every part of the portfolio of businesses at some time. However, his most important contribution was making the air conditioning projects the mainstay and most profitable of all the Company's businesses. His mastery of the commercial functions, coupled with his relationship skills, helped make Blue Star the No. 1 air conditioning company in India.

## **GURDIP SINGH ANAND (GSA)**

(1942)

### **Executive Director**

GSA's place in Blue Star's pantheon is determined by his total professionalisation of the people management function. He changed the entire man management scenario in the Company by driving operating managers to accept prime responsibility for all aspects of their people's careers. Both Human Resources and Industrial Relations responsibility moved decisively under his prodding, from the HR department to the operating managers, transforming these functions.







**LEFT**  
Gurdip Singh Anand and his wife Meera

GSA also identified a weakness in intra-company communications between all levels of employees, and started a programme, “Each One Reach One”, aimed at providing mentors for junior employees.

GSA joined the Company in 1986 as Vice President, Personnel, and rose to be Executive Director.

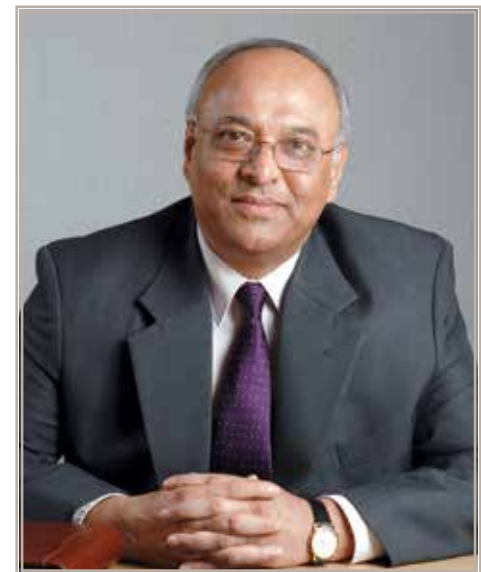
## **SATISH JAMDAR (SJ)**

(1952)

### **Managing Director**

If Blue Star is today recognised for its manufacturing, it is because of the transformational role that Satish Jamdar (SJ) played. When SMA decided to set up a world-class plant at Dadra, he said: “I’m going to get a new man from outside with a new way of thinking who would create absolutely a new manufacturing culture for us.” SJ, who had earlier worked at Siemens, BPL Sanyo and Voltas, turned out to be that man.

Joining as Vice President in 1996, he retired as Managing Director in May 2016, transforming the Research and Development (R&D), Supply Chain and Manufacturing divisions along the way. It was under his watch that a slew of modern concepts such as Kaizen, Lean Manufacturing (a Japanese technique), Just-in-Time (JIT) and Mynad Operations Sequence Technique (MOST) were introduced. Housekeeping became important; a Japanese workplace organisation method called ‘5S’ was brought in (seiri, seiton, seiso, seiketsu, and shitsuke), which referred to Sorting out; Systematic arrangement; Spick and span; Serene atmosphere and Self-knowledge and Self-discipline. BAAN, an Enterprise Research Planning (ERP) system, was another innovation piloted at Dadra.



Satish Jamdar

“When SMA asked me how soon the Dadra plant would reach world-class, he was surprised that I responded by saying, ‘never;’ SJ recalls. “That’s because if you start believing you are world-class, that’s the end of it, you won’t grow; the targets keep changing as other companies keep improving as well.”

Against much opposition, SJ also managed to convince the top management to set up the Himachal Pradesh plant for room air conditioners, which involved a capital expenditure of Rs 100 crores – “a decision that turned out to be great for the Company;” he says.



TGS Babu

### **T G S BABU (TGSB)**

(1953)

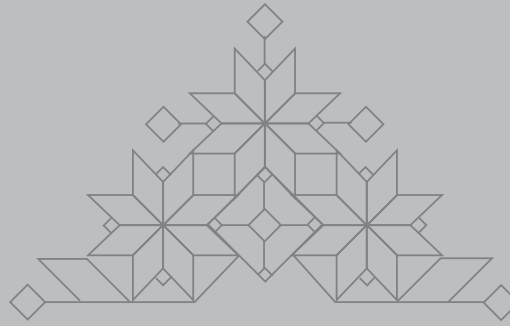
#### **Deputy Managing Director**

When Blue Star decided to transform its sales and marketing functions in the 1990s, T G S Babu (TGSB) became its Vice President – Packaged Air conditioning Division (PAD) in November 1995; he was based in Chennai, the headquarters of the PAD business.

TGSB, an Engineering graduate from IIT, Madras, with an MBA from IIM, Ahmedabad, had a successful track record with the Company since 1977, moving his way through its various businesses.

TGSB left the Company in 1990 to join MRF in Chennai but returned on SMA's persuasion in order to lead the marketing transformation in general, and the Packaged Air conditioning Division in particular. By mid-1996, he recognised that the number of installation sites was growing – from 2,000 per year, it would soon hit 5,000 – and it would be impossible to supervise them directly. He concluded that the ducted systems business was best served by a dealerisation model that would increase market presence, expand market share and reduce the cost of doing business. He was also the one who crystallised a programme to build brand equity through systematic cultivation of business influencers – Interior Designers, Architects and Consultants (termed IDEACs). This marketing strategy was so successful that it forms the bedrock of Blue Star's major businesses today.





# Key Contributions

*Over the decades, several people have built Blue Star's strong foundations, key competencies and competitiveness. It is these contributions that have made all the difference to the Company.*

**ENTREPRENEURIAL CULTURE, GLOBAL OUTLOOK:** *Mohan T Advani (MTA)*

**AC&R PRODUCTS:** *Ram D Malani (RDM), T G S Babu (TGSB), B Thiagarajan (BTN)*

**PROJECTS BUSINESS:** *Hiru Jhangiani (HMJ), B K Malhotra (BKM), Suneel Advani (SMA), Vir Advani*

**SERVICE:** *BTN*

**PEIS:** *MTA, Gulab Ramchandani (GR)*

**EXPORTS:** *RDM, BKM, Vir*

**MANUFACTURING EXCELLENCE:** *RDM, Ashok Advani (AMA), Satish Jamdar (SJ)*

**FINANCIAL CONTROL & SYSTEMS:** *B T Advani (BTA), RDM, AMA*

**HR:** *BTA, G S Anand, AMA*

**SUPPLY CHAIN:** *SJ, BTN*

**FIELD OPERATIONS:** *GR, Shyam Narain (SN), BKM*

**BRAND EQUITY AND MARKETING:** *MTA, SMA, BTN*

**DISTRIBUTION NETWORK:** *RDM, TGSB*

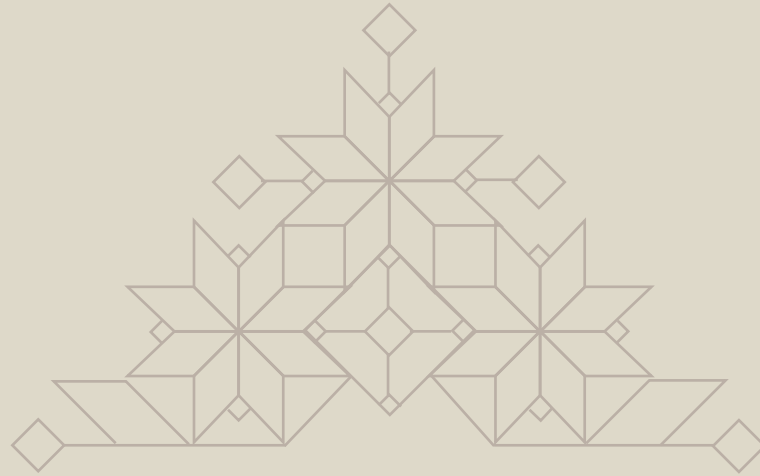
**CUSTOMER RELATIONSHIPS:** *MTA, HMJ, BKM*

**COMMERCIAL MANAGEMENT:** *SN, GR, BKM, SMA*

**INFORMATION TECHNOLOGY:** *SMA, Vir*

**CORPORATE SOCIAL RESPONSIBILITY:** *RDM, BTN*



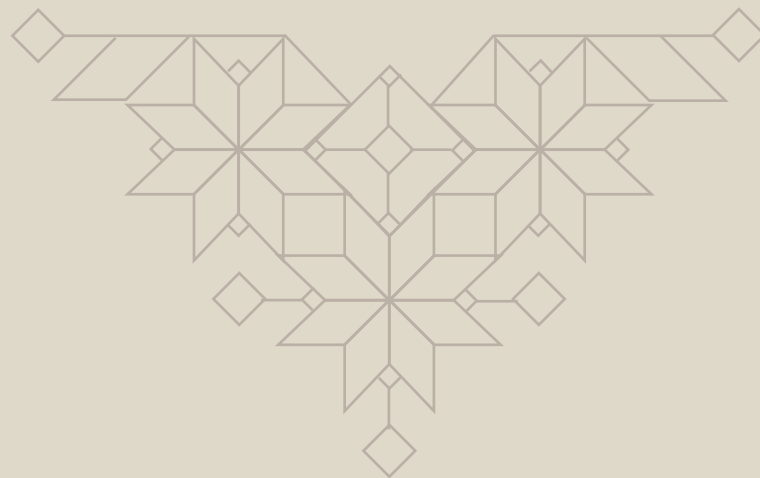


# 5

## Guiding Blue Star's Destiny



Blue Star prides upon itself on being a meritocracy, with collective accountability, professionalism and ethics dictating the management approach.





Blue Star has always believed in ‘collective accountability’ at its top management levels – Mohan T Advani, Ram D Malani and Bhagsing T Advani in the early days; Ashok M Advani and Suneel M Advani; and now Vir S Advani and B Thiagarajan.

Explaining the concept, AMA says: “The first-generation triumvirate that ran the Company – MTA, RDM and BTA – each had their areas of responsibility. BTA looked after Finance and Administration, RDM ran Air conditioning and Manufacturing, my dad ran the agency business, corporate marketing and new business development. However, major decisions that affected the whole Company in size and complexity would always be taken together. So, my dad was first among equals. Suneel and I continued that style; he had his areas of responsibility, I had mine. But important decisions that had major finance implications or strategy were joint. This joint accountability between Vir Advani and B Thiagarajan continues; it is now the culture of the organisation.”

Meritocracy and professionalism are vital elements in the choice of the managerial team. AMA worked in Blue Star for ten years before joining the Board in 1979 at age 37; it was only in 1984 that he succeeded RDM as Chairman, signalling the end of the era of the first generation of top management. He had to work his way through the ranks before he could lead the Company, as did Suneel, who joined as a management trainee in 1969 and joined the Board 14 years later, at age 39, after working his way up the ladder.

Blue Star’s success greatly depends on non-family professionals too – its business heads, and people such as Bal Malhotra, Mehru D Mansukhani, J M Bhambure, R G Devnani, Arun Khorana, Neeraj Basur, P V Rao and

“

*Only by trials did you see the light of day and this forced you to exert hard to beat the odds and reach the high position you now have. To paraphrase the Patek ad, you don’t really own it; you only look after it for future generations.*



MOORAD FAZALBHOY,  
CHAIRMAN OF PHOTPHONE COMEL LTD

”

**ABOVE**

The pioneering trio of Mohan T Advani, B T Advani and Ram D Malani, circa 1959



Blue Star's Executive Committee, August 1993. Standing, GSA, MDM, BKM and HBA. Seated, HMJ, AMA and SMA

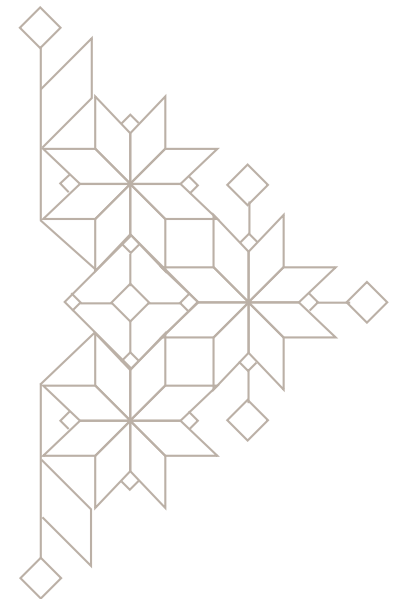


The Board of Directors of Blue Star Limited, 1982. Left to right: H M Jhangiani, Brig. Samsher Singh, P R Deshpande, Ashok M Advani, Ram D Malani, Minoo Shroff, Ashok Garware and Shyam Narain

C P Mukundan Menon, who have led the organisation to new heights in the last decade. As SMA says, “Everyone has the opportunity to get to the top; what matters is competence, ethics, hard work and dedication.” SMA also points out that in many companies, key functions such as Finance and Purchase remain in the hands of family members; “we have never had a family person running these,” he says.

With a view to achieve sound corporate governance for sustainable value, the Board of Directors of Blue Star has adopted various policies governing ethical behaviour and integrity of conduct, transactions with related parties, dividend to shareholders, remuneration to Directors and members of senior management, a code of conduct for prohibition of insider trading, a whistle blower mechanism, protection of the environment, ensuring safety and contribution towards corporate social responsibility. Over decades of its existence, Blue Star has established core values and beliefs which form the cornerstone of Blue Star’s Code of Conduct. It reinforces the collective responsibilities of the Board, senior management, employees and business partners to manage the Company’s business with a high level of integrity. All rules, regulations and policies apply equally to all promoter-managers in entirety.

Solicitor Suresh Talwar, who was on the Blue Star Board for 30 years, said on the occasion of the 60<sup>th</sup> anniversary, “I think this is one true example where a family-dominated company has professionalised its balance sheet and management. Of course, one can say, ‘How come two family members are Chairman and Vice Chairman?’ I would say that both are professionals and deserve the seats they occupy. I have seen similar examples where





MTA with R Subramanian Iyer, circa 1964

“

*Twenty years ago, when Blue Star was an infant company with an unforeseeable future, a few young men dared to risk their careers and to throw in their lot with mine.*

*I am proud of their confidence and courage. I owe them a debt of gratitude for the loyalty, devotion and co-operation they have always given me. Today they occupy positions of great responsibility in the Company and guide its destiny.*

*They are my colleagues and co-directors: C H Krishnan, Ram D Malani, G Ramchandani.*

*I must not omit to mention R Subramanian Iyer – one of our oldest employees – who joined us nearly 20 years ago as an accounts clerk and by the dint of his efficiency and hard work, has risen to occupy the position of Chief Accountant...*

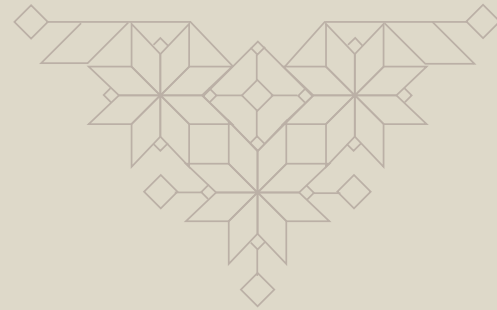
*I could not have wished for a finer set of men!*

—◆—

MOHAN T ADVANI, BLUE STAR AND YOU, INTERNAL HOUSE  
MAGAZINE, VOL. 2, NO. 1, 1963

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**TOP**  
B Thiagarajan receiving a memento from SMA and Vir on completion of 20 years of service, 2018

**LEFT**  
Satish Jamdar



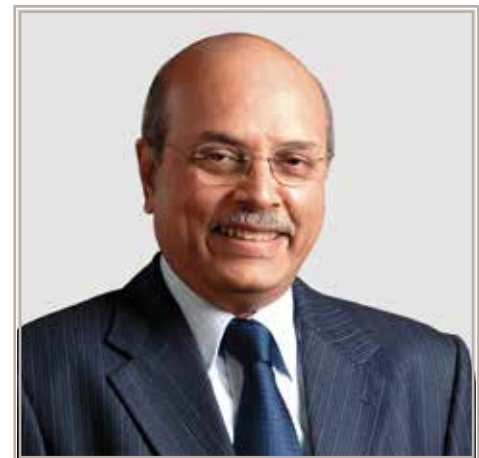
The Management Team, 1993. From left – Back row: B K Malhotra, T Varadaraj Kumar, Hiroo Advani, R Raghupathy and G S Anand;  
Middle row: V Seshadri, Hiru Jhangiani, D Nag Chowdhury, S Dixit, P S Ramnath, Suneel Advani, G R Khanna, Ashok Advani and M D Mansukhani;  
Front row: N Sivasankaran, R Kaul, Anil Kamath and H N Ganatra

I would not necessarily agree that the person deserves it. Here I can honestly say that both deserve their positions... they know their jobs, they know how to deal with people and I think they are very clear about how to run their Company.” In his own interactions at Board meetings, he observed that when the brothers spoke, often complementing each other, it was always as ‘Office of the Chairman’ and ‘Office of the Vice Chairman’, not as individuals who happened to be siblings.

Speaking of how professionalism has always dictated the management approach, he adds: “I saw this gradually. When directors were being replaced, they tried to see that they got quality non-executive directors who would contribute and promote professional managers from within the Company – it was not necessarily any blood relation, or person belonging to a certain community, as one would normally expect.” Mr Talwar also believes whole-heartedly that if Vir, Suneel M Advani’s son, is Managing Director today, it is because he deserves to be there. He also appreciates the fact that professionals invited to the Board are respected, both for the views they express, and how their time is valued in monetary terms.

Minoo Shroff, Director and Chairman of the Audit Committee at the time of Blue Star’s Diamond Jubilee, said: “Board meetings are conducted very professionally, all information possible is given to them. You feel that you are wanted, your counsel is valued and you, in turn, would like to contribute because you are contributing to an ethical, professionally well-managed organisation.”

With shareholder wealth creation being a priority for Blue Star, “We generate adequate profits to pay generous dividends and invest the surplus in the business,” as Suneel M Advani remarked at the 70<sup>th</sup> Annual General Meeting of the Company in its Platinum Jubilee year. “This has been our philosophy from the time we were listed on the Bombay Stock Exchange in 1969. We have ensured dividend pay-outs every single year since then.” In its



**TOP AND ABOVE**

Gurdeep Singh and Shailesh Haribhakti,  
Independent Directors of Blue Star Limited

**LEFT**

Shareholders visiting the Thane factory



**TOP**

The Board of Directors of Blue Star Limited, 2006. Left to right: Suresh Talwar, Satish Jamdar, Pradeep Mallick, Suneel M Advani, Ashok M Advani, Gurdeep Singh, Shailesh Haribhakti, TGS Babu

**ABOVE LEFT**

Shareholders congratulate the Directors for the good performance at the Company's AGM in 2009

**ABOVE RIGHT**

Directors Atul Choksey, Minoo Shroff and Suresh Talwar, circa 2000

## TWICE AS EFFECTIVE

**From its earliest days,  
Blue Star has believed in a  
unique management structure  
of two people running the Company.**

**1949—1974**

Mohan Advani and B T Advani;

**1974—1979**

B T Advani and Ram Malani;

**1979—1984**

Ram Malani and Ashok Advani;

**1984—2016**

Ashok Advani and Suneel Advani;

**2016 onwards**

Vir Advani and B Thiagarajan.



75<sup>th</sup> year, Blue Star announced an increase in the basic dividend from Rs 7.50 to Rs 8.50 per share, with an added special Platinum Jubilee Rs 1.50 dividend, to give shareholders a record Rs 10 for each Rs 2 share.

“To give you perspective,” the Chairman explained, “if you invested Rs 100 in Blue Star shares in 1969, and if you did not participate in any Rights Issues, the current market value (at a share price of Rs 650) would be Rs 6.11 lakhs, giving you a CAGR of 19% over 49 years. If you did participate in the Rights Issues, your average investment of Rs 1,041 would be worth Rs 11.39 lakhs, giving you a CAGR of 15%.”

Blue Star’s market capitalisation has now crossed the \$1 billion mark – “a figure that we are all very proud of”, he declared.



“

*What an incredible company both you [Ashok and Suneel] have created! What really impressed me was that you both repeatedly overcame failures only to rise higher in sales and profitability. And you have created an honest professional organisation, which is unusual in family-controlled companies.*

*Well done, and look forward to further successes of Blue Star!*



ARVIND BHANDARI, CEO, INARCO LTD

”



The Current Blue Star Board of Directors. Sitting (Left to Right): Vir S Advani, Suneel M Advani, B Thiagarajan  
Standing (Left to Right): Sam Balsara, Shailesh Haribhakti, Anil Harish, Gurdeep Singh, Rajiv R Lulla, Dinesh N Vaswani and Shobana Kamineni, 2018



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**SAM BALSARA – INDEPENDENT DIRECTOR**

Sam Balsara, who joined the Blue Star Board in 2017, is Chairman of Madison World, which is amongst India's largest media buying and communication agencies. Sam is currently on the Nominations and Remuneration Committee of the Board.

**SHAILESH HARIBHAKTI – INDEPENDENT DIRECTOR**

Shailesh Haribhakti is Chairman of Haribhakti & Co LLP (Chartered Accountants), New Haribhakti Business Services LLP, and Mentorcap Management Pvt Ltd. He is currently Chairman of the Audit Committee.

**ANIL HARISH – INDEPENDENT DIRECTOR**

Anil Harish is a Partner of the law firm, D M Harish & Co, and his service includes many diverse areas of law including Property, Exchange Control, Foreign Investments, and Indian as well as International Taxation. He is on the Audit Committee.

**SHOBANA KAMINENI – INDEPENDENT DIRECTOR**

Shobana Kamineni is Executive Vice-Chairperson of Apollo Hospitals Enterprise Ltd, and also heads Apollo Pharmacy Ltd, which is India's largest pharmacy. She is Founder and Wholetime Director of Apollo Munich Health Insurance Company Ltd. Shobana is currently on the CSR Committee.

**RAJIV R LULLA – NON-EXECUTIVE DIRECTOR**

Rajiv R Lulla is a Senior Advisor at Voltaire Capital (UK) and the Founder of Voltaire Capital (India), a technology-enabled trading firm operating in the UK, US and recently in India. He is currently on the Stakeholders Committee.

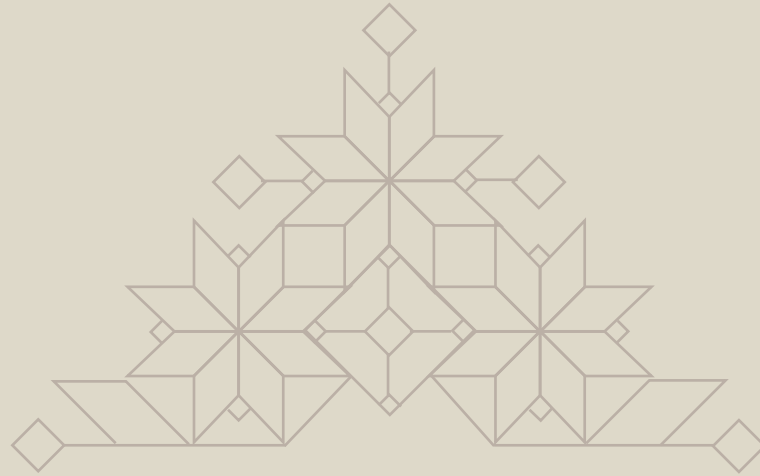
**GURDEEP SINGH – INDEPENDENT DIRECTOR**

Gurdeep Singh spent his entire working career at Hindustan Unilever Ltd, joining as a Management Trainee and having held various senior positions, including Vice President-Technical, before he was expatriated to Brazil as Technical Director of the Unilever Detergent business. He is currently Chairman of the Nominations and Remunerations Committee, and member of the Audit Committee at Blue Star.

**DINESH N VASWANI – NON-EXECUTIVE DIRECTOR**

Dinesh N Vaswani is the Founder and Managing Director of Acuitas Capital Advisors, a multi-family investment office focused on advising families on their investment portfolios in India. He is on the Nominations and Remuneration Committee.

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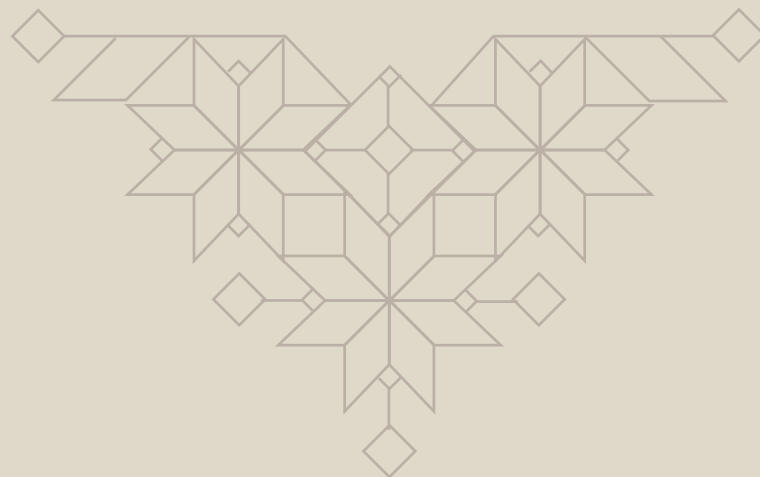


6

# The Blue Star Way



While Blue Star's values have been formally re-affirmed in recent times, there has always been a core, unwritten code of conduct, right from the time the Company was formed.



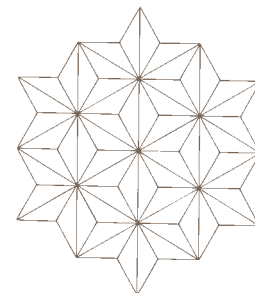




Blue Star's value system – the Blue Star Way – has always laid the foundation for how the Company functions. There are hundreds of stories about how Mohan T Advani conducted business with the utmost integrity. During the License Raj, when corruption was at its worst, Morton R Berger, then Vice President of Leo A Daly Pacific, Hong Kong, recalled the many debates he had with MTA on the issue of bribery. Speaking about negotiations for a major project in New Delhi, he said: “We wanted the contract very badly indeed (it would have been a real feather in my cap as the Worthington representative, and a high point in Blue Star's growth) but the final decision was ‘no’ due to the necessity of corrupt practices. His astuteness in business, however, needs no comment as Blue Star itself is a proof of his acumen.”

Courtesy and consideration for others were not restricted only to those one did business with; because it was innate, it trickled down in dealings with the junior-most employees, who imbibed them naturally. As Ashok M Advani remarked, “It is in small things like saying thank you to the peon who brings you tea.”

Blue Star in its Platinum Jubilee year continues to uphold these values, despite the challenges of tough times. Neeraj Basur, who has spent 22 years of his 25-year career at companies other than Blue Star, agrees. Basur, who joined Blue Star as Chief Financial Officer in 2014, says: “I have worked in a number of different companies outside Blue Star and it is definitely in a



**ABOVE**

MTA and RDM ready with Blue Star Engineering products meant for transport, circa 1965

“

*Congratulations on completing 75 years as Blue Star! This is such a great and rare achievement, especially in such turbulent times. It has really been a privilege for us to engage with you at different points of your journey. I believe that your leadership, high quality of debate, external orientation, strong foundation of values, and care for people are the strengths that make Blue Star unique and strong. I wish you another 75 years and more as a company.*



VIKRAM BHALLA, SENIOR PARTNER  
AND DIRECTOR, THE BOSTON  
CONSULTING GROUP

”

different league. “The DNA of Blue Star has to do with a sense of fairness and commitment of ethical play in dealing with all stakeholders. That DNA has been preserved well.”

He adds: “The perception of Blue Star as a good corporate citizen is quite strong. When we speak to banks, they have an eagerness to deal with Blue Star. The level of credibility is extremely high among internal and external stakeholders.”

Here is a reminder of the tenets – ‘The Blue Star Way’ – that have become essential to the Company’s DNA.

**THE BLUE STAR WAY**

- Be a company that is a pleasure to do business with.
- Win our people’s hearts and minds.
- Continuously improve shareholder value.
- Give primacy to meritocracy and professional management.
- Place the Company’s interest above one’s own.
- Conduct business with personal integrity and ethics.
- Treat business partners as respected members of our organisation.
- Encourage learning, experimentation and innovation in what we do.
- Ensure high standards of corporate governance.
- Work in a boundary-less manner between various functions to provide the best solutions to customers.
- Be a good corporate citizen.

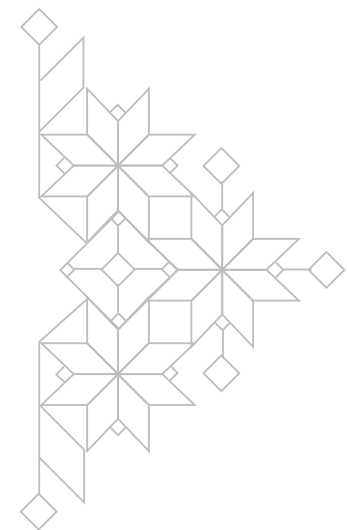
**BLUE STAR**  
BUILT ON TRUST



### **BE A COMPANY THAT IS A PLEASURE TO DO BUSINESS WITH**

Blue Star's relationships with its stakeholders are robust and often long-term; respect for partners and associates is fundamental. Dr Niren Suchanti, Chairman and Managing Director, Pressman Advertising Ltd, who have been handling the PR activities of the Company for over two decades, says: "Whenever I come for a meeting, it's to the point, the agenda is clear, the Company does its homework, we do our homework, decisions are taken and we go till the next meeting takes place, maybe a year later.. Any email that is sent to the organisation is replied to on the same day, which is amazing." Dr Suchanti adds: "The Company has put in such a structure that the time you spend is meaningful. If all our clients were like this, we could have ten meetings in a day instead of five."

Rahul Deshpande, Vice President-Operations, Electro-Mechanical Projects Group recalls the time when a plant broke down within a week of commissioning, even as one floor of the building was already in use. The client was furious and did not believe Blue Star representatives who promised to find a solution; since the equipment was imported, spares were not readily available. "We arranged local equipment on a temporary basis and made the plant operational within two days, working over the weekend," he says. "The MD of the company did not believe that we were successful in making the plant operational and visited the site himself on Sunday night. After seeing this, he was so happy that he visited our office on Monday morning and thanked the Management of Blue Star for the prompt support provided despite the fact that the equipment was not supplied by Blue Star. It goes without saying - the client is a Blue Star ambassador!"



#### **ABOVE**

SMA presenting Senior Manager of the Year award to Rahul Deshpande at the Blue Chip Awards, 2013

“

*It was in the latter part of the forties that I met Mohan when we were both embarking on our industrial ventures. With much faith and perseverance, Mohan, believing in the power of technology to bring about rapid societal changes, set about seeking it for use in his business. He planted the seeds which enabled Blue Star to attain the finest of technologies in the years to come and emerge as the leader in their industry. He set standards of corporate behaviour with emphasis on ethical values and practices which are respected by his successors.*



KESHUB MAHINDRA, CHAIRMAN EMERITUS,  
MAHINDRA GROUP

”

## CONTINUOUSLY IMPROVE SHAREHOLDER VALUE

A focus on continuously improving financial performance has been seen as the single most important way to improve shareholder value. Improvement in profitability and growth are the twin engines of progress. Says AMA “In the 1990s we realised that all of us were seeing the ‘parts’ and not the ‘whole’ just as in the case of the story of the blind men and the elephant. This led to the development of silos.”

It was SMA who introduced the concept of end-to-end profitability, internally known as ‘E3 GM’ – gross margins earned by manufacturing plus sales plus service functions. Management decisions regarding pricing were subsequently guided by ‘E3 GM’, enabling the organisation to have the whole perspective of the value chain.

S Sankaran, who headed the air conditioning projects business, recalls the events that led to this decision. In May 1990, the Chennai office bagged the then largest packaged air conditioning project in the country, the Madras Metropolitan Development Authority’s (MMDA’s) new office building. However, to get the job, the team had kept the margins low, and this upset the Regional Vice President, Brigadier Chandu Advani. When SMA visited Madras, Sankaran justified accepting the order by pointing out that while the air conditioning projects business would lose money, the Company as a whole would benefit from factory margins and future service revenue. “Suneel saw my logic and after working out the AMC margin with discounted cash flow approved accepting the job,” Sankaran adds. SMA then issued a note to all sales managers, explaining the concept of E3 margins and how they would have to be considered in large tenders to bring in revenue flow for multiple divisions. As it happened, the MMDA margin improved owing to extra works such as roof insulation. The E3 approach also gave the Service Department revenue for more than 15 years from operations and maintenance contracts! “This was a great decision by Suneel,” says Sankaran.

## WIN OUR PEOPLE’S HEARTS AND MINDS

Amit Naik, Senior General Manager, Human Resources, who joined Blue Star in 2001, left in 2013 and came back in 2016, has been personally instrumental in bringing back at least 100 alumni to Blue Star. “When you reconnect with them, people don’t think twice about coming back,” he says. Amit himself returned to the Company after three years elsewhere and says that people are willing to re-join because of the “freedom that they enjoy, the empowerment that they experience and the transparency that they see”. Amit also points out that Blue Star is one of the few engineering and manufacturing companies

that believes in strengthening work-life balance through measures such as 'work-from-home' and 'flexitime'. "A great deal of weightage is also given to employee feedback and employee engagement," he observes.

Bal K Malhotra (BKM), who joined as Sales Engineer and became Executive Director, recounts how the entire corporate management of Blue Star came to Delhi for both his daughters' weddings in 1991. "My mother was on top of the world," he says. "Her last words to me when I put her in the car after the reception were, 'I wish your father had been alive to see the respect you get from your colleagues'. She passed away early the next morning." No wonder BKM says: "I have very sentimental feelings towards Blue Star and I've always felt that I worked for my own company."

Raj N Seth, now in his 90s, recalls how he had simultaneous offers from General Motors and Blue Star - "one from the largest company in the world and the other from a new company yet to establish itself." Despite reservations, he decided to join Blue Star in Delhi. It was when he was on a week-long posting to Bombay that he realised why he had chosen the smaller company instead. "The brief spell at Bombay," he said, "gave me an opportunity to meet the top Management of Blue Star—Mr M T Advani, Mr B T Advani, Mr R D Malani, Mr J T Thadani, Mr A P Shivdasani and Mr G T Advani. I liked the people, their desire to push the Company ahead. I knew I would be happy and had made the right choice." Three decades later, he was still with Blue Star and has fond memories of having spent his entire career in the Company.

## ENCOURAGE LEARNING, EXPERIMENTATION AND INNOVATION IN WHAT WE DO

D H Roy, who currently heads the R&D and Supply Chain functions of the Company, was assigned the task of setting up the Plant in Himachal Pradesh, 1,500 km away from the Head Office. His mandate was to make the plant profitable in the very first year, and since connectivity those days was poor, Roy had to take quick decisions at site without being able to clear them with Satish Jamdar. "We embarked upon innovative ideas to curtail cost/expenses almost every day," he recalls. "The location was such that there was no ground water. We had to get water tankers for construction, which was expensive." They hit upon the idea of drawing water from a river bed that was about 50 metres below the adjacent plot. "We put a pump on the river bed by laying a 150 feet pipeline through the neighbours' plot and used the water for construction, thereby saving a good amount of money," he explains. "We also extended the water supply to the local plot owners for their personal use."



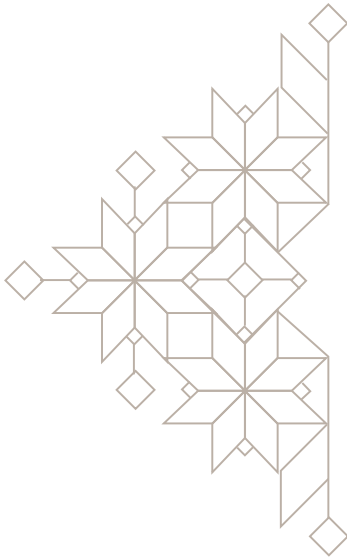
### ABOVE

Bal Malhotra with Ken Petterson of Electrolux, signing an agreement in the early 1990s

### BELOW

Raj Seth with MTA, circa 1958





Senthil Thangam, Senior General Manager, Packaged & Central Air Conditioning Products (PCPD) speaks about the time in 2012 when his team wanted to develop an innovative concept of designing a VRF for Indian conditions such as high ambient temperature, voltage fluctuations and high efficiency. “We went for Inverter technology when it was not available in the market, which would make the product expensive, but would definitely offer a competitive edge,” he says. “The management encouraged us to take the risk and go ahead,” he recalls. “Today VRF V Plus is one of the most successful product development stories in Blue Star.” Senthil also recalls how, in 2016, the PCPD team wanted to step up marketing activity and visibility in tier 2 and 3 markets by conducting small format product launches and micro events”. “We were encouraged to do so and given the clearance immediately,” he says. “This really changed the game and propelled the growth of PCPD.”

### **PLACE THE COMPANY’S INTEREST ABOVE ONE’S OWN**

Frugality has always been a hallmark of even the senior-most people at Blue Star; as AMA observes: “Whenever one of our frequent economy drives is on, we all travel Economy”. D Nag Chowdhury, former Vice President, Eastern Region, recalls how C L Madan, Managing Director of Yokogawa Blue Star was travelling on the same flight with AMA. While Madan was in business class, AMA was in a less expensive seat. “In spite of Madan’s repeated request to change seats, AMA continued his travel in the same class,” Chowdhury recalls, “since in the parent company, Blue Star, there was an economy drive in place.”

#### **TOP**

Senthil Thangam receiving the Manager of the Year at the Blue Chip Awards, 2009



**LEFT**  
D Nag Chowdhury with Anil Kamath,  
V Seshadri, G S Anand and Ajay Aggarwal,  
circa 1995

Dr S Mani recalls the time when back in the 1970s, for the first time in India, his team had initiated a major road show for Perkin Elmer analytical instruments. “We travelled nearly 4,000 km in Tamil Nadu and Kerala for over 20 days non-stop with a lorry carrying the equipment and the four of us following in a car. Almost every day, we had to unpack the equipment, install and conduct live demos throughout the day, arriving at our next destination after midnight and then start all over again,” he says. “The equipment was really heavy and needed support systems such as gas cylinders and air compressors. It would take a minimum of two hours to install. In the days when trunk calls and telegrams were the only mode of communication, organising and executing this was a feat. This effort boosted sales substantially and we discovered completely unknown customers at very remote locations.” One of the most challenging aspects of this journey was crossing a jungle stream on a causeway at night in heavy rainfall with floods over a foot high. The lorry could cross but the Ambassador car in which we were travelling could not make it.” The driver’s idea to cover the parts inside the hood with plastic bags, close all doors tightly and then connect the car to the lorry with a rope, worked. We reached Coimbatore at 4 am and continued with our programme. It was strenuous but we enjoyed it; we had the maximum number of customers visiting us for the demo, which went on till 9 pm that day!”

The affection that employees often feel for Blue Star shows in the minutest ways and ends up having unexpected benefits. For Haresh Kapadia, it was a

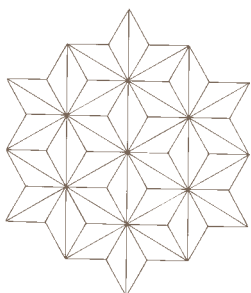
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**MTA’s belief in superior capability as the prime consideration for leadership has guided the Company since its inception. Senior management positions go only to those who prove their ability, and this criterion has applied even to the Founder’s family. It also means that every employee has the opportunity to rise to the top. ‘Give primacy to meritocracy and professional management’, says The Blue Star Way statement, and over the last 75 years, Blue Star’s success has owed much to this principle.**

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Juaquin Gentzsch, Enrique Yotti and Haresh Kapadia from Rheem Manufacturing Company visit the Dadra Plant, circa 2002



dusty Blue Star logo that made the difference; he knew that it could adversely impact the Company's image. Kapadia, who had moved from Blue Star's Gujarat branch to Al Shirawi Air Conditioning Company in Iraq, was waiting in a long queue at the Safwan-Abadally Border. He was trying to travel by road from Iraq to Kuwait on his way to Dubai during the Iraq-Iran war in 1980 when he saw a Blue Star water cooler and instinctively started cleaning the logo. "Suddenly an angry Kuwaiti officer came out and asked me what I was doing with the water cooler," Kapadia says. "I politely told him that I had worked for this Company in India and I was happy to see this water cooler in the service of people. The officer demanded my passport and told me to wait. He went inside, and stamped an entry visa to Kuwait, bypassing the long queue and handed the passport back to me, saying in Arabic, 'Ahlan Wa Sahalan'. I was left wondering at how the Blue Star name and logo helped me to bypass a long immigration queue at the land crossing between Iraq and Kuwait!" Kapadia declares.

## CONDUCT BUSINESS WITH PERSONAL INTEGRITY AND ETHICS

Arun Khorana, who was Vice President – Electronics Division, recalls his first lesson in profit and profiteering with an incident that struck him the most: "There is always a temptation to make a quick buck in any business deal. Long ago, we had booked an order for our own manufactured Gas Chromatograph. I eagerly shared with Ashok that there was a huge margin in the deal. Ashok reacted to this instantly with a serious concern. 'Are you talking about profit or profiteering?' he asked. This was my first lesson on 'ethics in business'. As Khorana continued to work with Blue Star, he became convinced that simple words like 'ethics' and 'values' mean a great deal in business and personal life.

In 2009, when the Indian corporate world was rocked by the Rs 7,000 crores Satyam Computer Services scandal, several organisations put in claims for the money they were owed and Blue Star was among them. As R Aravindan, Executive Vice President - Electro-Mechanical Projects Group, recalls, "Blue Star did large volumes of business with Satyam and at the time there were outstanding dues of Rs 3-4 crores. An audit firm was called to check if all the contractors Satyam had worked with had put in legitimate claims. They went into the minute details, checking the measurements of each air conditioning project that Blue Star had handled for Satyam. Though they had found several other companies indulging in wrong practices, claiming more money than was due, with Blue Star there was no difference between



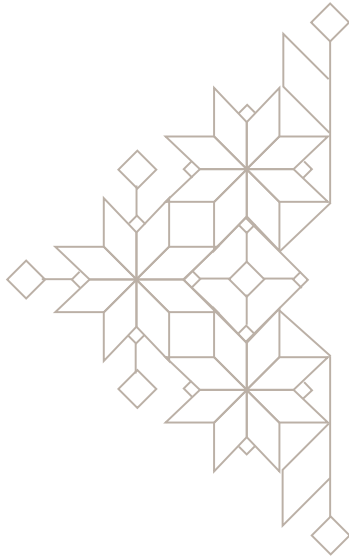
what the Company said it was owed, and what they had audited as being payable to us. The discrepancy in the measurements was only 0.1% or 0.2%, which they said was fine. We clearly came out as an ethical organisation and received all the money that was due to us.”

## **WORK IN A BOUNDARY-LESS MANNER BETWEEN VARIOUS FUNCTIONS TO PROVIDE THE BEST SOLUTIONS TO CUSTOMERS**

For Blue Star, it is experience that counts and not an individual's so-called 'status'. Just as Harvard-returned AMA had thought nothing of working on the shop floor alongside the workers, Satish Jamdar, then Executive Vice President, was also perfectly willing to roll up his sleeves and do what was required. In the early days of the Dadra plant, SJ personally unloaded trolleys and set up the fore plates to send the message that there was dignity in labour. If the final goal was customer satisfaction, he believed, then team-work was important. “One of the key things we realised is that four people are better as a team than as four individuals... we decided that there will be no boundaries,” he said. This was also taken literally, with no walls constructed in the department; if you stood at one end, you could look all the way to the other. The system worked wonders in terms of enhancing cohesiveness, which finally resulted both in a pleasant work ambience and in successful completion of orders.

Satish Jamdar and R G Devnani,  
inspecting the shop floor of the Wada factory





While hierarchies usually matter in the corporate world, Girish Hingorani has pleasant stories to tell of his interactions with the top Management. Girish, who presently is the Chief Marketing Officer for the Water Purifier business, in addition to being Head - Corporate Communications, was then a senior executive and as an enthusiastic youngster in 2000 when he wanted to go digital. “It meant an investment of Rs 15 lakhs in those days,” he says, “but there were no questions asked. SMA will seek your point of view and accept your suggestion if it is worthwhile.” Girish adds: “I’ve had the opportunity to grow fast, with lots of freedom and empowerment. That is more than money can buy.” With BTN as well, and with Vir, who is more or less the same age as Girish, it is never a boss-subordinate relationship. “It’s either ‘you convince me or I convince you,’ Girish says. This sense of equality trickles down in his attitude to juniors. “I ensure no one calls me ‘Sir,’” he says. “I tell my team they can call me ‘Sir’ only when the Queen of England offers me a knighthood!”

When the manual assembly line at the Himachal Plant was converted into a motorised assembly line, the production target was set as one window AC per worker per shift, which was then the industry norm. D H Roy recalls that while this worked out to 400 units per shift, they began with 100 units and then stagnated at 240-250 units per shift. The target looked difficult and the production team struggled to find a solution. We decided to involve all the



Girish Hingorani addressing a Water Purifiers Press Conference in Kochi, 2018

department heads including HR, Accounts, Procurement and R&D; their teams worked for a full eight hours at the site for almost seven to ten days observing and churning out different ways and ideas to get to the mark. Within ten days we hit the magic mark of 400 units per shift purely due to collaborative efforts with people working beyond their boundary of operation. I have never seen a better example of team work. Looking back, all felt that we had a dream team with passion to prove a point and make a difference.”

Srinivas Reddy, Senior General Manager - Corporate Planning, recalls the time when he was Area Manager for a business vertical that sold refrigeration solutions for storage of perishables. The equipment had to deliver 24x7 performance and warranted a round-the-clock response, should anything go wrong. In those days mobile phones had just been launched and continuous connectivity was a major issue, especially while travelling. “I was on leave and travelling by train,” he says. “At midnight, I received a call from a customer escalating a complaint about Modular Cold Room malfunctioning, which would result in losing perishables worth lakhs of rupees.” Though it was midnight, Reddy woke up the nearest dealer, disturbed the area service executive and ensured service delivery. He had hourly call updates, assuring the customer and mulling over options to save the perishables. “Thankfully, the problem got resolved by around 7 am.” he smiles. The customer, of course, was truly grateful. “Typical Blue Starites have such attributes of winning hearts and minds and preach and practice boundary-less behaviour,” he believes. “Perhaps it is the one of several factors (I would call it ‘Values Capital’) which help compete against MNCs and be the preferred choice for customers.”

For Blue Star, says SMA, this value is also intended to emphasise that when two or more Divisions can provide a solution to a customer, the Company should offer the better (albeit less profitable) solution.

## **TREAT BUSINESS PARTNERS AS RESPECTED MEMBERS OF OUR ORGANISATION**

MTA's consideration for business partners and associates extended well beyond professional realms, when he took great pains to ensure that they felt at home while visiting India. This respect and concern for business partners continues even now. BTN, points out that if a collaborator is visiting, an entire dossier will be prepared on the person's preferences, including what food and wine they like, with SMA taking a personal interest in clearing the menu. “When they invest time, they invest it meaningfully, and would be adequately prepared. You will witness this particular trait in Vir as well,” says BTN.



D H Roy receiving Vice President of the Year at Blue Chip Awards, 2014



Amit Naik with P V Rao

There are also several instances of people leaving the organisation to test the waters elsewhere, and this is obvious to anyone who joins the Company. Munish Malhotra, who joined Blue Star as a trainee and is now Senior General Manager – Procurement, immediately noticed that most of the seniors had a long tenure with the Company and that some who had left, came back. “My experience has been that Blue Star gives fair and just treatment to all the external stakeholders and especially our vendors,” he says. “The voice of vendors is heard at all levels and their issues responded to and addressed. The feeling they carry is that by investing in Blue Star their money is in safe hands and the system is transparent for them to carry out business. There are many vendors who are associated with us and have grown with the Company and continue valuing this relationship,” he explains. AMA adds that this value underlines the fact that the Company treats its dealers and service associates as equals because they are Blue Star’s extended arms.

S Mani, who handled the analytical instruments business, speaks of the time the payment was delayed after Blue Star had supplied some equipment to RRC, Kalpakkam and completed all its obligations. “We were knocking at various levels but it was not moving,” he recalls. “I got frustrated. I wrote a strong letter to Dr Rodriguez, Director, in which I used the word ‘frustrated’. We received the payment in 15 days. Soon after, Ram Malani called me to Kasturi Buildings. He made me wait for more than an hour and when I entered his cabin, he asked, ‘Are you frustrated? If you are not frustrated on being made to wait in your own Company after having been called at an appointed time, how can you get frustrated with a customer?’ He then showed me a letter written by Dr Rodriguez to RDM, enclosing a copy of my letter, politely mentioning that he did not expect such an unprofessional letter from a leading company like Blue Star. I apologised both to RDM and Dr Rodriguez. That was indeed an excellent lesson learned. Later Dr Rodriguez became a good friend.”

## **ENSURE HIGH STANDARDS OF CORPORATE GOVERNANCE**

Amit Naik says from an HR perspective, Blue Star has always believed in complying with statutory norms. “Several years ago, organisations were not worried about the social wellbeing of contract workers and casual labour. We were one of the front runners that got into a serious mindset of ensuring the social well-being of workers, by giving them the due statutory benefits of minimum wages, provident fund and insurance,” he says. “I was the one driving this initiative across the country in early 2000, and AMA personally monitored this. Top Management gave it utmost importance and still continues to do so, irrespective of whether the economy is in shambles or the Company has been going through a difficult phase.” Amit also notes that



Rural Health Centre at Velavedu set up by Blue Star Foundation, 1982

policies and processes are adhered to scrupulously and that there is complete transparency at all levels; there is no discretion involved. “If you are entitled to something you will get it, and if you are not, then there is no point even applying for it,” he remarks.

Like several other people who have worked with Blue Star for many years, Senthil Thangam has reported to various people. “I joined Blue Star in 1995 and till now I have reported to eight different bosses,” he says. “I have undergone the Performance evaluation and appraisals under them. All the appraisals that have happened were very fair and I was given the deserved growth and recognition. This can only happen when the Company is built with strong values of corporate governance.”

## BE A GOOD CORPORATE CITIZEN

The welfare of those who are less privileged is built into the DNA of the Company and goes back to the Founder’s intrinsic generosity. Decades before the Indian Government made CSR mandatory, Blue Star in 1981 had financed a rural development project at Velavedu village. The Blue Star Foundation continues to support initiatives across the spectrum, from healthcare to hygiene; from vocational training to assistance to senior citizens and those with developmental disabilities from weaker sections of society. Padmi Advani held education dear to her heart; she utilised funds from the bequest of MTA’s demise to create the MTA Education Trust for employees’ children. The Mohan T Advani Centennial Scholarships also offered by Blue Star Foundation support economically challenged but academically deserving students.





**TOP LEFT**

Inauguration of the air conditioning and refrigeration lab at Apollo Total Health project at Aragonda, Chittoor

**TOP RIGHT**

Water purifiers installed at a school in Dadra

**BOTTOM LEFT**

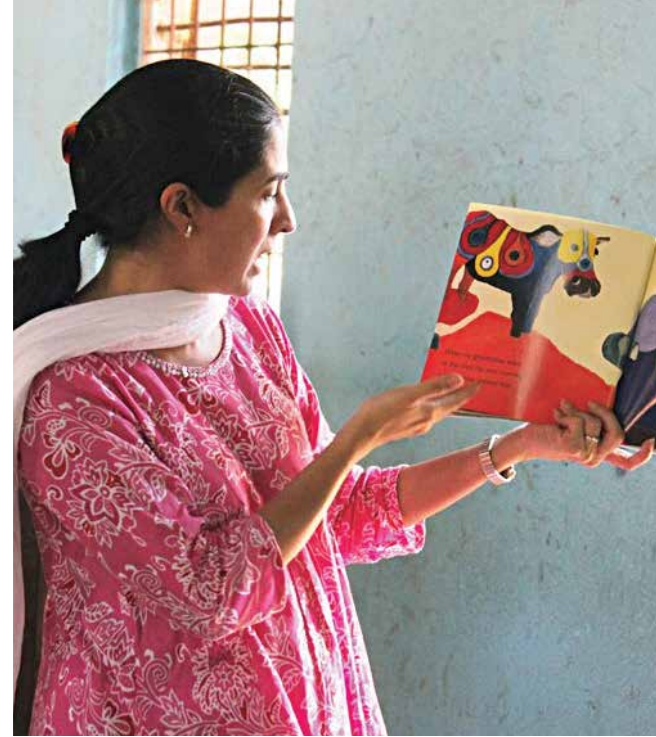
Hand-wash stations in Government schools of Wada

**BOTTOM RIGHT**

SMA and Nargis at the inauguration of bio-toilets in a Wada school

## A Good Corporate Citizen

*Sangeeta Parameswaran, Deputy General Manager, who handled the CSR function for nearly a decade before moving into HR says, "As a diligent corporate citizen, Blue Star has a long-standing commitment to contribute actively towards enhancing the living standards of the communities it operates in. We have systematic and sustained interventions in water and sanitation, health, education and skill development. Blue Star's CSR initiatives are strategically aligned to its domain knowledge and skill sets of its employees, who are given the opportunity to volunteer in these programmes. These are drawn*



**TOP LEFT**

A storytelling session at Wada to encourage reading in schools

**TOP RIGHT**

SMA and his daughter Sunaina, who is a Trustee of Blue Star Foundation, with the first batch of MTA Centennial scholarship awardees and Blue Star representatives

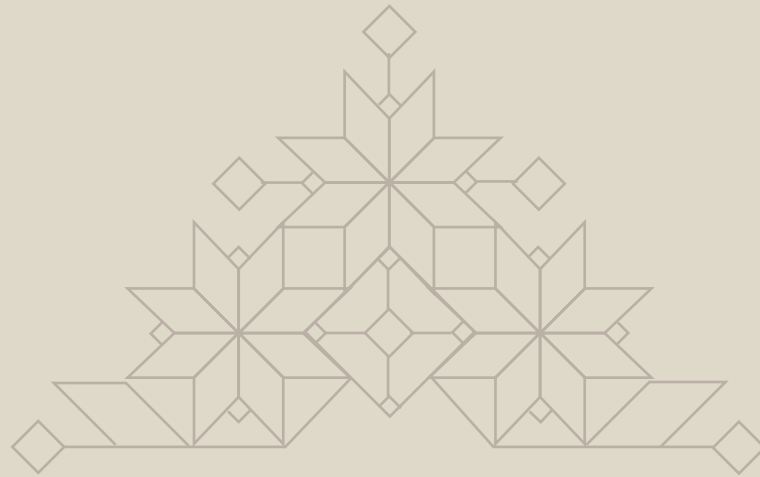
**BOTTOM LEFT**

Fire fighting system at Indo-German Institute of Advanced Technology, as a part of the MEP training centre

**BOTTOM RIGHT**

AC&R training session in progress at Gyan Prakash Foundation, Pune

*after careful deliberation by the CSR Committee of the Company, and focus on vocational training of school dropouts in air conditioning as well as mechanical, electrical and plumbing services; building water purification systems and sanitation facilities in Government schools; and holistic development initiatives around its factories. Blue Star also believes in affirmative action, and has been actively involved in the development of Dalit entrepreneurs as vendors and channel partners, as well as mentoring them on various aspects of business and communication.”*

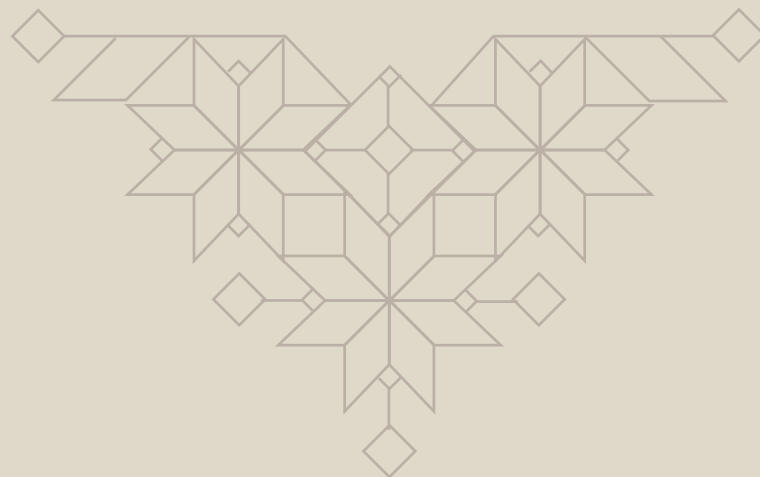


# 7

## A Sense of Belonging, Ownership and Pride



The tremendous team spirit that has always been fundamental to Blue Star's success owes much to the Founder's instinctive ability to spot raw talent and to create a work culture that brought out the best in them.







If there is one thing that has always been the key to Blue Star's success, it is the team spirit that the Founder, Mohan T Advani, carefully nurtured. He had an eye for spotting raw talent wherever he encountered it – including at social gatherings and in elevators. He treated new recruits like family even as he forged them through fire in challenging work situations, and he built workspaces that fostered a sense of togetherness. “I feel that what will help us most is our sense of belonging,” he once said.

For MTA, people always came first, and he shared everything with them – the good and not-so-good. Whether the workspace was a decrepit manufacturing shed at the smelly Sassoon Docks, a pavement outside a small smoky office space at Forbes Street, a fancy suite at the Taj where MTA worked from for a while, or an office in the prime precinct of Ballard Estate, to which Blue Star moved in 1943 – he was always there with them, and the loyalty to him remained steadfast.

In 1944, a year after the Company was formed and stringent import restrictions in the War years meant that there was no new equipment in the market, MTA bought used equipment and reconditioned it. This activity took place at a small office at Forbes Street. M V (Baburao) Agnihotri, who joined Blue Star in May that year said: “We worked on the pavement outside the Forbes Street office, keeping a watchful eye for a police or municipal lorry bearing down the

“  
*The guiding philosophy  
of the Company is  
a belief that people  
perform better when  
they are led, not  
pushed.*

—◆—  
MOHAN T ADVANI

”

**ABOVE**  
Mohan Advani in his office at Kasturi Buildings,  
1953



**ABOVE**

Kasturi Buildings, the Company's Head Office since 1953

**OPPOSITE TOP**

A 19<sup>th</sup> century view of Forbes Street, to which Blue Star moved. The Company's first official address was 59, Forbes Street at Kala Ghoda, Bombay (now Mumbai) and it was here that ice-candy machines and bottle coolers were 'manufactured' by hand

**OPPOSITE BOTTOM**

Padmi Advani inaugurates the renovated Kasturi Buildings, 1989

“

*Blue Star gave me, over the 34 years, ample opportunities to learn management from experts in professional courses as well as from experienced managers in the Company. With my postings in various positions from Resident Representative to Branch Manager to Vice President to Executive Vice President in several offices all over India I got learnings and experiences on the products and culture of people in different parts of India.*

*The Company was well known for enabling people to learn and grow with opportunities given to them regularly if they proved capable of learning. We had many managers who used Blue Star as a stepping stone to bigger jobs and responsibilities abroad. Many came back after a few years and gave Blue Star the benefit of their global experience.*

*Many rose from the position of Trainee Engineer to Executive Vice President. Stenographers got opportunities to move to bigger jobs in administration or other management services. I believe Blue Star was unusual in this way.*

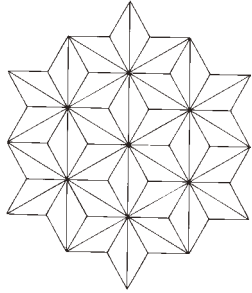
HIROO B ADVANI

”



Old Forbes Street (renamed V B Gandhi Marg) – home to one of Blue Star’s first offices – was an elite enclave in the early 19<sup>th</sup> century when Mumbai was still a fortified town. Before the demolition of the Fort walls in the 1860s, the area was one of the prime avenues of the British Fort, leading up to the Dockyard on the eastern front. The Keneseth Eliyahoo Synagogue located here, built in 1884, is one of the most significant Jewish synagogues in India.

SOURCE: *Kala Ghoda: Celebrating Mumbai’s Art District*, Edited By Abha Narain Lambah



**ABOVE**

MTA in Delhi with Raj Seth, J C Malhotra, O P Bhatia, and Government officials, circa 1968

**BELOW**

MTA presents an award to Sylvester Pinto for saving Blue Star's godown from fire, circa 1964



road. If we saw one approaching, we would just grab whatever we were working on and run into the office!" The office itself was a "musty, smoky room, 25 feet by 15 feet", in the words of Sylvester Pinto, who joined the Company in 1946. He spoke of how they did carpentry, battery repair and recharging and repairs of old refrigerators from this space, which had tar-coated walls, uneven flooring and was filled with acid fumes from car batteries.

Ram D Malani, former Chairman, wrote about this office in *Communer*, the internal house magazine - on the occasion of the 70<sup>th</sup> anniversary. "I still carry very vivid memories of the early years (before Indian Independence), when Blue Star was a small four-man outfit operating out of a cubby hole in Forbes Street," he said. "That was a time of great shortages - few telephones and very little vehicular traffic. MTA and I had small open cubicles and we shared a telephone." RDM refers to the small workshop employing a "couple of carpenters who worked in Ropewalk Lane, making ice-candy machines with wooden cabinets" and added that at night, everything had to be moved into a small room. "We moved our small manufacturing operations to the slums of Colaba in the early 1950s," he added. "There we had a factory without proper flooring and with only hand tools - but that did not stop MTA from making the first water cooler in India. Shifting from the leaky bamboo shed in Colaba to our own factory in Thane was a big step in 1969."

For people like Bal Malhotra, Mehru Mansukhani, Nimo Punwani and Hiroo Advani, what mattered was not the physical workspace, but the excitement of building something for the future. They learnt on the job, and passed on the benefit of their experience to the younger generation, sometimes in unique ways. Ashok Advani recalls how RDM had no patience for incompetence or laziness. “He taught me costing systems in the factory and excise, but he didn’t sit down and explain. Imagine a fire hose aimed at you; if you want a drink of water, you can get it from the fire hose, but you have to work at it!” he declared. It was the sort of training that earned AMA’s deepest loyalty and respect – sentiments similar to those that RDM’s generation of recruits had felt towards MTA as they learned their jobs under his gentler, more careful eye.

Human Resource (HR) and recruitment policies have become far more formalised and structured since then, but Blue Star still believes in catching people young, providing opportunities to grow and recognising merit at whatever level it may be found. It is this approach that continues to build the team spirit that makes Blue Star such a strong entity today.

There are scores of instances where people have left the Company, only to return; P Venkata Rao (PVR), Chief Human Resources Officer, who joined in 1985, worked elsewhere twice – once even as Chief Executive Officer of another company. “What brought me back was very clear,” he said. “I always enjoyed the opportunities, learnings, environment and culture that Blue Star offered. The Company values merit. During the two years I spent outside, I missed all this and did not mind giving up the designation of CEO to come back.”

When PVR returned, he was simply doing what many others had done before him. As Gurdip Anand, who rose to be Executive Director, once pointed out: “The positive Blue Star culture is evidenced by the fact that so many came back – Hiru Jhangiani, Chander Ramchandani, Madhu Bhagwat, V Seshadri, Vijay Inamdar, and many others. Usually if you return to a company, you are given a back seat, but interestingly, the value gained by these people was recognised by the Company and they returned in senior positions, and even moved up to the Board level.”

For R S Priya, Head – Corporate Marketing Services, one of the few women engineers Blue Star had 22 years ago, the sense of comfort stems from the fact that she had practically grown up with her colleagues. She joined as a management trainee and is still working closely with others who came in around the same time; C P Mukundan Menon, President, Sales & Marketing, Products Business, joined Blue Star in 1984 as a trainee engineer; R Aravindan, Executive Vice President, Electro-Mechanical Projects Group, was a trainee in 1986. Suresh Iyer, Chief Information Officer, completed 26 years in two stints in 2017 and V S Ashok, Vice President, Air Conditioning and Refrigeration Service Group, completed 25 years with the Company in 2017, while D H Roy, Executive

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#### **SELFLESS LOYALTY!**

**Shyam Narain, former Executive Director, wrote in Communer, Internal House Magazine, on the occasion of the Golden Jubilee, “B B Nag, AC&R Projects Manager at Calcutta, would not take leave and had to be persuaded to go on a month’s compulsory leave. He returned within seven days, having got ‘bored’, but avoided his cabin for fear of being found out and ‘fired’. Instead he chose to operate from stool to stool in the Service Department! Cancer cut short his bright career in its prime. During prolonged illness while confined to bed in the clutches of acute pain, he asked that his name be removed from the muster roll. “I am not contributing anything,” he said.”**

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**ABOVE**

Rita Kripalani, Vice President - Engineering (AC&R), one of the pioneering women employees in a male-dominated industry, receiving the Senior Manager of the Year award from SMA, 1996

**BELOW**

The trophies presented at the Blue Chip Awards to the winners



Vice President - R&D and Supply Chain, who joined in 1997, completed 20 years. “I feel very comfortable with everyone because we have all grown in the organisation together,” Priya remarks. For a woman starting out in a primarily male-dominated environment at the time, this camaraderie was vital; she was the only woman to visit the Dadra plant, which was geared towards men. “I wasn’t sure if there was even a toilet there that I could use,” she recalls, “but they ensured I had every facility necessary for women.”

Every one of these core team members values the informality of the organisation. In the late 1940s, when MTA had just three or four people working with him, he thought nothing of walking up to their desks for discussions; more than 70 years later, though Blue Star has more than 2,800 employees, Top Management leaders still do the same. “Apart from the informality,” observes PVR, “it also helps to get the job done faster, rather than sending out emails.”

**PEOPLE MATTER**

When an organisation grows to the size that Blue Star has, it is often easy to lose sight of the fact that the credit goes to its people. As AMA pointed out to shareholders at the 68<sup>th</sup> AGM in 2016, however: “There should be no doubt that people make the difference.”

PVR, who has spent 30 years across various functions in Blue Star, explains: “Ranjit Majumdar was a very successful HR Vice President. After that we had four professional HR people who had qualifications and theories. I used to grumble about HR people not being sensitive to employees. Now, I try to put myself in the shoes of people who work here. When I was asked to

head HR, I was told my exposure to different functions, locations and teams would all help in handling the role.” Working with BTN, PVR realised that the first agenda was to make HR business-oriented, and consider employees as partners, taking care of their end-to-end needs.

Employee welfare is certainly not a new concept for Blue Star. In 1969, MTA had established the Blue Star Education Trust to recognise academic excellence of employees’ children. Blue Star Sahayata Foundation offers financial assistance for medical, surgical and hospitalisation expenses beyond claims settled by the insurance company.

In the late 1990s, while setting up the Dadra plant, Satish Jamdar recognised that employees had needs beyond fulfilling their family commitments; they wanted to feel they were cared for, and looked for outlets for their well-being and creativity. As a result, he evolved the ‘wheel of life’ concept at Dadra, which still exists, complete with sitar lessons and yoga during working hours.

Now, as Blue Star works towards becoming one of the country’s topmost employers in the air conditioning industry, the Company has introduced several welcome initiatives, taking a cue from its Employee Engagement Survey. B Thiagarajan, Joint Managing Director, says: “We want to transform the way the people programmes are run.” These measures include greater work-life balance, with flexible working hours and work from home. Gender diversity is an important goal; “ultimately we want at least 10% women at all levels of management,” says BTN.

Regular communication with employees is maintained through ‘Talk over Tea’ sessions for interactions with senior managers, and ‘Town Hall’ meetings, where employees can give feedback. Training for career growth is also a priority, with virtual training platforms such as the Blue Star Academy for Technical and Functional Excellence and Academy for Leadership Excellence. “We are on a programme to further empower the people in terms of greater delegation, limits and decentralisation of power, says BTN. “We want to become an agile organisation empowering the people.”

Through all this, the sense of bonding and continuity is reflected in the physical workspaces. Works of art; some of them going back to MTA’s time – adorn the walls of all Blue Star offices; paintings of the first generation of leaders gaze benignly on the new generation of Blue Star. A striking sculpture of the Founder, commissioned by SMA is a reminder of the rich legacy he left behind and everything that he stood for as he built the Company. These art works also go a long way towards creating the aesthetic appeal that MTA always valued in his workspaces – reflecting a sense of refinement that subsequent generations of the family have imbibed.



**ABOVE**

B Thiagarajan, Manager of the Year, Support Services at Blue Chip Awards, 2002

**BELOW**

S Kalyaan, Senior General Manager, Training & Development, at one of his technical training sessions



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## BLUE CHIP CLUB

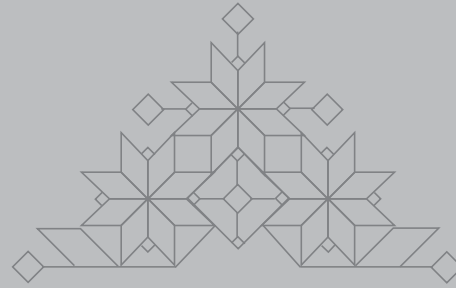
Instituted close to five decades ago, the Blue Chip Club is a forum for Senior Managers, which serves as a platform for knowledge-sharing and to enhance bonding between the members. This group meets once a quarter, and external speakers are invited to speak on business-related subjects of interest, or on topics facilitating personal/ professional development. An annual Blue Chip event is held close to Blue Star Day, where members are invited with their spouses to an evening of celebrations and bonding. The prestigious 'Manager of the Year' and 'VP of the Year' awards are also announced at this function, and awardees are publicly honoured and share their success stories.

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**TOP LEFT**  
V V Inamdar is felicitated as the Vice President of the Year by AMA at Blue Chip Awards, 1994

**TOP RIGHT**  
R Aravindan receiving the Senior Manager of the Year award at Blue Chip Awards, 2005

**ABOVE LEFT**  
G S Anand receiving Senior Manager of the Year award from AMA, 1993

**ABOVE RIGHT**  
R S Priya receiving the Manager of the Year Support Services award from SMA, 2014



**TOP LEFT**

C P Mukundan Menon receives Manager of the Year award from AMA at Blue Chip Awards, 1996

**TOP RIGHT**

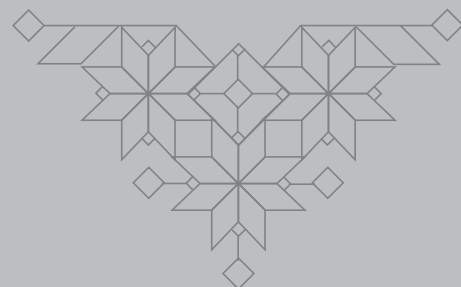
SMA presents P Venkat Rao with Manager of the Year award at Blue Chip Awards, 1998

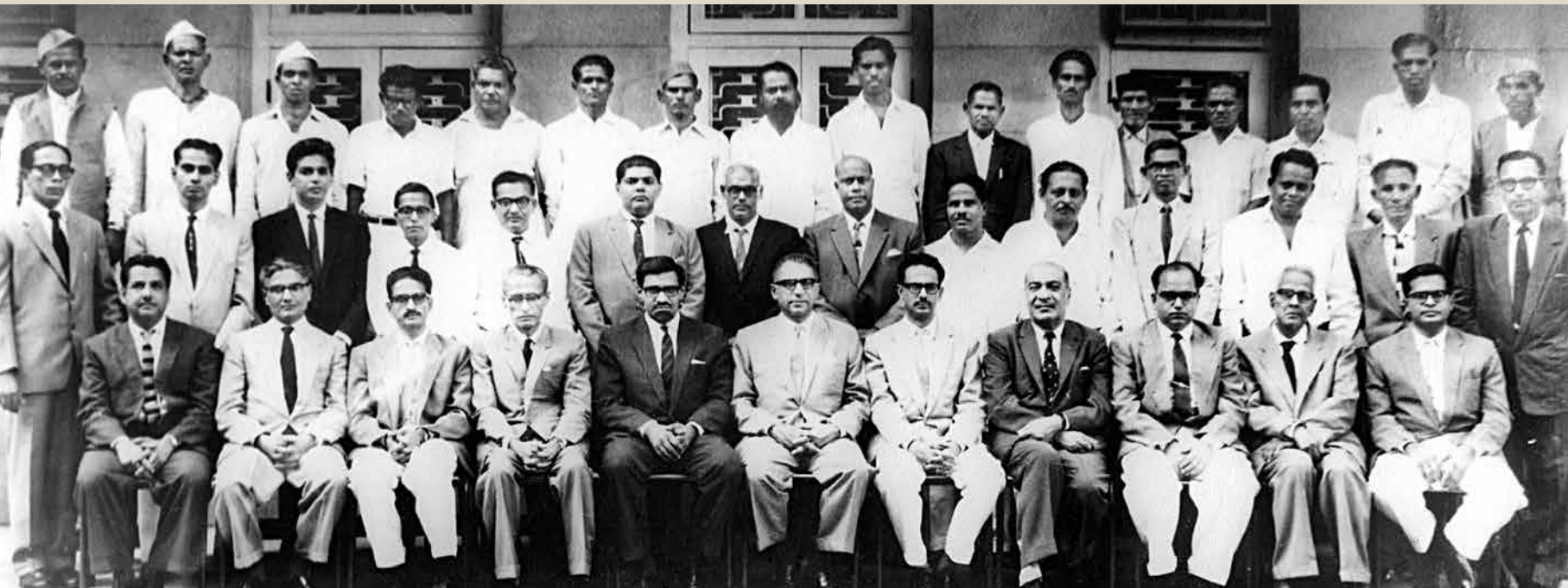
**ABOVE LEFT**

N Sivasankaran receives Manager of the Year award from AMA at Blue Chip Awards, 1992

**ABOVE RIGHT**

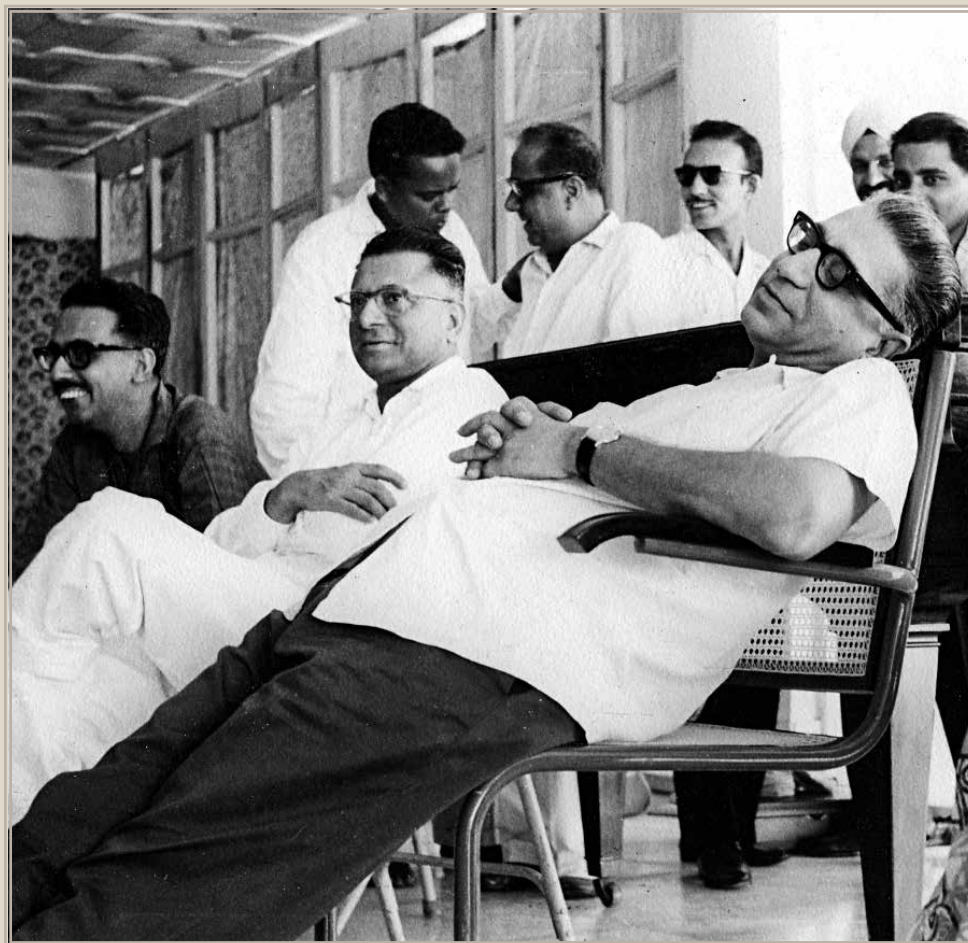
Padmi Advani presents Manager of the Year award to H N Ganatra at Blue Chip Awards, 1989





**ABOVE**  
15<sup>th</sup> Anniversary of Blue Star, 1958

**RIGHT**  
Here's a glimpse from 1962, when Blue Star Club, Bombay organised a lively 'Musical Evening', followed by a picnic at the newly built Sun-n-Sand Hotel at Juhu Beach. While the employees had a good time, clearly, certainly MTA did as well – as the caption in the inaugural issue of Blue Star and You read: 'Good food, followed by good music, brings sweet slumber to MTA'!





**ABOVE**

A Blue Star Benevolent Fund meeting, 1989

**LEFT**

Blue Star's women employees at Nanik Vaswani's farewell party at Kasturi Buildings – from left: Kanta Shinde, Anju Taraporevala, Kumud Shambhu, Ajita Kambil, Lalita Nair, Nanik Vaswani, Indu Gvalani, Savitri Gidwani, Gul Kripalani, Gloria D'Souza and Mary Vijay, 1981



**ABOVE**  
 The Blue Star team at the Mumbai Marathon, 2015, Rukshana Batiwalla is third from left, R G Devnani extreme right

**RIGHT**  
 Hiru Jhangiani with Pune employees

**OPPOSITE TOP LEFT**  
 Blue Star Infotech team at an outdoors team-building session in 2006. SMA seen at the back in dark glasses, Suresh Iyer in skull cap seen on the left.

**OPPOSITE TOP RIGHT**  
 Celebration time at the 70<sup>th</sup> anniversary party! Jagdish M in suit and smile.

**OPPOSITE BELOW**  
 Employees at a Southern Region Sports Meet, 2014 with Satish Jamdar and Mukundan Menon in the first row







**TOP**  
SMA with women employees of Chennai, 2017

**ABOVE LEFT**  
Bal Malhotra and Shyam Makhija at the formal inauguration of the Jamshedpur Branch, 1970

**ABOVE RIGHT**  
Vir addressing employees at the KRA Cascade session, 2018







**TOP**  
AMA inaugurates the Chandigarh office, 2001

**MIDDLE LEFT**  
The puja at the Okhla establishment. Seen are Bal Malhotra, Prakash Rao, and N Sivasankaran

**MIDDLE RIGHT**  
Blue Star's senior managers at a corporate event. Seen in the foreground are BTN, Vir and AMA

**RIGHT**  
Training for Secretaries. Seen here is N K Ramesh with Gloria D'Souza and Maggie Oliver, among others, 2002



*“In my 49 years at Blue Star, this is the finest Senior Management team that the Company has ever had.”*



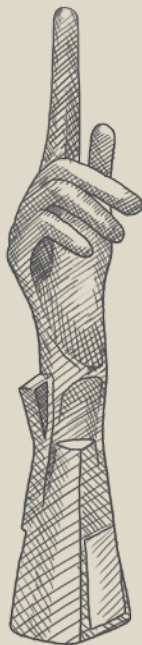
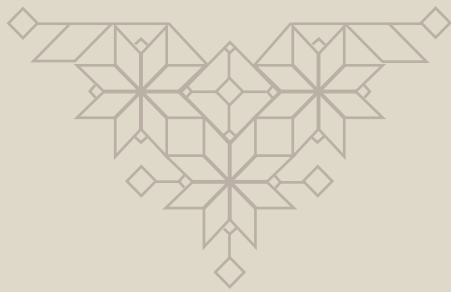
SUNEEL M ADVANI, CHAIRMAN



### **The Blue Star Senior Management Team, 2018**

(Left-Right): **Neeraj Basur**, Chief Financial Officer; **Rahul Deshpande**, VP - Operations, West & North, Electro - Mechanical Projects Group; **R Aravindan**, Executive VP - Electro-Mechanical Projects Group; **C Haridas**, VP - Sales and Marketing, Room Air Conditioners; **R G Devnani**, Executive VP - Manufacturing; **Suresh Iyer**, Chief Information Officer; **P V Rao**, Chief Human Resources Officer; **Vir S Advani**, Managing Director; **Suneel M Advani**, Chairman of the Board; **B Thiagarajan**, Joint Managing Director; **C P Mukundan Menon**, President - Sales and Marketing, Products Business; **D H Roy**, Executive VP - R&D and Supply Chain; **Ajay Sharma**, Head - Water Purifiers; **V S Ashok**, VP - Air Conditioning and Refrigeration Service Group; **Prem Kalliath**, Chief Executive Officer, Blue Star Engineering & Electronics Ltd

# 'Vice President of the Year' – winners



Vijay Inamdar  
1993-1994



Anil Kamath  
1994-1995



Arun Khorana  
2001-2002  
2005-2006



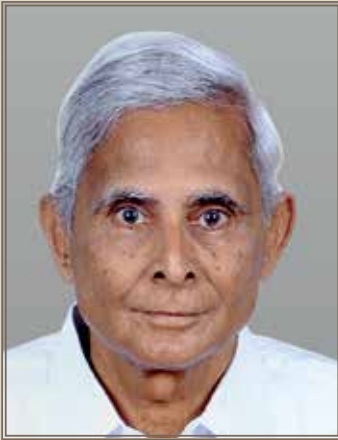
B Thiagarajan  
2002-2003  
2004-2005



C P Mukundan Menon  
2010-2011



Sujan Chatterjee  
2013-2014



C N Ramalingam  
1995-1996



Assar Sambtani  
1996-1997



A S Prakash Rao  
1998-1999



Satish Jamdar  
1999-2000



S Sankaran  
2003-2004



R Aravindan  
2006-2007



K P Sukumar  
2008-2009



P Venkata Rao  
2009-2010  
2012-2013



Debashish H Roy  
2014-2015



R G Devnani  
2015-2016

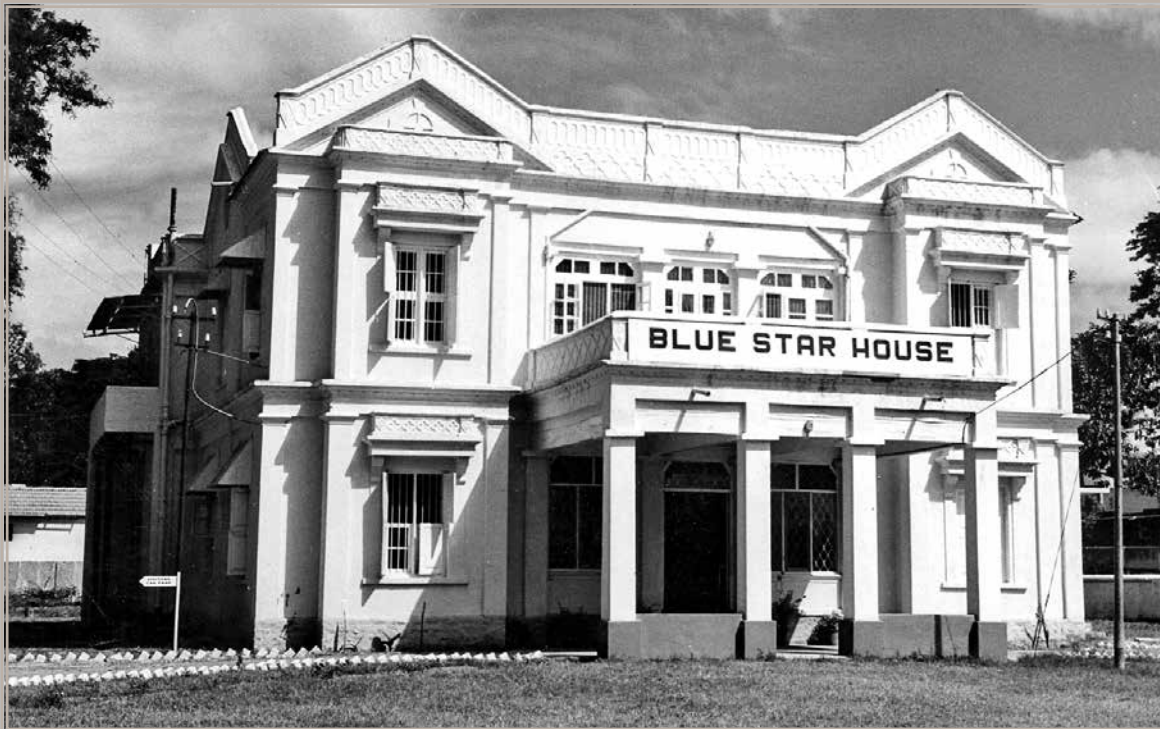


C Haridas  
2016-2017



Neeraj Basur  
2017-2018

# Premium workspaces



While management gurus today speak of the importance of workplace design for maximum productivity, MTA knew this instinctively. A stickler for perfection, and with a keen sense of design, he was personally involved in creating all of Blue Star's workspaces in his time. Raj N Seth (RNS), who headed the Delhi office for 30 years, recalled how MTA travelled from Bombay to discuss the layout of each department and then got RNS to accompany him to Calcutta to continue the discussions while he attended a wedding, before returning to Delhi to check the progress. "He was here for two weeks, supervised some of the construction, and selected some of the partition material. He'd go to the bazaar and he looked around endlessly, what kind of board, what kind of finish..." RNS said. MTA considered this painstaking process complete only when he chose paintings for the office, with RNS accompanying him.

MTA's foresight in choosing premium locations was also remarkable. In 1952, when Churchgate - near the nascent business district of Nariman Point - had barely four or five prestigious buildings, he occupied the entire fourth floor of Kasturi Buildings (KB); it continues to serve as the Company's corporate head office. How prime a locality this is today can be seen from the fact that the space where the Mohan T Advani Chowk garden stood until 2017 is now the site of a metro station; the roundabout had been renamed in his honour in 1993, 41 years after he moved to Kasturi Buildings. Blue Star's second office in Bombay, in 1962, also came up in what is now a prime location - Worli. Like Kasturi Buildings, the 14,000 sq ft Band Box House (BBH) met global standards. "The way the BBH office was designed was revolutionary," says SMA. "My father had great pride in architecture and interior design. Ram Malani used to make fun of him, saying - 'you spend time designing offices rather than running the business!'" MTA's daughter, Suneeta Vaswani adds: "Dad's passion was design." He acquired a deep interest in modern art which was very new in those days. I didn't understand but I was so in awe of everything that he did, and he was so confident, I'd go along with him and learn to appreciate everything he was buying." Suneeta says he knew exactly what he wanted in terms of desk design, right down to the exact shade and grain of the wood panelling. "He taught many of the Sikh carpenters, the first being Shyam Singh," she remarks. They adored him!"



**ABOVE**

Mohan T Advani Chowk, site of the upcoming Churchgate Metro station

**LEFT**

Inauguration of MTA Chowk in the presence of AMA, SMA, Suneeta Vaswani, Vir, Dinesh Vaswani and other family members, Golden Jubilee, 1993

Seen below are a few images across major Blue Star establishments, where artworks adorn offices, and create an aesthetically pleasing environment for Blue Starites



**BELOW**

The Kasturi Buildings reception area with the painting of Mother Teresa by M F Husain, 1994

**RIGHT**

The KRM Plaza Office Reception in Chennai during its inauguration, 2016



**BOTTOM LEFT**

The Kasturi Buildings Board Room, with portraits of RDM (far left), MTA (centre) and BTA (far right) adorning the wall

**BOTTOM CENTRE**

Workstations at Vatika office, Gurugram, with artworks by M F Husain

**BOTTOM RIGHT**

AMA's office at Band Box House. An artwork by S H Raza is seen on the wall on the right.







**BELOW**

A busy bay at Band Box House office, Mumbai.  
Seen in the background are artworks by M F Husain.





8

# Partners in Progress



Blue Star's impressive list of technical collaborators over the decades has given the Company significant technological prowess and manufacturing know-how. The Company's distribution network, its "extended arm", provides an indispensable reach in a competitive market place.

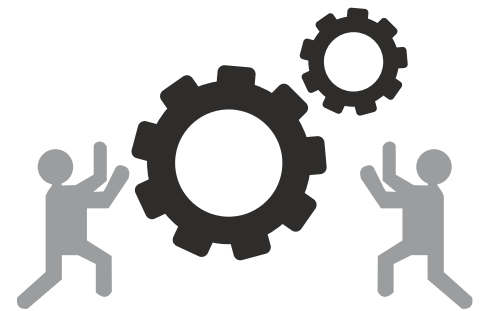


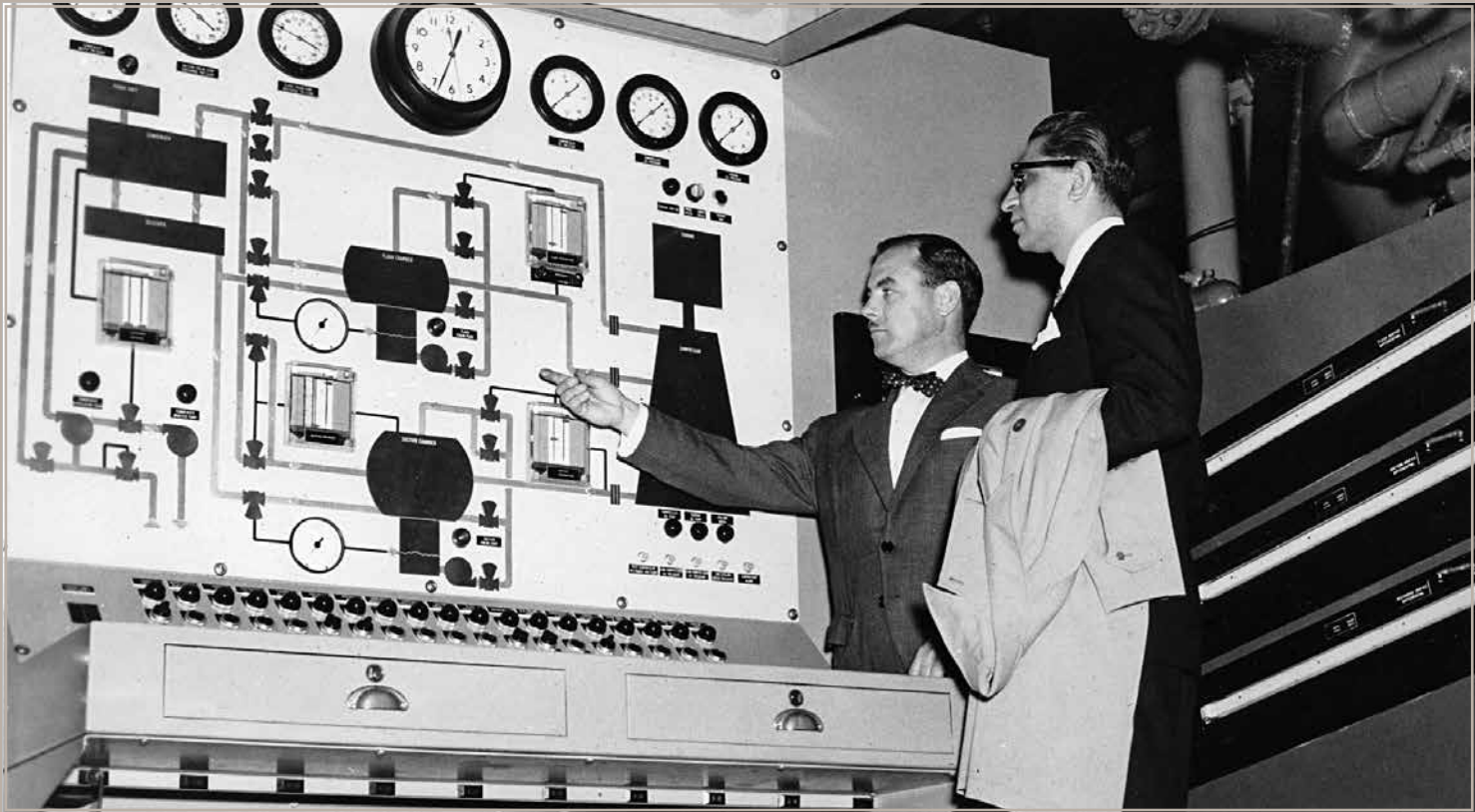
- ★ *For Mohan T Advani, alliances were always the key to business success, and he travelled the globe to ensure that he found the best partners in the world.*
- ★ *Most partners have stayed with Blue Star for decades, and many alliances have evolved and deepened over time into JVs or contract manufacturing.*
- ★ *Blue Star actively nurtures distribution channel relationships too, through its coveted Star League awards that recognise stellar performance by its top exclusive distributors.*



Long before Steve Jobs said, ‘Great things in business are never done by one person. They’re done by a team of people’, Mohan Advani believed implicitly in the importance of partnerships – and he scoured the world to get the best to join him. Some of the marketing and distributorship collaborations that he set up in the early days metamorphosed into manufacturing alliances, and over the decades, brought an impressive range of global corporates to India. This belief in powerful collaborations has continued through the years, under Ashok and Suneel Advani; and now Vir Advani and B Thiagarajan.

As AMA and SMA told the *Economic Times* on the occasion of the Golden Jubilee: “Our strength is our ability to attract strong partners from all over the world in a wide range of engineering activities. In this era of strategic alliances, this makes for a variety of fruitful relationships as distributors, joint venture partners or technical collaborators. Blue Star’s MNC partners thought highly of the Company, and several important distributorship relationships blossomed into joint ventures – Hewlett-Packard, Motorola, Yokogawa, Stork Comprimo, Rheem and Danfoss grew into design-and-manufacture contracts with Blue Star as the supplier.”





**TOP**  
Donald Chubb and MTA at Worthington, USA, circa 1954

**ABOVE LEFT**  
Donald Chubb of Worthington with Mr and Mrs MTA, circa 1965

**ABOVE RIGHT**  
MTA with Mr and Mrs Morton Berger of Worthington

**OPPOSITE TOP**  
MTA at Worthington Works at Harrison, New Jersey, 1951

**OPPOSITE MIDDLE**  
RDM, Jacob Chacko, C H Thaw, MTA and BTA at the signing of the Worthington JV agreement on April 24, 1963

**OPPOSITE BOTTOM**  
Atu Shivdasani, Mort Berger, MTA and Gulab Ramchandani at the Calcutta workshop, 1957

HERE ARE SOME OF THE WORLD LEADERS THAT HAVE PARTNERED WITH BLUE STAR IN THESE LAST 75 YEARS:

**MELCHIOR ARMSTRONG DESSAU CO, USA**

**(1948 – 1954)**

During the second World War, when the Indian economy was mainly geared towards imports, MTA decided it was important to pick up some agency lines. So, he went on a round-the-world trip with his wife in 1948 and entered into a landmark agreement with Melchior Armstrong Dessau, a well-known American manufacturer of AC&R equipment and accessories.

**WORTHINGTON CORPORATION, USA**

**(1951 – 1966)**

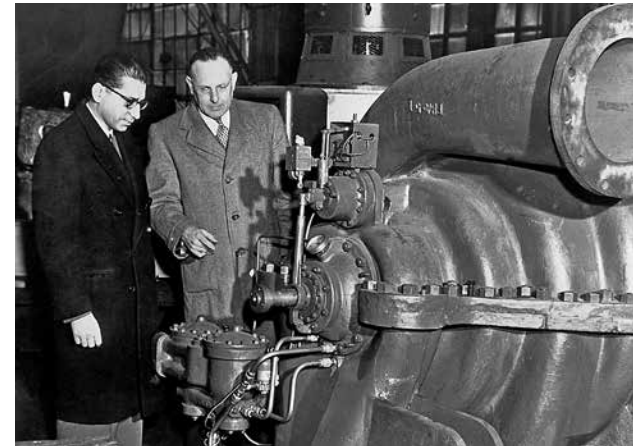
In 1951, Worthington Corporation, the leading American manufacturing company of refrigeration and air conditioning equipment, appointed Blue Star as its sole distributors for India. The relationship lasted for several years up to the mid-1960s and was always a special one for MTA. Even when MTA was unwell, recalled Hiru M Jhangiani, he “personally corresponded with Worthington, to help us to manufacture large heat exchangers for centrifugal chillers in India for the first time”. In many ways, this alliance gave Blue Star its strong technical foundation in air conditioning and refrigeration.

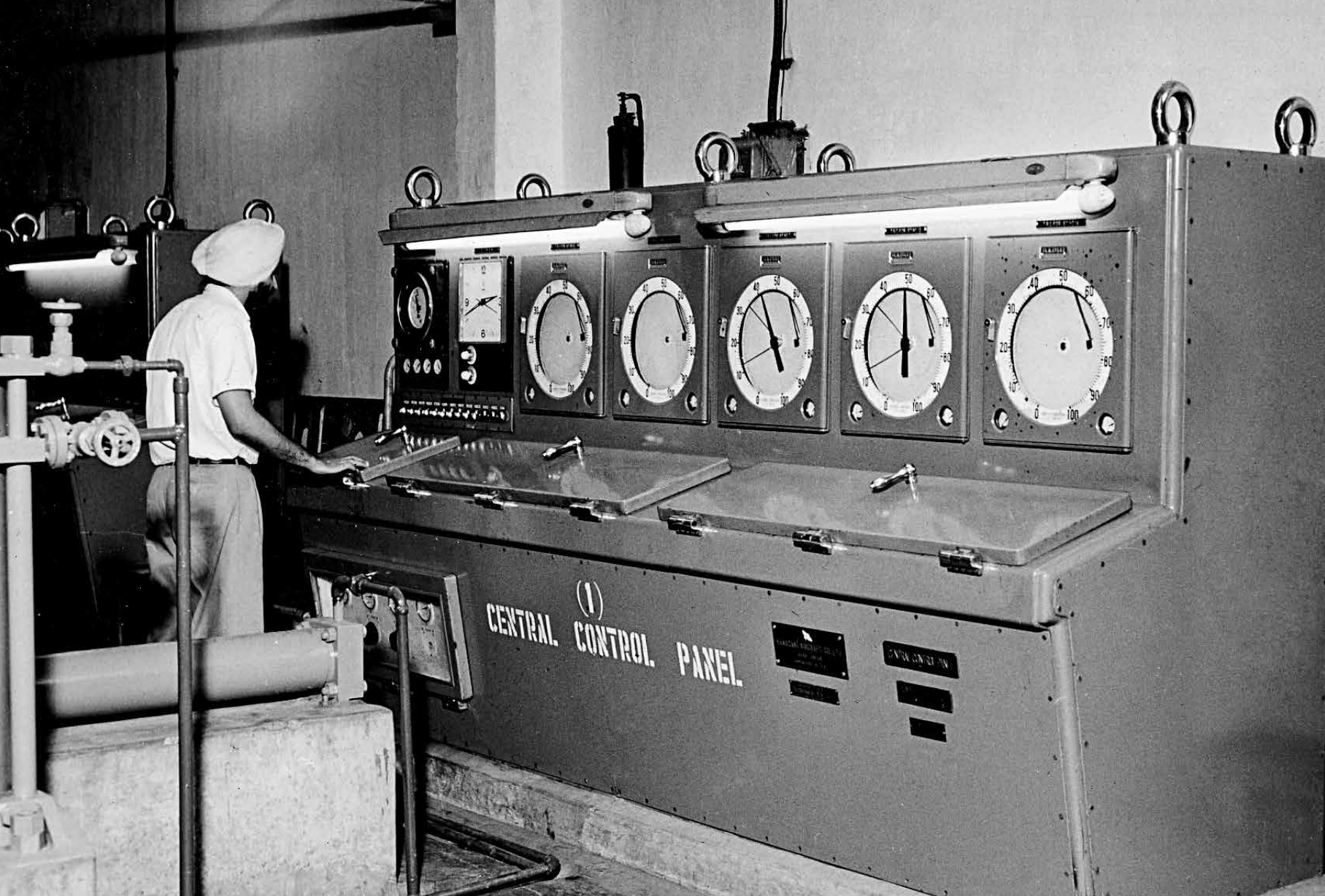
**HONEYWELL INC, USA**

**(1954 – 1976)**

In 1954, Blue Star began its association with Honeywell Inc for its Instrumentation Division. MTA and his wife, Padmi, travelled to the US to expand his business, and he was keen to visit Minneapolis Honeywell (MH), who were well-known for their controls, widely used in most industries, including air conditioning.

Over the weekend, MTA went to a baseball game, and got talking to his neighbour, who was curious to know more about India after seeing Padmi Advani in a saree. MTA asked if he knew anyone at MH, as he wanted to meet someone there, and see their factories. The neighbour said he indeed knew someone, and would arrange a visit. Within two hours, MTA got a call from a young gentleman, who said he would pick him up the next morning to see the factories. That day, he walked many miles through rows of machines, assembly tables, quality control labs and offices, meeting dozens of engineers,





**ABOVE**

Honeywell Instrumentation at the Century Rayon main plant, circa 1965

**RIGHT**

Gulab Ramchandani, MTA, BTA and Y A Fazalbhoy (Chief Guest) look on as a GDR representative addresses the audience at the inauguration of the Business Machines Division, 1958



managers and blue-collar workers. By late afternoon, the young gentleman took him to an office building to meet the boss. That was when MTA came across a door marked 'Paul C Sharpe'. He was agreeably surprised to see his neighbour from the ball game – who happened to be the Export Manager of MH!

The relationship lasted until 1976 and grew into a substantial business when Honeywell decided to set up their own company in India. "It has always been extremely difficult for an American company to understand the complexities of doing business in India," said Edson W Spencer, Executive Vice President, Honeywell Inc, Minnesota. "Mohan was patient and understanding in explaining those complexities to us. Blue Star was always a successful representative of Honeywell in India. Most important of all, Mohan had an enthusiastic belief in the future of his country that encouraged companies like Honeywell to continue to look on India as an exciting market in the years to come."

#### **THE GERMAN DEMOCRATIC REPUBLIC (Former East Germany) (1955 –1988)**

As MTA said in an interview on Blue Star's 30<sup>th</sup> anniversary, "India and the German Democratic Republic had signed a rupee trade agreement. I saw in this as a golden opportunity. India was rapidly running through its foreign exchange reserves and soon would not be able to pay in hard currency for all the equipment it would need to import. I took off for East Germany and negotiated distributorships for some of their products." The GDR Testing Machines distributorship began in 1955, and in 1958, Blue Star's GDR Business Machines agency commenced. GDR Machine Tools distributorship started in 1962.

The GDR products included material testing machines for industry, education and research, machine tools, and business machines such as cash registers, calculating machines and data processing equipment.

This rupee-trade business with GDR entities was the first instance of a young, fragile Blue Star acting opportunistically and strategically to survive in adverse economic conditions. As hard currency reserves in the country's coffers declined precipitously in the 1950s, it was a master stroke of outside-the-box thinking to pivot from the West to the Eastern Communist countries for rupee-trade.

“

*In the early fifties, at the height of the cold war', recalls B T Advani, 'the German Democratic Republic was looking for outlets for its products. It approached the Indian government and suggested a rupee trade agreement. This country responded eagerly, for its hard currency reserves had by then dipped to alarmingly low levels. Around the same time, Blue Star was looking around for new products lines to market, so the Company decided to 'take a piece of the action'. India-GDR trade was sure to grow and since the country's foreign exchange position was perennially precarious, Blue Star's management felt that even if imports from the West were curtailed severely, the GDR lines could help keep the Company going. With one stroke the Company could spread its risks as well as diversify its activities. It was a wise decision.' At first sales were not sufficient to cover the import quota and then it went the other way around and became enormously lucrative.*

—◆—

SOURCE: 30TH ANNIVERSARY ISSUE, BLUE STAR  
AND YOU – INTERNAL HOUSE MAGAZINE  
(1973, VOL. 11, NO. 1 – 2)

”



## THE PERKIN-ELMER CORPORATION, USA

(1957 – 1985)

Blue Star's tie-up with Perkin-Elmer in 1957 marked the start of the electronics agency business. Perkin-Elmer, founded in 1938 in the USA for precision optics was a world leader, producing over 30 standard models of analytical instruments. These analytical instruments were designed as laboratory tools to perform chemical analyses quickly and accurately, in addition to providing more information than that was possible with classical test methods. They have been used to develop food flavours, synthesise new drugs, study high-energy fuels and control the quality of paints and plastics, among other things.

### ABOVE

Vir and Prem Kalliath with Noritomo Koike, Managing Director, Hitachi Medical Systems, Singapore and Anil John, Board Director and General Manager, Hitachi Medical Systems, Singapore, 2018

### BELOW

AMA and SMA at the 25-year celebrations as Indian representatives of Perkin-Elmer, 1982



## HITACHI

(1969 – till date)

The year 1969 saw the addition of Hitachi to the Blue Star roster of foreign principals. This Japanese company was a useful addition to the range of the Scientific Instruments Department. The collaboration later led to the addition of the Hitachi Medical Corporation distributorship in 1979, which formed the heart of the Medical Electronics Department in the 1990s. More Hitachi CT scanners were installed in India by Blue Star than any other brand. Hitachi Medical also gave significant software development work to Blue Star Infotech.

## HEWLETT-PACKARD

(1970 – 2015)

“One of our most important tie-ups ever for Blue Star came in 1970 with Hewlett-Packard (HP),” says SMA. “Dad got that after chasing it for five to





seven years. That was a big coup, and it was a very lucrative business, which we ran for about twenty years. We used to regularly send our engineers to HP for technical and managerial training.” Blue Star was already a distributor for Honeywell (process control instrumentation), Hitachi and Perkin-Elmer (scientific instruments), each the world leader in its own field, and the HP partnership cemented its reputation with Indian customers and with hi-tech MNCs wanting representation in India, as India’s leader in this field. The HP distributorship for the full range of HP electronics products not only enhanced Blue Star’s analytical instrument portfolio but came to form the foundation of the Company’s expansion into medical electronics, test and measurement and electronic components. By the 1980s, the Hewlett-Packard business had matured and grown to a size that enticed HP to want to set up a manufacturing joint venture with Blue Star, HP India.

In 1986, Blue Star sought an industrial license to manufacture computers, peripherals and instruments in a phased manner in association with HP. HP, which had encouraged Blue Star to set up a software services export business, continued to be Blue Star Infotech’s largest customer right until the software business was sold in 2015-16.

## YOKOGAWA, JAPAN

(1982 – 2003)

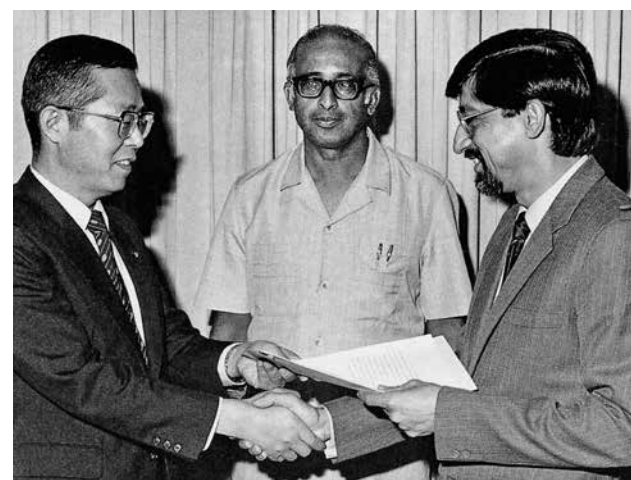
Yokogawa, headquartered in Tokyo, a world leader in process control instrumentation initially appointed Blue Star as its distributor in India. Growing trust and good relations between the two Companies led to a very successful joint venture in 1987 which lasted until 2003 when Yokogawa acquired Blue Star’s stake in the JV.

### ABOVE

AMA and SMA with Alan Bickell of HP signing the HP India JV agreement, 1989

### BELOW

T Yoshida of Yokogawa with AMA and Madhu Bhagwat after establishing a JV, Yokogawa Blue Star, 1987





**YORK INTERNATIONAL, USA  
(1984 – 2002)**

As Blue Star sought to build its reputation in the AC&R industry, it faced stiff competition from established companies such as Voltas and Airconditioning Corporation, who represented giants like Carrier and York, both from the USA. “Large jobs like air conditioning cinema halls, hospitals and hotels would automatically go to these companies,” said H M Jhangiani.

With the generational change in corporate management in the 1980s, there was new impetus towards manufacturing. AMA believed that despite the manufacturing failures of the 1960s, major business opportunities lay in expanding production facilities. With this objective, Blue Star entered into a technical collaboration in 1984 with York International, USA, the world’s third largest AC&R company. Manufacture of centrifugal packaged chillers began by the end of 1985, later leading to manufacture of air handling units, reciprocating chillers and variable air volume systems. With the York collaboration, in which HMJ played a key role, Blue Star introduced the world’s

**ABOVE**

AMA and Bal Malhotra visit York International, USA

**BELOW LEFT**

N Sivasankaran speaking at a seminar to promote the Blue Star York collaboration, Delhi, 1998

**BELOW RIGHT**

SMA with C P Mukundan Menon and Danfoss officials, during his visit to the Danfoss factory in Chennai, circa 2017



latest technologies into India in the field of AC&R and steadily became the preferred vendor-contractor of air conditioning consultants and architects throughout the country.

### **RHEEM, USA**

**(1996 – till date)**

The partnership that transformed Blue Star's manufacturing capabilities was the one with Rheem, a Japanese-owned company in the USA. "They provided the original know-how for setting up the Dadra plant," says AMA. Satish Jamdar and his team at Dadra learned a great deal from Rheem about building a world-class factory, and by the time the collaboration ended five years later, they moved on to the next stage – where Rheem became a customer.

### **DANFOSS, Denmark**

**(2006 – till date)**

In 2006, Blue Star announced its partnership with Danfoss, headquartered in Denmark, to provide Energy Management Solutions for Heating, Ventilation and Air conditioning (HVAC) systems. Under this alliance, Blue Star markets and supports Variable Frequency Drives (VFDs) of Danfoss exclusively in the country for HVAC applications. VFDs were a technological breakthrough product, helping to bring down power bills dramatically. Within a short time, this partnership was widened to include contracted manufacturing by Blue Star for Danfoss and in 2010-11 Blue Star made its first shipments of condensers to Danfoss.

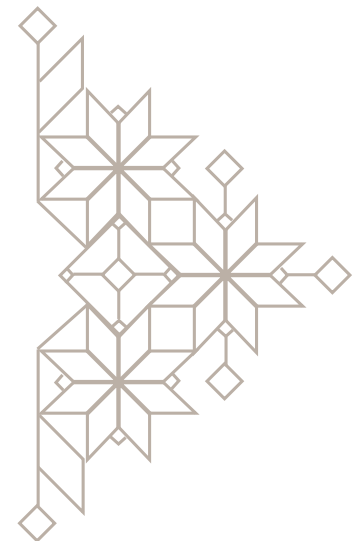
## **A PRESENCE ACROSS BORDERS**

*Blue Star's extended presence across both national and international borders is driven by its vast dealer network and long-lasting relationships with leading distributors both in India and overseas.*

Blue Star's international presence, consolidated over the years through relationships with many trusted global partners, continues to hold its own even in this hyper-competitive age. H P Dudani, Senior General Manager, Blue Star International FZCO, points out: "Today, we export our products to 19 countries across the Middle East, SAARC, ASEAN and African regions, where the Company's products stand the test of time in some of the most difficult climatic conditions in the world. We offer a wide range of air conditioning and refrigeration products." It is Blue Star's commitment to customers that gives the Company an edge, he feels. While there have been many challenges, he adds, he has always been inspired "by the way we turn them into opportunities for growth". This is something he has observed throughout his tenure, working with various leaders within the organisation. Yusuf A Alghanim of Kuwait, one of its earliest international partners, began its association with the Company in 1959 when Gobind T Advani visited Kuwait. The relationship eventually grew to a point when Blue Star granted them a water cooler manufacturing licence in 1974.



AMA and Kjeld Stark of Danfoss sign an agreement to offer energy management solutions to Blue Star, 2006



## GLOBAL PARTNERS

In recent times, the Company has worked with a host of leading global players for distribution of its products. These include:

### **CENTRAL TRADING COMPANY LLC, DUBAI, UAE**

Central Trading Company (CTC), established in 1957, prides itself on its long-term business partnerships; its customer-focused strategies and wide distribution network. The Blue Star products it distributes are water coolers, room air conditioners and water tank chillers.

### **ABDUL HAMID ABDUL RAHIM AL EMADI TRADING COMPANY, DOHA, QATAR**

Established in 1962, Abdul Hamid Abdul Rahim Al Emadi Trading Company, a group based out of Qatar, dealing in customer-focused electronics, distributes Blue Star's water coolers.

### **DOHA MARKETING SERVICES COMPANY WLL, DOHA, QATAR**

Doha Marketing Services Company (DOMASCO), present in Qatar since 1965, is a joint venture between the Al Futtaim Group and prominent Qatari shareholders. Managed by Al Futtaim, it is one of the leading trading houses headquartered in the UAE with significant interests across UAE, Qatar, Oman, Bahrain, Pakistan, Egypt, Sri Lanka and Singapore. DOMASCO distributes Blue Star's bottled water dispensers, deep freezers, window air conditioners and non-ducted split air conditioners.

### **ECO COOL PVT LTD (A REEFIDE COMPANY PVT LTD SUBSIDIARY), MALDIVES**

Established in 1976, Reefside provides lifestyle solutions and is amongst the renowned business houses in the Maldives. Eco-Cool, a subsidiary of Reefside, has been in the AC&R business since 2015. The company distributes Blue Star's water coolers.



#### **ABOVE**

SMA and Vir with Mr Marwan Al Rostamani, Chairman and Hassan Al Rostamani, Vice Chairman of Al Rostamani Group along with Mr Mohammed Fathi Aqel, General Manager, Central Trading Company LLC, Dubai, UAE

#### **BELOW**

Eco Cool Pvt Ltd with the Blue Star team



### **SHANKAR'S EMPORIUM (PTE) LTD, SINGAPORE**

Headquartered in Singapore, Shankar's Emporium operates in Singapore and the Middle East. It specialises in the B2B distribution of consumer electronics, specifically white goods, audio/video appliances, and kitchen appliances. Over 50 years, Shankar's has built an extensive global web of customers and suppliers. It is a distributor of Blue Star's Unitary Products.

### **ABDUL AZIZ & BROTHERS LLC, OMAN**

Established in 1963, Abdul Aziz Group of Companies is a trading and manufacturing powerhouse in segments such as Fire and Safety, Home Appliances, Airport Solutions, Electrical Test Equipment, and Specialty Chemicals. It has made its presence felt in the water cooling and air conditioning industry in Oman. The company distributes Blue Star's water coolers, bottled water dispensers, room air conditioners and tank chillers.

### **OMAN MARKETING AND SERVICES COMPANY LLC, OMAN**

Oman Marketing and Services Company LLC (OMASCO), set up in 1974, is a leading trading, property and financial services business in Oman with key activities in automotive, marine, electronics, projects and engineering, industrial products and other services. It distributes Blue Star's window air conditioners, room split air conditioners – wall mounted, commercial split air conditioners – cassette ceiling mounted, commercial split air conditioners – floor standing ductless type and deep freezers.



**ABOVE**

Abdul Aziz & Brothers LLC, Oman, 2016

**BELOW**

Oman Marketing and Services Company LLC with the Blue Star team, 2016



## STAR PERFORMERS IN INDIA



Blue Star's Indian partners have played a pivotal role in taking the Company's products across markets in India. For instance, from the day Blue Star went into business in 1949, G W Chandiramani, founder-proprietor of Sheile & Co, Bangalore, introduced its products in his area. He maintained dedicated staff exclusively for Blue Star products and offered quick service, backed by a fully equipped workshop. Over the years, Blue Star has nurtured its relationship with him and with hundreds of dealers, many of whom have stayed with the Company for close to three decades; Brite Engineers of Madurai and Technocrat Appliances Pvt Ltd from Thiruvananthapuram, have been an extended arm of the Company for almost three decades now. Several of these relationships were born within Blue Star, with former employees moving on to establish long-lasting dealerships. Blue Star honours its top exclusive dealers by presenting the coveted Star League annual awards at glittering ceremonies that go a long way towards cementing relationships.



Since Blue Star's entry into retail spaces, it has also been associated with leading national modern trade players such as Croma, Vijay Sales and Reliance Digital, alongside regional large format retailers such as Vasanth & Co; Viveks'; Sathya Agencies; QRS Retail; Kohinoor TV Centre; Sales India, Khosla Electronics; Raipur Electronics and Harsha Electronics.

As C P Mukundan Menon, President - Sales & Marketing, Products Business, said on the occasion of the fifth edition of the Star League of Blue Star awards at Kovalam, Kerala, in 2017, "We are proud to have the most successful and dedicated dealership family in the Industry. It is our goal to induct more Gold and Silver members every year."

## LONG ASSOCIATIONS

### **BRITE ENGINEERS, MADURAI (28 YEARS)**

Brite Engineers from Madurai, promoted by K Thamilarasu, has been associated with Blue Star since 1990. Winner of the Star League (Gold) in packaged air conditioners (2017-2018) with a turnover of Rs 10 crores, they deal in packaged air conditioners, room air conditioners, cold storage products, refrigerated products and chiller plants. Brite Engineers has achieved the Southern Region Best Dealer Award in Group B for the last ten years in packaged and central air conditioning sales.

#### **TOP**

H Vasanthakumar of Vasanth & Co receives an award from SJ

#### **ABOVE**

Ashish Gupta of Vijay Sales receives an award from Vir and BTN

#### **OPPOSITE TOP**

V S Ashok and C Haridas present a trophy to Lakshmi Nandakumar of Technocrats Appliances

#### **OPPOSITE BOTTOM**

Prit Swami and Sagar Swami of Jay Air Systems receiving an award from BTN

**TECHNOCRATS APPLIANCES PVT LTD,  
THIRUVANANTHAPURAM (28 YEARS)**

Founded in 1990, Technocrats has been a market leader in Thiruvananthapuram (Trivandrum) for 28 years. Founder Managing Director, Late C Nandakumar set a scorching topline growth of 30% every year and the company has zoomed past the Rs 7.5 crores mark. It has extended its wings to Nagercoil, Attingal and Kollam and markets, sells and services the entire range of Blue Star products.

**HI-TECH ENGINEERS, KANPUR (25 YEARS)**

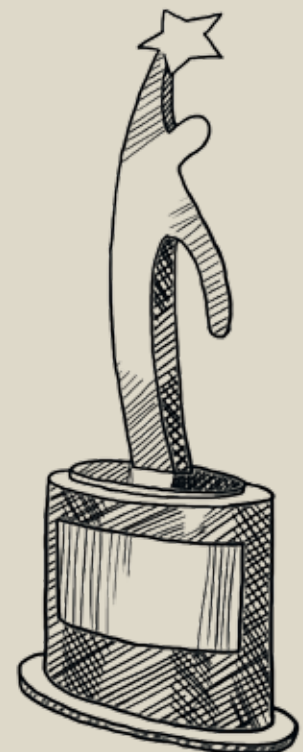
Hi-Tech Engineers' association with Blue Star goes back three generations. The Kanpur-based company, with a turnover of Rs 8 crores, was founded by the father-son duo Harjinder Singh Kalsi and Jaspreet Singh and has won two Star League awards in 2017-2018 – the Star League (Gold) for room air conditioners and Star League (Gold) for refrigeration products.

**SELECT ENGINEERING & SYSTEMS, HYDERABAD (22 YEARS)**

Hyderabad-based Select Engineering & Systems, with a turnover of Rs 25 crores, promoted by A Rama Mohana Rao and M Vijay Kumar Reddy, has won three Blue Star awards – Star League (Gold) for packaged and central air conditioning; Star League (Silver) for cold storage; and Star League (Silver) for room air conditioners in 2017-18.

**JAY AIR SYSTEMS PVT LTD, SURAT (22 YEARS)**

Gujarat-based Jay Air Systems Private Limited has been a Star Gold Dealer for many years. In 2017-18 they won the Star League (Gold) for packaged and central air conditioning and Star League (Silver) for room air conditioners. Founded by Umesh Swami, Prit Swami, Sagar Swami, Parul Swami and Pooja Swami, the company has a turnover of Rs 40 crores.





**TOP**

Blue Chip Store in collaboration with Dewlite Enterprises inaugurated by BTN in Chennai

**ABOVE**

Prabodh Kumar Pattanayak of Nandighosh Trading Agency receives an award from BTN

**DEWLITE ENTERPRISES PVT LTD, CHENNAI (20 YEARS)**

The promoters of Dewlite Enterprises have been working with Blue Star for 20 years, starting as service associates. The company, with a Rs 22 crores turnover, was established in 1998 and has been promoted by S Manivannan, K Balasubramaniam, and S Ramesh Veerasingarayar. In 2011, they received the All India No. 1 Dealer Award. They were also awarded the All India No 1 Dealer Award in 2014-2015 for commercial split air conditioners and the Best Service Provider Award in 2014-2015. In 2017, Dewlite was honoured with the No 1 Dealer Award for Tamil Nadu. In 2017-2018, they won the Star League (Gold) for room air conditioners and Star League (Gold) for packaged and central air conditioning.

**NANDIGHOSH TRADING AGENCY, BHUBANESWAR (26 YEARS)**

Prabodh Kumar Pattanayak established Nandighosh Trading Agency three decades ago in Bhubaneswar. The company deals in Blue Star products. Nandighosh Trading Agency has received numerous awards across product categories. Nandighosh has worked on prestigious projects across Odisha, including for the Director General of Police (Cuttack), Carmel School (Jatni) and KIIT University (Bhubaneswar).

**LACHIT REFRIGERATION & AIR CONDITIONING, GUWAHATI (25 YEARS)**

Lachit Refrigeration and Air Conditioning has established a strong foothold in the East, having received the Regional No 1 Dealer Award in the Eastern Region every year from 2006 till date. They have also been awarded the All India No. 1 Dealer Award for 2009-2010, 2013-2014, 2014-2015, and 2016-2017. The company has also established itself as a strong RAD dealer, having won the Regional No. 1 dealer Award for RAD products from 2009 to 2011 and 2014 to 2016.

**SAKET ENTERPRISES, PUNE (23 YEARS)**

Pune-based Saket Enterprises specialises in Blue Star's room air conditioners, packaged air conditioners, cold storage products, refrigeration products and water purifiers. Established in 1994 by S R Gavali, Saket Enterprises now generates an annual turnover of Rs 15 crores. In 2017-18, they received the Star League Gold Award for significant contributions in the refrigeration products category.







The Star League Dealers Convention in Macau, 2014





**ABOVE LEFT**  
Harjinder Singh Kalsi of Hi-Tech Engineers receives an award from BTN



**ABOVE RIGHT**  
K Thamilarasu of Brite Engineers receives an award from C P Mukundan Menon

**RIGHT**  
A Rama Mohana Rao, Partner of Select Engineering & Systems, receives an award from BTN





**TOP LEFT**

From left, K Balasubramaniam, S Ramesh and S Manivannan of Dewlite Enterprises Pvt Ltd receiving an award from BTN

**TOP RIGHT**

Surajit Nandi of Lachit Refrigeration & Airconditioning, Guwahati, receiving an award from BTN

**ABOVE**

S R Gavali of Saket Enterprises receives an award from Vir and BTN



Rashtrapati Bhavan is an HVAC project executed by Blue Star



The  
Edifice



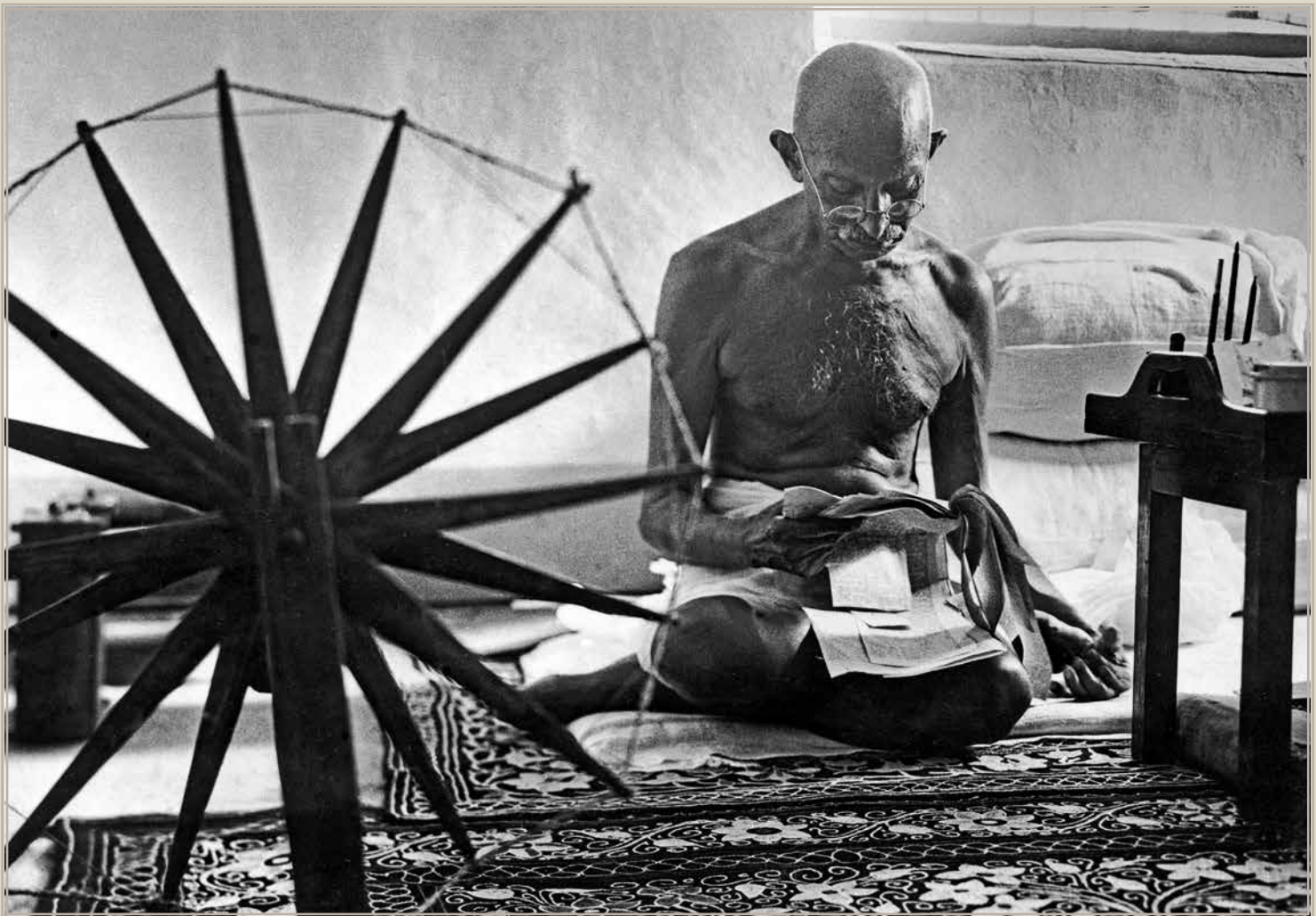
# Transformations



## Blue Star's journey mirrors that of independent India

**The pre-Independence era:** When Blue Star began, World War II and a growing freedom movement in India posed huge challenges. Undaunted, Mohan T Advani began a business as a trader and service provider; recognised the importance of refrigeration to preserve basics like food and water amidst shortages, and made the most of the very few opportunities available in a post-war world.

**Independence and beyond:** As the horrors of Partition and a new economic era in independent India unfolded, socialist policies came into play.



Mohandas Gandhi with his spinning wheel (Charkha) which looms in the foreground as a symbol of India's struggle for Independence. Mohan T Advani began Blue Star during this tumultuous time. (Photo by Margaret Bourke-White/Time & Life Pictures/Getty Images)

The license-Permit Raj restricted how much one could manufacture, and companies like Blue Star had to spend a significant amount of time dealing with inspectors, bureaucracy, legal tangles, high taxation and red-tape. On a positive note, the Company went public in 1969, ushering in promising prospects for expansion.

**The pre-Liberalisation economy:** Paralyzing government restrictions made productivity enhancement and innovation virtually impossible. Growth was possible only through diversification, and in the 1970s and 1980s, Blue Star went into a slew of businesses, marketing everything from televisions to PCs to wrist watches, lamp fittings, weighing scales and electronic calculators. The Company spread itself thin into areas other than its core expertise, in desperate efforts to grow. Products that were perennially in demand remained in short supply and were literally rationed.

**Liberalisation and after:** When the economy opened up in 1991, Indian corporates suddenly had to compete with the best of global businesses. Blue Star decided to shed unviable businesses, streamline operations, and consolidate. The management mantra became 'Develop your core competence'. Blue Star returned to its key focus areas, air conditioning and refrigeration, and its hi-tech import-distribution business. Simultaneously, it invested wisely in manufacturing and R&D.

**The IT age:** The run-up to 2000 saw a boom in information technology companies in India, with growing fears of the 'Millennium Bug' or Y2K.



The India field hockey team at Chiswick during the Olympic Games, London, August 6, 1948, making its presence felt for the first time as an independent country by winning the gold medal  
(Photo by Central Press/ Hulton Archive/ Getty Images)



Indian President Rajendra Prasad swearing in new Prime Minister Jawaharlal Nehru as India becomes a Republic, January 30, 1950  
(Photo by Fox Photos/ Hulton Archive/ Getty Images)



Men's cricket team from India wins the Cricket World Cup for the first time in 1983. Kapil Dev and Mohinder Amarnath at Lord's, London.  
(Photo by Patrick Eagar/ Patrick Eagar Collection via Getty Images)

The central air conditioning projects business boomed. IT companies hired thousands of programmers and provided air conditioned workplaces. Blue Star's international software exports business was spun off into a separate listed company, Blue Star Infotech Limited (BSIL). Blue Star also decided to conjoin its computer software and engineering expertise to form Blue Star Design & Engineering (BSDE), to export MEP engineering services.

**Impact of the global meltdown:** The global recession from 2008 to 2010 caused a severe downturn in the construction industry, jolting Blue Star's large projects business. The Company capitalised on new opportunities such as the air conditioning needs of small businesses and residential customers. The Service business and Exports also became priority areas.

**The future:** With an aggressive growth strategy for its domestic and international businesses, Blue Star now offers a comprehensive portfolio of B2C products, which comprises room air conditioners, air coolers, air purifiers as well as water purifiers, added to traditional B2B businesses such as MEP projects, central air conditioning, commercial refrigeration, after-sales service as well as professional electronics and industrial systems. Blue Star's ability to survive and prosper through these tumultuous decades when several larger companies folded up, can be attributed to its agility and hard-headed capacity to restructure and re-invent itself again and again in the face of changing circumstances, and to its formidable technical expertise in cooling, all anchored by a risk-taking mentality.



Prime Minister P V Narasimha Rao with Pranab Mukherjee, Vice Chairman of the Planning Commission and Manmohan Singh, then Finance Minister, and Sharad Pawar, then Defence Minister, among others at a Planning Commission meeting, May 8, 1992 in New Delhi. It was under P V Narasimha Rao that India was liberalised in 1991, opening the doors simultaneously to competition and growth.  
(Photo by S N Sinha / Hindustan Times via Getty Images)





Collapse of investment bank Lehman Brothers during the global financial crisis of 2008 (Photo by Oli Scarff/ Getty Images)



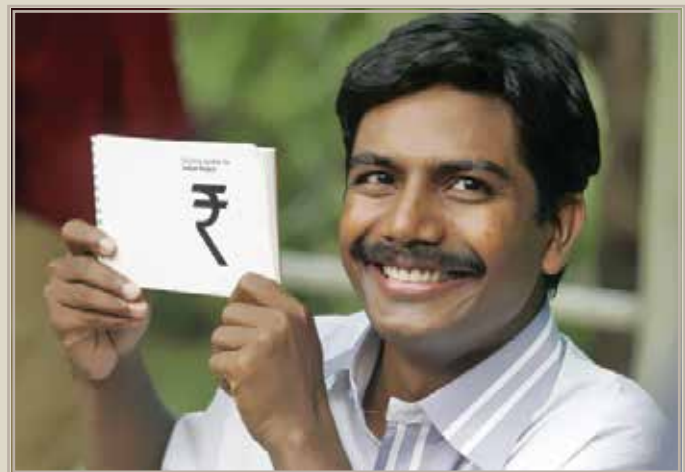
Pratibha Devisingh Patil, President of India, at her swearing in ceremony with APJ Abdul Kalam, former President of India, KG Balakrishnan, Chief Justice of India, Somnath Chatterjee, Lok Sabha Speaker, New Delhi, July 25, 2007 (Photo by Sipra Das/ The India Today Group/ Getty Images)



The booming IT sector in India during the early 2000s (Photo by Shutterstock)



Finance Minister Arun Jaitley emerging out after GST bill passed in both the Houses during the Monsoon Session at Parliament House on August 3, 2017 in New Delhi, India (Photo by Ajay Aggarwal/ Hindustan Times via Getty Images)



Indian scholar D Udaya Kumar poses his winning design for the Indian Rupee symbol in Mumbai on July 15, 2010 (Photo by STR DEL/ AFP/ Getty Images)

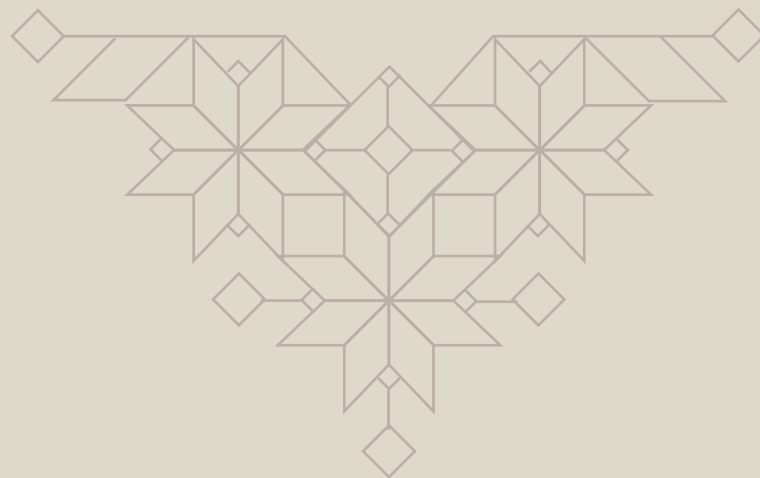


# 9

## Restructuring, Reengineering and Reinventing Blue Star



Blue Star's capacity to recreate itself again and again to contend with changing circumstances has ensured its growth over the decades.





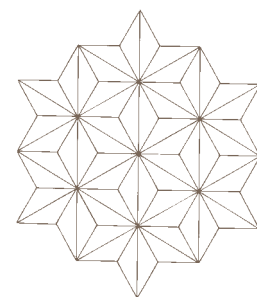
Senior leaders engage in a quality focus programme, 1990

The cataclysmic transformations that India has seen in the decades since independence has meant that Blue Star has had to constantly reinvent itself to meet the fresh challenges of changing circumstances. The most far reaching re-engineering of Blue Star, that laid the foundations of the 'new' Blue Star of today was caused by the move from a socialist to a market economy in 1991.

"While the period through the 1980s were decades of optimising emerging opportunities and experimentation through diversification in a closed Indian economy, the economic liberalisation in the 1990s forced rationalisation, downsizing, consolidation and enormous discipline," AMA remarks. He adds, "We spent the 1990s re-engineering the Company back to its core."

This wasn't easy, of course, with each era throwing up fresh challenges. As BTN, Joint Managing Director, explains, "In the young, independent, socialistic India of the period 1950-1990, Blue Star tried to grow in a license/permit regime encumbered with crippling taxation. If you got a license to manufacture, you were lucky or well-connected, but you could not expand sanctioned capacity. As these stifling socialistic policies forced growth through unrelated diversifications, suddenly, one day the management realised we had a maze of businesses, subsidiaries, joint ventures and collaborations, not all of value."

With the 1990s, entered globalisation. India opened up and faced several new free trade agreements and trade barriers fell away; multinationals rushed in. Blue Star quickly adjusted to a radically different regime, rediscovering its *raison d'être* – air conditioning and refrigeration – and stretched its potential in every possible way. "It also became clear that the Company would have to exit the unrelated, marginally profitable businesses. The concept, 'Stick to





J Radha sharing sample documents generated from the SAP system in 2009, with BTN, SMA and AMA

the knitting’ became the watch-word post-liberalisation, for by then, we were clear about what we could and could not do well,” says SMA.

In the 1980s, the Company formed joint ventures with Principals of its Professional Electronics and Industrial Systems Division. As times changed and the landscape became more competitive in the 1990s, Blue Star’s management decided to take another look at the Company’s global alliances and what they offered vis-à-vis the core business of air conditioning and refrigeration. “Due consideration was given to the relevance of alliances with global giants such as Hewlett-Packard, Motorola, Yokogawa, Stork-Comprino and Bechtel,” said SMA. “These were valuable for the global image and credibility they provided to Blue Star, but they were a distraction from our core AC&R businesses in terms of the amount of top management time they absorbed. It was decided to focus more on the core business and pull out of these alliances as and when good terms could be negotiated with

the partners, with least disruptions to the JVs. One by one, the Company exited the JVs – Motorola Blue Star, Hewlett-Packard India and Blue Star-Comprino, with the last one being the Yokogawa Blue Star JV in 2003. But the non-JV collaborations and partnerships were retained.”

As Blue Star reinvented itself, it had to reorient all aspects of the business. It had to reinforce fiscal discipline, people management, manufacturing to scale and to international quality, research and development, supply chain, information technology and much more. Facing the MNCs’ rapid technological changes and an increasingly competitive market, ‘the same old way’ died a difficult death.

## TOUGH DECISIONS

“In 1943, the Company had three people – MTA, C H Krishnan and a peon,” says AMA. “In 1960, there were 641, and this shot up to 3,250 in 1985. As competition picked up and salaries skyrocketed, we realised we had to cut manpower and increase productivity. In 1989, two years before liberalisation, it was unheard of for Indian organisations to lay off employees. ‘Downsizing’ was an unknown word. But Suneel and I could clearly see the writing on the wall. In 1989, Blue Star carried out a huge downsizing exercise through a voluntary retirement scheme (VRS). Our Managers had never done this before, and there was much unhappiness all around. Asking people to go was a new and extremely unpleasant experience. But we knew that if we did not drastically reduce headcount, falling profit margins would render us unprofitable.”

Continues SMA, “Business processes were re-engineered, non-core and non-critical work was outsourced, employee productivity was increased through incentive schemes, and better talent hired with the money saved. After many traumatic surgeries, we not only slashed the wage bill, but the infrastructure was substantially reduced, and naturally the expenses incurred by staff in their day-to-day work also reduced significantly. We are nearly a Rs 5,000 crores company now with 2,800 employees.”

## AHEAD OF THE CURVE

AMA says, “Fortunately, we have always had a strong strategic planning process. In the mid-1990s, we realised the need to modernise our manufacturing processes.” SMA built a new plant in Dadra which revolutionised manufacturing in Blue Star, in collaboration with the American major, Rheem, and Satish Jamdar was hired to set up and run the plant. In the late 1990s, SMA decided that after-sales service would be converted from a cost centre supporting sales into a separate profit-responsible division with the equally important goal of increasing customer satisfaction. This proved to be a master stroke, as profit and customer satisfaction shot up simultaneously. In the late 1990s, the dealerisation drive began, driven by TGS Babu.

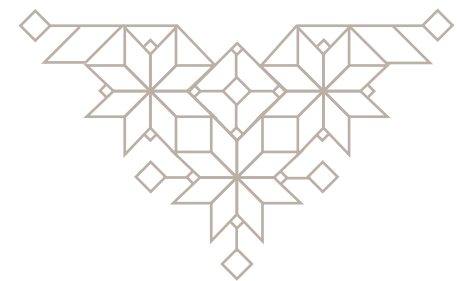


### TOP

Suneel Advani and Malcolm Kerr, MD of Hewlett-Packard in Hong Kong, circa 1983

### ABOVE

TGS Babu with PAD dealers at a PAD Regional convention, circa 2005





**ABOVE**  
Blue Star Infotech facilities at SEEPZ, Mumbai, 2000

**BELOW**  
Harry Cabill, US Consul General, inaugurates the Blue Star Software Development Centre at SEEPZ, Mumbai in December 1983



“In 1999, customer surveys told us that the Blue Star brand commanded respect, and brand-building began in a systematic manner,” says BTN. “With the help of The Boston Consulting Group, a new strategy for accelerating growth was formulated. Then in 2010, looking at changing consumer spending patterns and the enormous growth of the middle-class, it was decided to put major investments into room air conditioner manufacturing. Every time, in the light of changing market conditions, customer needs and regulatory demands, Blue Star reinvented itself, grabbing new opportunities, often ahead of the industry curve, not waiting for it to be forced upon the organisation.”

In 2009, while energy management and environmental concerns were still nascent concepts in India, Blue Star decided to aggressively promote LEED (Leadership in Energy and Environmental Design) consultancy services for green buildings, and energy consumption audit services.

### **BLUE STAR INFOTECH LIMITED (BSIL)**

One holdover from the days of unrelated diversifications which was not sold off until much later was BSIL. Blue Star’s IT business began way back in 1983, at the urging of Hewlett-Packard. As SMA told *The Economic Times* on the occasion of the Company’s Golden Jubilee, “We have been distributors for HP for close to 20 years and, they persuaded us to get into software development in 1983, long before the IT boom started, a decade later.”

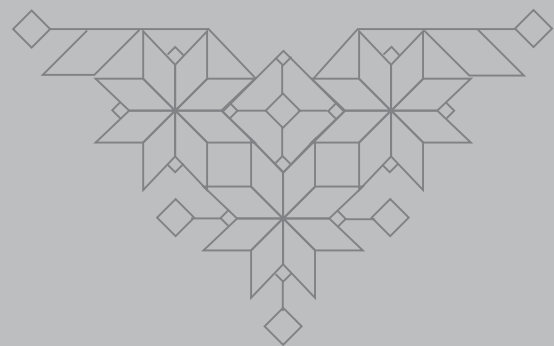


In 2000, urged by then Board Director Uday Kotak, Blue Star spun off its International Software Division (ISD) into a separate, listed company, Blue Star Infotech Limited (BSIL), in order to unlock value. SMA, who had established Blue Star's presence in computer software development and export, assumed the position of BSIL's Chairman and later, Managing Director as well, in addition to his responsibilities at Blue Star.

BSIL grew from Rs 36 crores to Rs 80 crores and the staff doubled from 324 people to about 630. In 2001, BSIL a joint venture in Malaysia, started operations in South East Asia and later expanded to the UK, USA and Finland. However, there were still issues of inadequate scale. As SMA candidly observes, "Since BSIL was a small in-house entity in its early years, we were unable to attract top-class professionals." The lack of a seasoned IT professional at the helm cost the company dearly. As SMA explains: "When the IT take-off happened in India, we missed that. The biggest thing in IT was Y2K in the run-up to the year 2000. That is what gave the size to Wipro and Infosys.

#### ABOVE

BSIL Board of Directors, January 2003.  
From left: Prakash Hebalkar, Naresh Malhotra,  
Parmod Bhalla, SMA, AMA, Suresh Talwar,  
Sanjay Vaswani.



**ABOVE**  
BSIL Bangalore Office, 2003

**LEFT**  
Sunil Bhatia, MD of BSIL with SMA



We at Blue Star were too busy restructuring the parent company to give sufficient attention to Y2K. I personally regret that very much.” Though BSIL persisted gamely for several years and notched up several successes, it could not stand up to the competition that had recognised, and built upon, the opportunities that Y2K provided.

Sunil Bhatia, who later became MD, BSIL, says: “I started my career as a management trainee with the Blue Star Group back in 1989 when the Corporate Strategic Planning department was formed. Subsequently, I worked at several large technology companies such as Accenture and IBM, and then came back to the Blue Star Group in 2011 when Suneel asked me to lead BSIL as its MD & CEO. Suneel gave me a lot of freedom to take calculated risks and grow and change the profile of BSIL to a nimble, innovative and globally recognised company. In my five-year term, BSIL almost tripled its revenue and grew profits over five times. The biggest learning however was the great Blue Star group ethos of a work culture of ethics and transparency, delegation of authority, valuing employees and treating the organisation as part of your family. From ‘Management Trainee to Entrepreneur’ is how I would summarise my journey with the Blue Star Group, which has always been recognised as a great institution to build talent. I am one of its many beneficiaries and perhaps a poster child.”

In 2015, the management took a strategic decision to exit the IT business, selling it to Infogain India (Pvt) Ltd and focusing all its attention and investment on Blue Star’s core business of air conditioning and refrigeration and building engineering services. Sunil Bhatia joined Infogain as the CEO.

### **LOOKING AHEAD: B2B and B2C**

In its 75<sup>th</sup> year, Blue Star is poised to scale fresh heights, with a new strategic plan in place for the future. While new ventures are on the anvil, the focus is on expanding the core through organic growth and related diversification. “We were always in the air conditioning contracting business,” says SMA, “so we bought an electrical company and plumbing company and went into Mechanical, Electrical and Plumbing (MEP) engineering services for buildings, a huge reinvention of our project business.”

“In terms of products, we have always been in the water cooling business, and expanded that into water purifiers; from air conditioners, we have got into air coolers and air purifiers. In the process the biggest change in Blue Star is our move from being only a business-to-business Company to a business-to-consumer one as well.” Turning the cautious, left-brained engineers of Blue Star’s into right-brained nimble and agile marketers has been a spectacular success, as Blue Star has become a major retail and residential market player. This, together with its total reengineering of its manufacturing and R&D capability, has catapulted the Company into the big leagues.

Vir adds, “We have all the key building blocks very much in place, and there are no obvious weaknesses in our superstructure and infrastructure. “We are ready for the future!”

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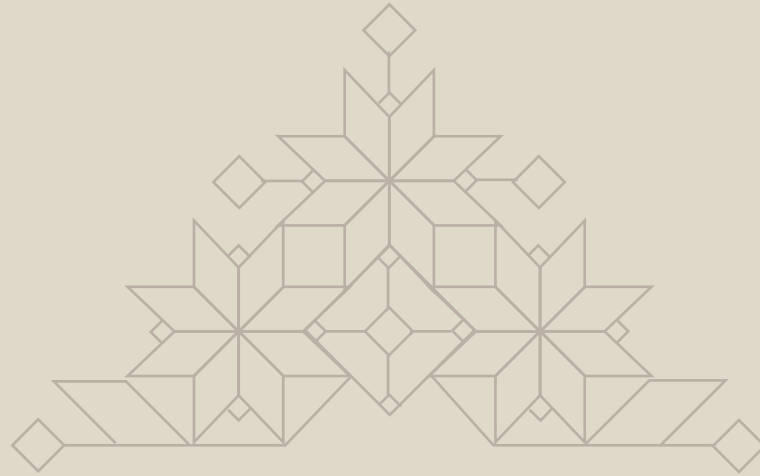
*Very few companies survive against the backdrop of disruption of products, intense competition and obsolescence to celebrate their Platinum Jubilee. The credit for this goes to MTA for his ambition and vision as well as to Ashok and Suneel for inculcating MTA’s work ethics and values in the organisation to encourage a single minded focus on air conditioning and other related businesses. The world is changing rapidly today, and to keep pace with it we have to diversify into newer businesses, which Blue Star has done effectively through various innovations, and has achieved success on a gigantic scale!*

—◆—

GULU MIRCHANDANI, CHAIRMAN AND  
MANAGING DIRECTOR, ONIDA

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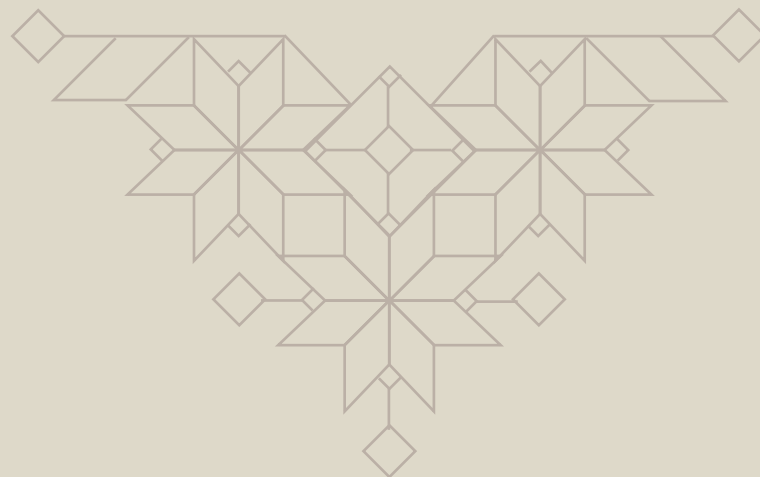


# 10

## Manufacturing Success

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From a rudimentary workshop near the Sassoon Docks market, to five state-of-the-art factories, Blue Star evolved into a strong manufacturing company much before the Government launched its 'Make in India' campaign.



- ★ *Blue Star's initial foray into manufacturing was with ice-candy machines in the 1940s.*
- ★ *In 1950, it pioneered the design and manufacture of electrically operated water coolers – a product that became synonymous with Blue Star.*
- ★ *Today Blue Star is a major manufacturer in the field of air conditioning and refrigeration equipment with five state-of-the-art plants – one each in Ahmedabad, Dadra and Wada, and two in Himachal Pradesh.*

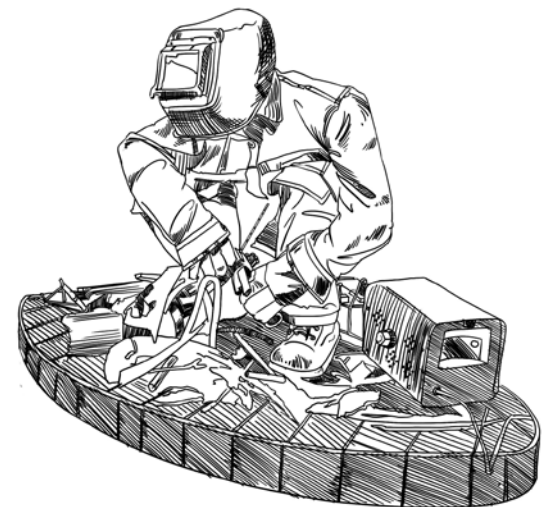


From a tin-roofed bamboo shed near a fish market at Sassoon Dock in Bombay (now Mumbai) to some of India's finest state-of-the-art manufacturing facilities, Blue Star's 'Make in India' journey has been long and interesting. Today, Blue Star has five plants – one each in Ahmedabad, Dadra and Wada, and two in Himachal Pradesh, with further plans to extend its manufacturing footprint in Sri City, Andhra Pradesh. These facilities, along with the erstwhile factories at Thane and Bharuch, have laid the foundation for the Company's reputation as one of India's top manufacturers of cutting-edge air conditioning and refrigeration products. In the early years, Blue Star brought front-line technologies to India from global leaders, such as Worthington, Mitsubishi, York International and Rheem from the United States. Blue Star learned from the best. It is now technologically self-sufficient, and designs and manufactures its entire range of products by itself. The Company even does contract design and manufacturing of products for several multinationals, on which they put their own labels to sell. To get here, however, was a long struggle.

### **GROWING PAINS**

In 1965, Pakistan and India went to war at exactly the same time that America's leading air conditioning manufacturer, Worthington Corporation of USA, was about to sign a manufacturing and technology transfer collaboration with Blue Star. The Company had acquired 11 acres near Pune, for a joint venture with Worthington to manufacture a complete range of industrial and commercial refrigeration and air conditioning equipment. "Ram Malani planned the entire project," recounted Gulab Ramchandani.

Pencil sketch of "Self-made Man" Metal sculpture of a welder by Arzan Khambatta from the Blue Star art collection





“Worthington was to pump in money.” When the war began, Worthington withdrew overnight, and this was a huge setback for Blue Star.

Looking back to the early decades, AMA recalls, “Initially, Blue Star was largely a trading company, with manufacturing accounting only for 10-15%. We made a small range of water coolers, window air conditioners and packaged air conditioners. Those were days of industrial licensing. We had just started making some components for central air conditioning plants, condensers, and chillers. The Worthington collaboration would have been a game-changer.”

The person who was not disheartened by this major setback was Hiru M Jhangiani (HMJ); he took on the mantle of finding manufacturing collaborations for Blue Star. HMJ was instrumental in forging the alliance with York, and then with Lau of the USA. for blowers in 1984, Viessmann of Germany for cold room panels in 1985, with Tenney of USA for environment test chambers in 1987, and with Mitsubishi of Japan for absorption chillers in 1991. These collaborations, however, only involved product technology, not manufacturing know-how. Production practices remained rudimentary and antiquated.

Both AMA and SMA returned to India and joined the Company in 1969. So, when MTA asked AMA what he would like to do, he was astonished when AMA replied, “I’d like to work in the factory and build the manufacturing base.” AMA had an MBA degree from Harvard, so MTA expected him to want to work in the Corporate Headquarters, but AMA had different aspirations – the desire to make Blue Star a recognised, respected leader in the industry. “Our competitor, Voltas, was much bigger than us,” he recalls, adding that in those days of licensing, there were only three manufacturers of water coolers – Blue Star, Voltas and Sriram Industries in Hyderabad, and the industry’s total licensed capacity for window air conditioners was limited.



**TOP**

RDM speaks at the Bharuch factory inauguration, 1980

**ABOVE**

Ashok Advani, who designed and built the Bharuch Plant

**RIGHT**

The Bharuch Plant

**OPPOSITE**

ISO 9001 certificate being unveiled by HMJ and Subhash Dixit at a Blue Chip event, circa 1995

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## THE COLD ROOM EVOLUTION

Hiru M Jhangiani played a major role in bringing in 'cold room' technology to Blue Star. On the Company's 60<sup>th</sup> anniversary in 2003, he recalled, "We used to make cold rooms for restaurants and hotels, to store frozen or regular food, meat and vegetables. We made them with wooden frames, taking the help of carpenters, filled them with fibre glass or theromcol insulation and then took galvanised sheets and nailed them to the wooden framework; the carpenters would fit these panels together. It was a crude job, very tedious, but we were pioneers." It was when he visited Baghdad that he learned of a German company making such cold rooms with polyurathene foam insulation (PUF) and sheet metal panels, with not a single piece of wood that could be eaten by white ants. Excited by the discovery, HMJ got in touch in the mid-1980s with Viessmann, a family-run business in Germany managed by "an old Count", and told him about wanting to make cold rooms. The Count, who had an Indian daughter-in-law, was sympathetic, gave him some machinery that they were no longer using at a throwaway price, and showed him how to get started. "He sent one of his engineers here. We paid him a small amount of money. We couldn't afford anything big in those days," said HMJ. The new cold rooms cost 70-80% more than the old wooden ones, and people told him he was mad. "We struggled in the first couple of years," HMJ recalled. "I don't think we made more than 10-15 rooms, but it started picking up and we soon reached a stage when the old machinery from Germany was no longer sufficient against the demand and we imported new machinery from England."

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**TOP**

AMA, SMA and K Ramchandran perform Bhoomi Pooja at Dadra, 1996

**MIDDLE**

The Dadra plant under construction. Seen here are SMA and Don Dudle of Rheem Manufacturing, 1996.

**BOTTOM**

The original Dadra Project team that transformed manufacturing in Blue Star. Left to Right: J M Bhambure, R G Devnani, B F Modi, Satish Jamdar, S S Batra, D V Kasbekar and Anil Mudgil.

**OPPOSITE TOP**

Dadra assembly line in the earlier years

**OPPOSITE BOTTOM**

Dadra assembly line at present

## FOUR PILLARS OF EXCELLENCE

*The Manufacturing Excellence Model that Blue Star follows today rests on four pillars:*

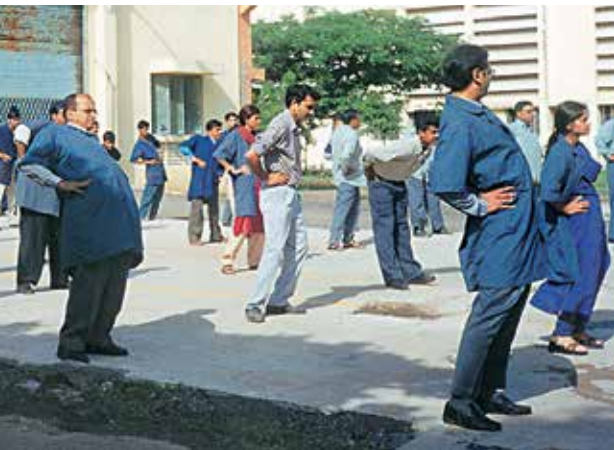
*Technology Upgradation Cell to ensure state-of-art equipment, mini-automation making effective use of Industry4.0 concepts;*

*LEAN Manufacturing to shorten the lead time between the customer order and shipment by eliminating waste (non-value-adding activities) through VSM (Value Stream Mapping) and Maynard Operation Sequence Technique (MOST) techniques;*

*Quality Improvement Cell, building a Six Sigma culture and ISO 9000 systems, among others;*

*Culture Building Cell to inculcate Blue Star values and beliefs, standardise HR practices across all plants; employee engagement activities and team-building.*





**TOP**

A 'Wheel of Life' yoga session at Dadra Plant

**ABOVE**

Scroll Chillers ready for shipment

**BOTTOM**

The erstwhile Thane Plant, currently the R&D headquarters of the Company

In 1980, Blue Star expanded its range of manufactured products. AMA decided to build a second plant at Bharuch in Gujarat, to manufacture water coolers, deep freezers and bottle coolers, with improved manufacturing processes. The Bharuch Plant substantially added to the range and volume of these products, and propelled Blue Star to the top of the leaderboard for commercial refrigeration products.

Seventeen years later, on September 20, 1997, a new and exciting chapter began with the inauguration of a world-class factory in Dadra that completely transformed Blue Star into a world-beater. This time around, the concept, planning, collaboration and set up was SMA's brainchild.

As SMA adds, "I travelled to Saudi Arabia, Thailand, Malaysia, Japan, Korea, England and USA, visiting many factories, and I concluded that Rheem, a Japanese-owned company in USA, was best suited to our requirements. What particularly impressed me about Rheem was an American working for them, Don Dudle. He landed in Bombay on July 4, 1995, which is their Independence Day and the biggest holiday in America, but he didn't let that get in the way and worked the entire day in poor, backward Dadra. It was his first time in India, but he was so dedicated and committed that nothing fazed him, and his only interest was in work and enhancing Blue Star's capability."

Dudle visited the Thane plant, where SMA was thoroughly impressed with his observations. "He was really knowledgeable for all he thought about all the time was the manufacturing process. He would walk around, watch an operator at work on a machine and suggest simple changes to get better product quality and higher productivity," states SMA. "After that visit, I went to Rheem and negotiated, right down to a detailed draft agreement."

"I put Ramchandran, a senior executive assisting me, in charge of the project," says SMA. "He did a magnificent job, building the plant in record time. I used to go to Dadra every week to oversee the construction. Meanwhile, Dudle used to send his recommendations on the factory design layout, which equipment we should buy, and what processes we should deploy, because each aspect was important. At the same time, we sent our engineers to Rheem for training, to understand modern manufacturing processes." R G Devnani, currently Manufacturing Head, was one of the five managers who went to Rheem's facilities at Arkansas and Montgomery in the US for training in September 1996. He recalls: "Their scale was enormous; they had about 1,500 employees in the plant but everything worked like clockwork."

The execution of the Dadra project, incorporating modern technologies, quality standards and manufacturing processes, is a fascinating and important milestone in Blue Star's progress in becoming a confident and high-quality producer of AC&R equipment at reasonable cost for world markets. "Today we have grown up and the child is now, I would not say,



supporting the parent, but working as an equal,” says AMA. “Rheem is sourcing a lot of their requirements for the Middle East and European markets from us here because they know our quality standards, and we don’t have to prove it to them – they have seen the plant in which they were involved, they have seen our capabilities, our costs are highly competitive. So, it is a win-win situation.”

In this transformation of Blue Star into a world-class manufacturing company, it was Satish Jamdar (SJ) who played a key role. SJ joined the Company as Vice President in 1996, a year before the Dadra plant was launched, bringing valuable experience and a completely different approach. He introduced the human touch in the new factory at Dadra. “The biggest thing that dawned on me was that people – we called them operators, not just workmen – should feel a part of the mainstream,” he says. The cultural and lifestyle activities he introduced added huge value to workers’ lives, motivating them to give their best.

“We realised that to produce world-class products means to be world-class in everything – the equipment, assembly lines, culture, and selecting and training people as well. Unless every link in the chain was world-class, the end product would not be,” AMA explains.

In the critical area of product design and performance, the first positive move was the decision to build Blue Star’s first psychrometric product testing facility with technical assistance from Rheem for the new 5-tonne and 7.5-tonne ducted products in the R&D facility at Thane. This was a key turning point in Blue Star’s product development capabilities.

The other defining moment was the decision to design and build competitive ducted indoor units for Rheem under contract manufacture. “Rheem would give us the product specifications to design, prototype and manufacture for them, and to brand these under its own name for the UAE market,” SJ recalls. “The export business was a new platform. It began with SMA and myself meeting K Hagop, the Head of SASCO, Rheem’s distributor for the Middle East, in New York over a lunch meeting at a lovely Italian restaurant. He told them then that he was happy with his source in Thailand, and ‘Made in India’ would not be acceptable in the UAE market – so low was the reputation of this appellation at that time! We then visited Thailand to see the products and resolved that we would make something far better and prove it in our own test lab. That finally happened in 1999. The rest is history, as they say, with Blue Star continuing to design and manufacture a larger range of products for Rheem to this day.” SMA adds, “The first several shipments to Rheem, UAE, did not show the ‘Made in India’ label, but one shipment was caught out and the Company had a devil of a time getting it accepted. With this acceptance, Blue Star had arrived as an important player in international markets.”



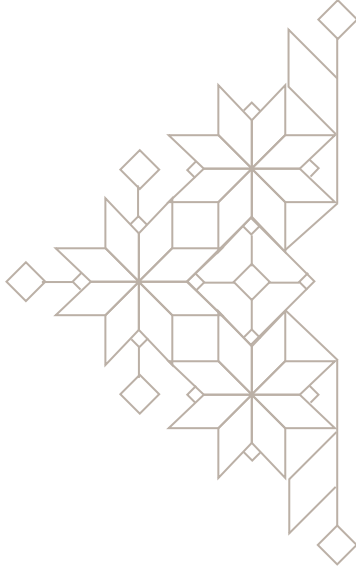
**ABOVE**

R G Devnani receiving the Senior Manager of the Year award from SMA at the Blue Chip Awards, 2002

**BELOW**

J M Bhambure explaining manufacturing processes to Hagop Kouyoumdjian of Rheem





AMA receiving the Golden Manufacturing Award from the late APJ Abdul Kalam, the erstwhile President of India, 2014



Smart manufacturing techniques, augmented reality, camera vision inspection systems to detect errors, and robotic welding for the first time ever at Wada, as well as other methods to boost productivity, have yielded tremendous returns in the last few years. A Shell Cutting Machine devised by Blue Star, for instance, reduces an eight-hour manual process to just 30 minutes.

“The idea is to improve productivity through deskilling and automation so there is less dependence on human skill,” says Devnani. Blue Star has also ensured that it invests in the best equipment, even if it costs a little more. “SMA has always told us – don’t compromise on the cost of equipment. It has to be the best and the latest,” he says.

A streamlined Supply Chain put in place by D H Roy, who heads the R&D and Supply Chain functions presently, also ensures greater productivity and cost savings; for instance, materials that are common for all Plants are procured through centralised operations and bought in larger quantities, offering greater negotiating power with the suppliers. Roy recounts, “Through this and various other measures, the Department was able to save Rs 90 crores in one year, and Rs 130 crores in another. This also gave the Department some recognition. The fact that it could contribute to the bottom-line of the Company helped boost morale.”



Devnani remembers attending a Management workshop on the 'Journey from IR to HR' organised by SMA and presided over by an industry expert. The takeaways he recalls from that discussion include daily preventive maintenance of not-more-than-ten minutes for the machines; keeping employees engaged through innovative programmes; recreational activities, and creating transparency. In keeping with these learnings, to this day, fun activities are organised for the operators and their families, including sports events and 'Bandhan' programmes for newly-married couples; morning meetings are held to set targets and discuss challenges. As a result, a unique culture has been created, which is evident from the fact that even 20-year-old machines still work perfectly because their operators and engineers nurture them and fix problems at early stages.

"We embarked on all these initiatives in Dadra and then extended them to our factories at Wada, Himachal and Ahmedabad," says Vir. It has certainly paid off; Blue Star has become the largest manufacturer of air conditioning and refrigeration products in the country.

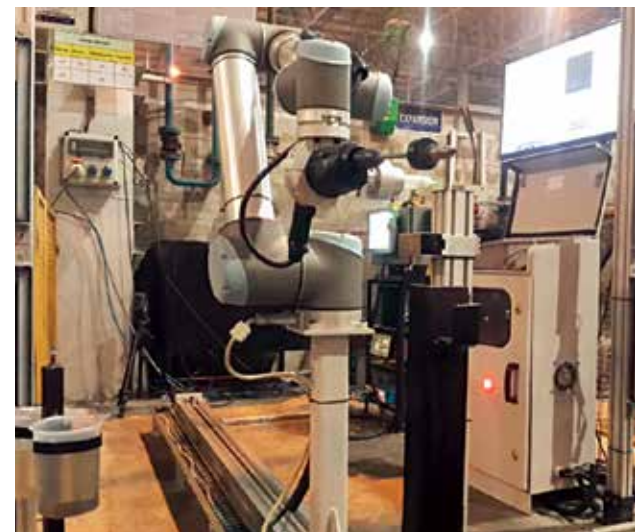
"You may have the same equipment, processes and techniques, but why does one factory perform better than the other?" asks Devnani. "It is because people make all the difference; the right mind-set can give extraordinary results."

**ABOVE**

Robotic Welding at Wada

**BELOW**

Blue Star's first COBOT (Collaborative Robot) was installed at Wada in 2018. Developed by Universal Robots in collaboration with German Aerospace Center, the robot is designed for high precision tasks to operate autonomously or with limited guidance.



# BLUE STAR'S STATE-OF-THE-ART MANUFACTURING FACILITIES

## DADRA AND NAGAR HAVELI

The 12,000 sq m Dadra plant, located in the Union Territory of Dadra and Nagar Haveli, 200 kilometres from Mumbai, a tax-saving opportunity built in technical collaboration with Rheem, USA started functioning from 1997.

As the building work and machinery was set in place, Blue Star began looking for the right people from local industrial training institutes. "We decided to take freshers who came with open minds, looking forward to new experiences," says Devnani. A 16-skill certification matrix was put into place, and additional financial incentives were offered for every skill acquired. Motivational and educative talks were also held, and personal talent building was encouraged, which helped build unity and cohesiveness among workers. Dadra factory processes are all integrated through SAP ERP. Modern manufacturing concepts have been incorporated, notable among them being visual management of the factory, with Just-in-Time, Kaizen, 5S, Poka Yoke, SMED, Kanban, TPM, Lean Manufacturing, MOST and Six Sigma as some of the modern processes incorporated. All these initiatives are horizontally deployed across all the plants.

This unit is regarded by industry experts as one of the best manufacturing facilities in India for air conditioning products. It manufactures digital VRF units, inverter VRF ACs, ducted split units, ducted packaged air conditioners (indoor and outdoor units), and contract manufacturing products for the export market.

Dadra Plant has won the Best Plant Award for 'Excellence in Operations 2016' in the Large Plant category from *Manufacturing Today*.

**Started in:**

1997

**Location:**

*Dadra and Nagar Haveli, a Union Territory 200 km from Mumbai*

**Area:**

12,000 sq m

Paint shop at Dadra Plant





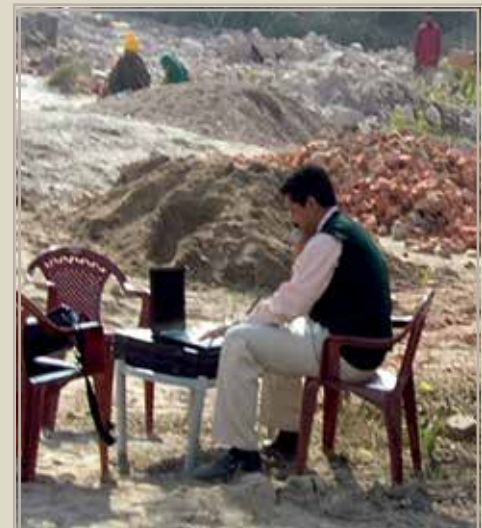
**ABOVE**

Vir, BTN, J M Bhambure,  
R G Devnani, D H Roy with  
Sushil Deshpande, D V Kasbekar  
and others at the Dadra Plant's  
20<sup>th</sup> Anniversary celebrations

**RIGHT**

A view of the Dadra Plant





**TOP**

A view of the Himachal Pradesh Plant

**ABOVE LEFT**

Vir, R G Devnani and D V Kasbekar, Head of Himachal Pradesh Plant, along with the children and staff of Government Primary School in Kala Amb for a CSR activity undertaken by the factory, 2018

**ABOVE RIGHT**

D H Roy, at his makeshift office during the set up of the Himachal Pradesh Plant; he refers to it as 'a 21<sup>st</sup> century office!'

**OPPOSITE**

Inauguration of the second plant in Himachal Pradesh by Satish Jamdar, C P Mukundan Menon and D H Roy, 2011

## HIMACHAL PRADESH PLANT 1

Blue Star capitalised on a tax-saving opportunity to augment its manufacturing capabilities, with a factory set up in the sylvan settings of Himachal Pradesh. It is a highly productive, automated and flexible unit that manufactures outdoor units of split air conditioners coupled with a fin and tube heat exchangers (FTHX) coil manufacturing setup.

When it was built, however, there were multiple challenges, thanks to the mountainous landscape and remote location. D H Roy, who was at Himachal Pradesh between 2005 and 2014, was the first person to be sent there to set up the greenfield plant for room air conditioners. He had never heard of the place until SJ, the then Vice President, phoned him while he was on a vacation and told him to go.

The ground-breaking ceremony took place on January 17, 2005, and production of window air conditioners began in less than six months later in June, followed by split air conditioners. Since the office had not been built yet, everyone sat on the shop floor, and “that’s what brought in the team work and commitment”, recalls Roy. There were several other cost-saving innovations since the factory was still under construction. The automated assembly line was brought into the factory space in parts and paid for accordingly. “But we had to buy a bigger compressor that could cater to the whole plant, and this would use too much electricity,” he explains. “The solution – using a small air pump instead, the kind that is used to fill air in car tyres! For a whole year, the factory functioned on this.”

“We ordered the best equipment, but in parts,” he explains. “This involved lower capex, lower electricity, and eventually, nothing was wasted; the whole production line of 80 metres was built over the base. It was very well planned. We could scale up and bring in efficiency. The bonus? Well, whatever tax we saved in five years financed the entire plant,” he declares.

## HIMACHAL PRADESH PLANT 2

This plant is equipped with state-of-the-art manufacturing facilities for water coolers and micro channel heat exchangers (MCHX). The factory also has a modern sheet metal fabrication unit with Amada punching and bending machines as well as a foaming plant setup for water coolers.

### Started in:

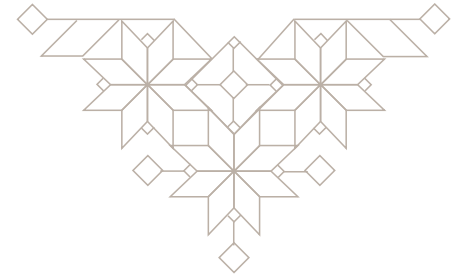
2005

### Location:

300 km north-west of North Delhi

### Area:

16,000 sq m



### Started in:

2011

### Location:

300 km north-west of North Delhi

### Area:

9,800 sq m



**Started in:**

2008

**Location:**

100 km from Mumbai

**Area:**

34,500 sq m

**BELOW LEFT**

Nargis Advani planting a tree at the Wada plant, as SMA, Dilip Jadhav, Head of Wada Plant and others look on, circa 2016

**BELOW RIGHT**

SJ with the Wada factory Green Building Shield issued by IGBC, 2012

**WADA**

The Wada facility in Maharashtra is a contemporary plant, situated 100 km from central Mumbai. With a plot size of over 35 acres, it is designed to eventually be Blue Star's biggest manufacturing facility.

According to SJ, "A task force comprising senior managers evaluated several locations in the country and Wada was chosen for its centralised location as well as its proximity to the Mumbai Port. To cope with the huge demand for our manufactured products, we planned to invest about Rs 35 crores in 2007-08 on Phase I of this Plant." The factory was certified as a Gold-Rated Green Building by the Indian Green Building Council, Hyderabad, in October 2012.

The Company subsequently added Phase 2 in 2013 to install a sheet metal shop and powder coating facility. Devnani recalls, "In our endeavour to be eco-friendly we decided to set up a Cyclopentane facility for PUF used in our cold room panels. Wada had space available to set up this large facility, and hence it was decided to shift cold room production to Wada. We started working on this project in 2014 and inaugurated the plant in 2015. Currently, Wada has three plants in one location and now we are working on the fourth, in which we want to begin manufacturing by Q1 of FY20."

"Wada is fast emerging as the main factory," says Vir. "And it's only been 10 years!"

**AHMEDABAD**

This is a state-of-the-art facility that manufactures deep freezers with a high level of automation on the assembly line, sheet metal fabrication line as well as in the foaming setup.

In 2010, Blue Star decided to launch a new series of deep freezers which needed to be made using the latest technology to give the products a contemporary finish. Devnani recalls, "We decided to manufacture these at a new location and we wanted an existing place, so that we could simply shift all equipment for the new design machines for quick startup. Finally, we zeroed in on Changodar in Ahmedabad, which started production in 2012.

**Started in:**

2007

**Location:**

Changodar on Ahmedabad-Rajkot Highway

**Area:**

9,360 sq m



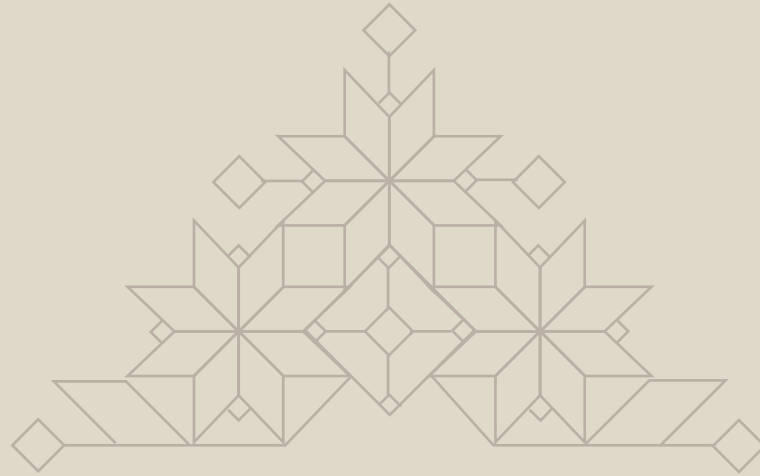




**ABOVE**  
The assembly line at  
Wada Plant

**RIGHT**  
The Ahmedabad Plant





# 11

## R&D - The Competitive Edge



Blue Star's investment in Research & Development keeps the Company at the forefront of cutting-edge technological change in a competitive market with rapidly changing customer expectations.



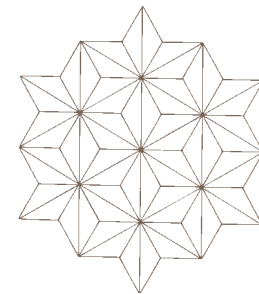
- ★ *Blue Star's R&D function has had a recognised status from the Department of Scientific & Industrial Research (DSIR).*
- ★ *Blue Star's investments in Research and Development (R&D) have led to the Company receiving its first patent in November 2017 for a unique vacuum breaker assembly developed in-house; it has applied for 30 patents and expected to get many more.*
- ★ *The R&D department offers strong support to a dedicated new product development division.*
- ★ *Blue Star is the only Indian company with the capability of developing VRF systems, and the first in India to introduce inverter ducted systems.*
- ★ *The Company focuses on Digital Technology and Sustainability, with continuous investments and focused efforts in R&D.*
- ★ *The aim now is to make products smarter, self-diagnostic, and energy-efficient, in keeping with the demands of a rapidly expanding domestic and international market and an environmentally-conscious and digital age.*



**A**s the author George Bernard Shaw once said: “The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man.” When Mohan T Advani began Blue Star in pre-independent India, the country was not particularly known for its Research and Development (R&D) capabilities. Even then, MTA and the leaders of the first generation – Ram D Malani, Gulab Ramchandani, and Hiru M Jhangiani, among them – believed in innovation, devising new and exciting products that the country had never seen before, such as ice candy machines and water coolers.

Today, increased global competition and growing concerns over environmental degradation have made it imperative for corporates to introduce new ethical and cutting-edge standards to their products, and R&D plays a crucial role. Blue Star has risen for this challenge, investing in formal R&D efforts to develop new technologies in India. AMA says, “I’ve seen lots of R&D centres around the world, but what we have built is impressive. We have about 200 people in the department – that’s large for our size, but necessary. The electronics end of the business is bigger, there is more rapid change; we are in mechanical products where the pace of change is slower, but the infusion of electronics in every product is everywhere and it is important to master that.”

Blue Star’s R&D efforts were validated when the Company received its first patent in November 2017, for a unique vacuum breaker assembly developed by the in-house R&D team, headed by J M Bhambure and Rajan Gore.




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**According to a study by Management Consulting firm Zinnov, the engineering R&D market in India is estimated to grow at a CAGR of 14% to reach US\$ 42 billion by 2020.**

SOURCE: INDIA BRAND EQUITY FOUNDATION (IBEF)

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**INTELLECTUAL  
PROPERTY INDIA**  
PATENTS | DESIGNS | TRADE MARKS  
GEOGRAPHICAL INDICATIONS



सत्यमेव जयते

भारत सरकार  
GOVERNMENT OF INDIA  
पेटेंट कार्यालय  
THE PATENT OFFICE  
पेटेंट प्रमाणपत्र  
PATENT CERTIFICATE  
(Rule 74 Of The Patents Rules)

क्रमांक : 022101500  
SL No :



पेटेंट सं. / Patent No. : 288676  
आवेदन सं. / Application No. : 726/MUM/2004  
फाइल करने की तारीख / Date of Filing : 07/07/2004  
पेटेंटी / Patentee : BLUE STAR LIMITED

प्रमाणित किया जाता है कि पेटेंटी को उपरोक्त आवेदन में यथाप्रकटित VACUUM BREAKER ASSEMBLY नामक आविष्कार के लिए, पेटेंट अधिनियम, 1970 के उपबंधों के अनुसार आज तारीख 7th day of July 2004 से बीस वर्ष की अवधि के लिए पेटेंट अनुदत्त किया गया है।

It is hereby certified that a patent has been granted to the patentee for an invention entitled VACUUM BREAKER ASSEMBLY as disclosed in the above mentioned application for the term of 20 years from the 7th day of July 2004 in accordance with the provisions of the Patents Act, 1970.



अनुदान की तारीख : 25/10/2017  
Date of Grant :

*OKSupte*  
पेटेंट निरीक्षक  
Controller of Patent

टिप्पणी - इस पेटेंट के नवीकरण के लिए फीस, यदि इसे बनाए रखा जाना है, 7th day of July 2006 को और उसके पर्याप्त प्रत्येक वर्ष में उसी दिन देय होगी।

Note. - The fees for renewal of this patent, if it is to be maintained will fall / has fallen due on 7th day of July 2006 and on the same day in every year thereafter.



**OPPOSITE LEFT**

Blue Star's first patent for a unique vacuum breaker assembly developed by the in-house R&D team to ensure that the pressure inside and outside the deep freezer is equalised. The inside pressure in a deep freezer is lower as the moisture condenses and a partial vacuum is formed; consequently, the lid gets locked. In the device that the Blue Star team developed and applied for a patent, there is a spring-loaded plunger, which is operated manually to break the vacuum.

**TOP**

J M Bhambure and S M Kulkarni, Senior General Manager, R&D, being felicitated by SMA for the role they played in Blue Star receiving this patent

**RIGHT**

SMA with Ajay Sharma, Girish Hingorani, and the team at the Research & Innovation Centre of the Water Purifiers Division in Thane, 2017





J M Bhambure at the Thane R&D facility

“This is an important milestone in the history of the Company and indeed a proud moment for us,” says B Thiagarajan. “This achievement takes our R&D capabilities to the next level.” By 2017, Blue Star had applied for 30 patents for innovations in various product categories such as Chillers and VRF Systems. “I am certain that in the coming years, we will receive many more patents,” he says. It was also a huge feather in J M Bhambure’s cap just before his retirement in February 2018, after more than 25 years with Blue Star. Looking back on the growth of Blue Star’s R&D capabilities, Bhambure says: “As we competed with the multinationals, as well as started exporting, SMA emphasised the importance of industrial design and customer product interfaces. SMA took a very personal and keen interest in the product design, which has helped to build a premium image for Blue Star products.” Bhambure adds that AMA also used to regularly visit the manufacturing plants and spend significant time, understanding the new products and technologies. “He taught us the importance of competitiveness and balancing of technology and cost to succeed in the market,” he observes. “The guidance of both, AMA and SMA, has made R&D an effective and a result-oriented department. This was not an easy journey, as multinationals entered the growing Indian market, and were not ready to part with technology. Apart from this, getting skilled and competent employees was difficult. We had to

recruit fresh engineers and train them. This was a long process but helped in imbibing the knowledge.”

Vir explains: “We are the only Indian company with the capability of developing VRF systems, and the first company in the country to introduce inverter ducted systems. To the best of my knowledge, we are also the only Indian company exporting ducted systems and refrigeration condensing units, and the first in India to develop ultra-high performance Turbocor chillers. Our chiller range is at par with world leaders like Johnson Controls (York), McQuay, Daikin and Carrier.” Blue Star now has more than 15 test labs, and its air cooled chiller lab and simulation labs for VRF are the only ones of their kind in India. Products are subjected to extensive and intensive quality tests, including simulated rain conditions.

Blue Star has had many achievements in its R&D department, which has become an indispensable bedrock of the Company’s success. In the early 1990s, the rapidly growing R&D group at Thane factory made significant contributions through new product introductions, innovative product improvements and indigenisation of imported components. These included the introduction of Variable Air Volume Systems for the first time in India, and air cooled package chillers, which could be mounted on rooftops and required no water. Other significant developments included duplex packaged chillers using York design reciprocating compressors, extending the range to 200 tons and the first energy-efficient gas and oil-fired absorption chillers in the country.

## A QUANTUM LEAP

It was under Satish Jamdar (SJ) and J M Bhambure that R&D in Blue Star moved into a new era. “In the 1990s,” says SJ, “India had no R&D, but when the country started opening up, R&D started coming into the reckoning. At Blue Star we were dependent on multinationals for technical know-how and were paying them royalty – York (for chillers), Rheem (for ducted packaged units), Heatcraft (for refrigeration), Kolpak (for cold rooms) and Climatrol (for air handling). We had collaborations, but as we started growing, they saw us as a threat. Everything has pros and cons and it is important to recognise when things change. To be able to adjust quickly and do things differently is key, and R&D was something we had to do for ourselves.”

SJ adds that it was SMA who pushed him to create the first test chamber for air conditioning. “When you have your own test chamber, the knowledge of what you are doing multiplies; immediate feedback allowed us to fine-tune our product designs,” he says. “Now R&D has many labs and our products is much more sophisticated.”

There were several challenges. “We didn’t know what we needed,” SJ recalls. “What type of lab – psychrometric labs, calorimetric labs – and we didn’t know for what size of products. Most importantly, the test units must



### ABOVE

SJ and J M Bhambure inspect the new water coolers at the Dadra R&D Lab, circa 2015

### BELOW

Split ACs kept under test conditions









**LEFT AND BELOW**

Trained engineering personnel working on product design and manufacturing at Blue Star R&D labs

**BOTTOM**

An air conditioner being tested for severe rain conditions





#### ABOVE AND BELOW

Pro-E rendition of a VRF system in 3D (above) and an engineer working on Pro-E Design software (below)

be reliable; repeated tests should give the same result. For us to understand what all this meant was a very good learning. Earlier, we just made the products and shipped them out for someone else to test. But by connecting and testing these ourselves, our people reached the next level of understanding of the product. That change in mindset was important. The manufacturing team and qualitative department were looking at a product in physical form, but not at an operational level. Now, the theory became practical knowledge.” It was a long, slow, step-by-step process, and is certainly an ongoing one. The initial mindset change took place in the first lab in 1997, in the first three years of the Dadra operations. It is now evolving to deal with intelligent products that have software in them and can be remotely monitored. “The testing has to go to a different level now,” says SJ.

The other game-changer in Blue Star’s R&D capability building journey was a 3-D modelling system. In 1994, R&D began evaluating 3-D software, and in 1995, D Ravindra, R&D Head, proposed introducing Pro-E Design systems. SMA, with his understanding of the power of virtual modelling and software-based solutions, sanctioned the large investment required, and Blue Star was among the first in India to purchase a Pro-E licence. “It took us a year to train our engineers to understand the full functionality, and after the learning was over, we migrated to 3-D in totality,” Ravindra explains.



Pro-E cuts product development time by an estimated 30%. It creates a virtual model of a product or a component, which forms the base for all other software. The 3-D model sets the foundation for structural and fluid analysis, and virtual testing of the product. The software also helps to eliminate manual errors. The output can create rendered images, so that photo-shoots of finished products are not required, and is a powerful tool for service technicians. With technology such as 3-D printing emerging, Pro-E output can be directly used to print the parts. Pro-E delivered a veritable revolution in Blue Star's R&D capability.

Bhambure, who had left Rallis India as R&D head to join Blue Star in 1992, played a vital role in Blue Star's R&D development. In 1996, when he visited the Rheem factory in the US, he asked why there were so many varieties of small transformers in the control panels. It was only then that the Rheem team realised that thousands of dollars could be saved by standardisation. When Rheem's distributor in the Middle East, K Hagop of SASCO, asked in 1999 if Blue Star could supply ducted units, the R&D Department was approached for the product as the higher cost was a cause of concern for the client. Bhambure and SJ visited factories in Thailand, and realised that if it was possible for Thailand to export, it was certainly possible for Blue Star in India as well. "It was Don Dudle, our mentor from Rheem who pushed me into designing products backward from a 'target cost' perspective,"



**TOP**

A rain shower test lab with fans fixed for the wind

**BELOW**

Electronics Reliability Test Facility at Thane





**ABOVE**

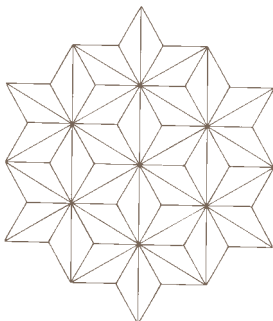
Mr Koji Nagae, a Japanese expert who visits Blue Star multiple times a year for consultations

**OPPOSITE TOP**

The R&D Centre at Dadra Plant

**OPPOSITE BELOW**

The R&D Department organises outdoor team building activities, as a part of the 'Let's Share' initiative led by Sheetal Kulkarni (in pink shirt)



says Bhambure. Apart from assuring the supply, the other important realisation was to ensure that it fits the price. “This was a big shift – to go from a ‘cost plus’ approach to a drive to ‘fit cost into what the market can take.’”

Over time, working with companies like Danfoss on condensing units, for instance, Blue Star also had to be sensitive to new requirements. It was not enough to produce efficient equipment; the noise levels were important and the air conditioners had to work silently as well. Blue Star installed echo chambers to measure noise levels.

The R&D team has also had to recognise that products being exported to different countries have to deal with varied conditions – exporting to the Middle East involves ensuring that the products work effectively in extreme heat conditions. Products exported to locations by sea, specifically to Europe, require specially treated anti-fungal packing material, along with anti-corrosion material and treatment.

**A STRUCTURED PROGRAMME**

In 2010, Blue Star appointed PRTM Management Consultants, to design modern R&D processes. “This was one of the most successfully implemented consultancy programmes in Blue Star,” says Bhambure. “They brought in concepts of product development as a cross-functional entity of all stakeholders – Marketing, Product Management, Service, Manufacturing, Supply Chain and R&D – as a team that could deliver products required by the business. They also brought in the concept of stage gate clearance process in product development. These were Concept, Design, Validation, Pilot Production and Mass Production, based on three fundamentals – meeting performance and quality, cost and time targets. “Development projects are reviewed by the Steering Committee at each gate, and if the product does not meet the stated objective, the project does not proceed to the next phase,” Bhambure explains. PRTM also told them it was not necessary to do everything in-house; that consultants could be appointed for specialist functions. Taking this advice, Blue Star appointed Mr Koji Nagae, a Japanese national who retired as Sanyo’s R&D head; he has been sharing his expertise with Blue Star for seven years, visiting multiple times a year from Japan.

Blue Star suddenly realised that from 25 people, R&D had to increase to 75, and this threw up new challenges, such as the need to build a cohesive force through fun-filled team-building initiatives such as the ‘Let’s Share’ sessions the Company introduced.

Significant investments have been made in building performance and reliability labs as well as virtual modelling and virtual performance testing software. The Company’s chiller test labs are certified by Air-conditioning, Heating and Refrigeration Institute (AHRI), and the Company has accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) for room air conditioners and ducted systems.





**ABOVE**  
Chiller testing facility at Thane

**RIGHT**  
The AHRI certified chiller testing lab,  
inaugurated at Thane in 2011

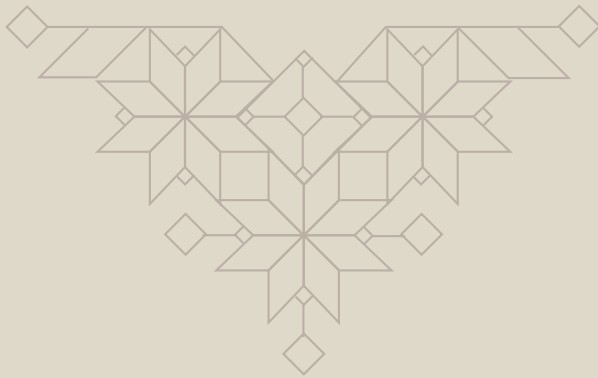






Blue Star's in-house design studio, iMAGINE - Centre for Design and Innovation, at the Company's R&D facility in Thane. This setup, an important strategic initiative for the Company, is aimed at enhancing Blue Star's competency in industrial design as well as being a step forward towards harnessing innovation.





**ABOVE**

The R&D team receiving the CII Design Award, 2013

**ABOVE RIGHT**

Blue Star receives 'CII Design Excellence Award 2017' for its Wireless Centralised AC Control System for VRF systems, 2017

**BELOW RIGHT**

Mobile applications developed by R&D to improve customer interface





**ABOVE**

Vir and BTN inaugurate new testing facilities at the Thane R&D Centre, 2017

**BELOW**

R G Devnani inaugurates the long-run reliability testing lab, to test indoor and outdoor units in high ambient condition, 2016

**OPPOSITE TOP**

The advanced Air Conditioning, Heating and Refrigeration Institute (AHRI) certificate

**OPPOSITE BELOW**

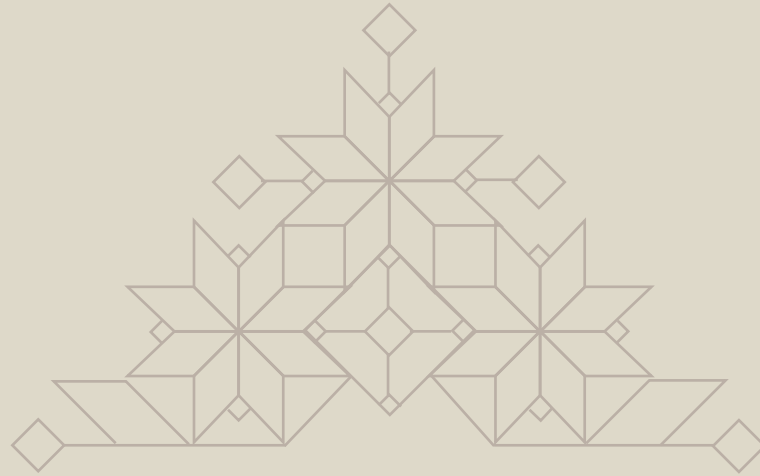
The National Accreditation Board for Testing and Calibration Laboratories (NABL) certification for room air conditioners and ducted systems

A separate department has been created with a focus on electronics, algorithms and embedded firmware.

Blue Star's R&D team has developed advanced products such as the VRF IV Plus system, high-efficiency chillers, wall-mounted units and refrigeration products that use next-gen refrigerants. Refrigerants with lower global warming potential are being studied in detail with the intention to be adopted in select products. Projects are undertaken to augment R&D competency across all product lines. BTN states that the drivers for technology will be sustainability and the ever emerging digital platforms. "We are investing for the future," he observes.

Bhambure also points out that Blue Star's technology competitiveness is well recognised and respected by various ministries such as Ministry of Environment and Forests (MoEF), Bureau of Indian Standards (BIS), Bureau of Energy Efficiency (BEE) under the Ministry of Power and international bodies such as Montreal Protocol. He adds that SMA, SJ, Vir and BTN encouraged him and other senior managers like Sheetal Kulkarni and Sunil Jain to participate in various forums and represent Blue Star. Blue Star's R&D personnel have also actively participated in RAMA (Refrigeration & Air-conditioning Manufacturers' Association) and represented the Industry. "We have regularly participated in competitions on product innovation and are recipients of prestigious awards," he adds. "These include the CII Design Excellence Award in 2013 and 2017, and the Emerson Industry Award, to name a few."





# 12

## Cooling Products - Diverse Offerings



While Blue Star was known earlier primarily for its central air conditioning and commercial cooling operations, the Company now also offers a comprehensive range of room air conditioners with cutting-edge technologies and other domestic products that support all the key elements essential to life – air, food and water – through cooling, purification and preservation.



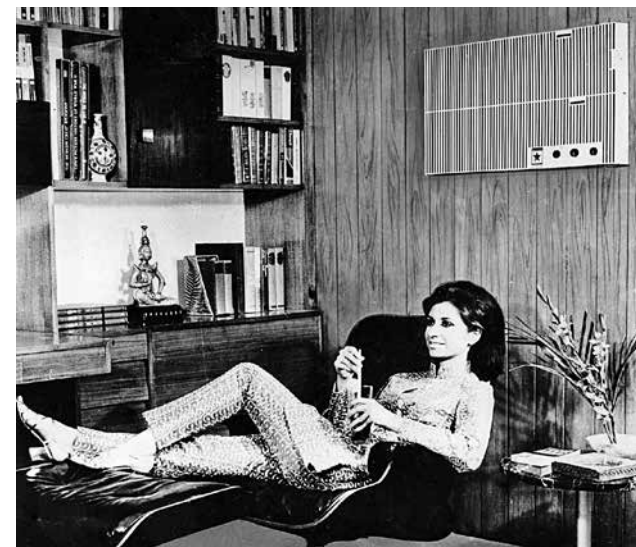
- ★ *Blue Star offers India's widest range of air conditioning and commercial refrigeration products.*
- ★ *The diverse air conditioning offerings serve both commercial and residential segments. Blue Star caters to homes through split and window ACs, and commercial complexes and condominiums through a wide range of state-of-the-art VRFs and ducted systems.*
- ★ *Showrooms, offices and ATMs rely on a range of standard split ACs as well as mega split, cassette, and verticool ACs.*
- ★ *Blue Star's chillers adorn landmark buildings and mega structures such as airports, malls, hospitals and industrial establishments.*
- ★ *The Company's commercial refrigeration solutions include bottle coolers, water coolers, bottled water dispensers and deep freezers, besides modular cold rooms and ripening chambers for food preservation. Blue Star's portfolio also offers medical and retail refrigeration equipment, as well as specialty solutions such as mortuary chambers.*
- ★ *Blue Star's AC&R range has been augmented recently by the launch of product categories such as technologically advanced water purifiers, air purifiers and air coolers.*



Blue Star's engagement with the Products segment goes back right to the time Mohan T Advani refurbished used equipment in World War II, before moving on to manufacture ice candy machines, water coolers, central air conditioning plants, and, in a small way, air conditioning and refrigeration products for homes. Through a variety of partnerships with global leaders, Blue Star was also a distributor for a host of cutting-edge products that revolutionised the way business was done in India.

From the 1970s onwards, however, the Company focused on larger air conditioning systems, serving corporate, institutional, government, industrial and large commercial establishments. That was where the demand came from, before the rise of the Indian middle-class, as late as the 2000s. The crisis that engulfed the central air conditioning projects industry close to two decades later at the time of the global recession in 2008 made it imperative for Blue Star to rethink this position, and the Company realised that demand for cooling products was beginning to spread to domestic users. The timing could not have been more opportune.

In turning to the residential markets for new business, Blue Star was very clear about two things. One, as Vir S Advani observes, the Company would move into diversified products related to their core business of cooling food, water and air – all the essentials that life depended on. Secondly, as Girish Hingorani, who heads marketing for the newly launched water purifier business, explains, the products selected should always involve a technological edge to differentiate the Blue Star offering.



A 1960 window AC ad, as featured in Blue Star and You, internal house magazine



In 1980, Anil Kumar, a District Savings Officer from New Delhi, won an election contest 'Predict the Poll', held by India Today. The first prize was a 90-litre Leonard refrigerator from Blue Star. Seen here are B P Bajan and Rajjo Gupta handing over the prize to Kumar

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## 'A NEW THING HAS COME TO COOL THE HOUSE'

**Camellia Panjabi, former Marketing Director of Taj Mahal Hotel in Bombay and a legend in the culinary world in the United Kingdom, recalls how, when she was a child in the 1940s, her father Bhagwan Panjabi had told her, "A new thing has come to cool the whole house called an air conditioner and my friend Mohan is going to leave his job [at Bombay Garage] and design it." The first house to be air conditioned in Bombay, she says, was Petit Hall, and many discussions took place in her home; she remembers a cooling tower in the compound, "perhaps 12 feet tall", with a simulated waterfall. While she is not sure if this was the first such machine, she says it was certainly a novelty at the time. "We used to have parties and the whole house used to be cooled down," she adds.**

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## THE PRODUCTS JOURNEY

Looking back on the 1960s, Ashok M Advani says that if the government had imposed a total licensed capacity of 5,000 window air conditioners in a year and if Blue Star manufactured 5,001 machines, the Company could be in breach of the licensed capacity. "An AC was considered a luxury product; it cost Rs 30,000 in those days," says AMA. "Today, for the same price as 30 years ago, you get a superior, energy-efficient product, quiet and efficient, with better technology and features. India now makes 5.5 million air conditioners a year, of which we sell around 600,000 units. It is an aspirational product and the fastest growing segment of our total business." In the early days, taxes on this so-called 'luxury' item were also crippling; as B Thiagarajan points out, excise duty on air conditioners was 125% in the days of the license raj, as opposed to 15% currently. This was the first major impetus to the room air conditioner industry.

For Blue Star, the transition to residential air conditioners as the first unitary product in the post-liberalisation era was a logical extension, but it was a massive task since the Company was absent from this segment for many years.

T G S Babu (TGSB), who had worked his way through various businesses at Blue Star between 1977 and 1990, and then returned to the Company as Vice President - Packaged Air Conditioning Division (PAD) in November 1995, recalls the eventful journey.

Pointing out that throughout its AC&R history, Blue Star had handled three kinds of businesses - Engineered Projects or Central Plants; Packaged AC systems; and AC&R products and appliances - he says, "Our Products business had a chequered history till 1995".

Before 1995, observes TGSB, there was an Appliances Division that marketed a portfolio of varying items, through a trading business model. "We manufactured some products - the well-known Blue Star water coolers, bottle coolers and deep freezers, all reputed for quality, fetching premium prices. We did not manufacture room air conditioners right up to 1998, preferring to source them from small-scale manufacturers and in turn, got a poor-quality reputation for our room ACs."

Blue Star also marketed refrigerators fairly successfully under the brand name of Leonard, he adds, but these were sourced from another company, which also marketed the product under their own name, leading to a conflict of interest. Blue Star gave up the refrigerator business in 1990. After liberalisation and the consequent shakeouts in various industries, as well as the sudden flush of new opportunities that followed from drastic reductions in the license/ permit raj, Blue Star ceased marketing a whole range of other products - Solutron calculators, Tulaman weighing machines, Everest weigh bridges, Decon light fittings, and Niky Tasha gas stoves, among them.



**TOP LEFT**

SMA and TGS Babu with Vijay Kumar of Select Engineering, who won the All-India No.1 Dealer award, 2000

**ABOVE**

Introduction of the millennium range of centrifugal and rotary screw chillers

**TOP RIGHT**

A cooking range marketed by Blue Star, circa 1979

**MIDDLE RIGHT**

An EPABX manufactured by Blue Star at the Gandhinagar factory

**BELOW RIGHT**

An EPABX manufactured by Blue Star in collaboration with Jeumont Schneider of France, circa 1992



**ABOVE**

An ad showcasing Blue Star's range of products, 2002

**OPPOSITE TOP**

BTN and C P Mukundan Menon at the Room Air Conditioners launch in 2011

In 1996, a new chapter began. BTN says: "SMA foresaw that, as a consequence of the economic liberalisation of India that started in 1991, the marketplace would steadily grow and turn modern, driven by global players with a much bigger scale of operations along with their superior technologies, superior products and big brand power." He modernised Blue Star's manufacturing capabilities, and brought in Rheem as a technology partner. He hired Satish Jamdar, under whom Blue Star introduced modern manufacturing techniques and product testing facilities.

According to TGSB, the acceleration of the Products business began, not with traditional AC&R products, but with 'productisation' of the packaged air conditioning systems business, "which acted as the gravitational core, subsequently pulling all the other AC&R products to a revolutionary channel-driven business model". Blue Star discontinued its expensive, limited direct sales business model and embraced a dealer-driven sales model.

This created a new 'products personality', bringing lakhs of commercial, light commercial and residential customers into the Company's fold.

Meanwhile, by 2005, Blue Star's room air conditioner business had been stagnating. The Company had just 1.5% market share in this crowded space, and according to Girish Hingorani, there were even whispers of shutting it down. The Company decided to keep going, mainly because it did not want clients to turn to Blue Star for central air conditioning only to end up using a competitor's brand for the CEO's cabin, only since Blue Star had nothing for such smaller spaces. Blue Star continued to be primarily a B2B player.

By 2009, the Company was convinced that it had to look seriously at the residential segment, given its new-found growth and the post-recession meltdown in the Projects business. It certainly had the technological advantage and market standing to be able to do so. The Government had made energy-efficiency labelling mandatory and this provided Blue Star with a first mover advantage. What the Company lacked, however, was the deep pockets that a retail push would involve, especially when pitted against the clout of the multinationals that had come into India post liberalisation.

C P Mukundan Menon (CPMM), President, Sales & Marketing - Product Business, who has played a transformative role in Blue Star's products business, observes: "When the multinationals, particularly the Koreans, came to India in the late 1990s, they changed everything. Several Indian companies felt they would not be able to compete because these MNCs had huge domain experience, deep pockets with phenomenal allocation for advertising and promotion, and a huge R&D backbone. But at Blue Star, we never gave up. It began with the conviction that we could do it, and we came out stronger." Meanwhile another major game-changer was beginning to take root. The perpetual electricity shortage throughout the country was finally being overcome and power was increasingly becoming available. This had a huge impact on the demand for air conditioning.





BTN and CPMM made a “strong pitch to the Board” in 2011 to enter the residential segment, and succeeded. “The summer of 2011 was our first retail foray. We added many people with experience of retail marketing and rejigged the business. After decades of being a large system B2B player, there were apprehensions as to how we would succeed against MNCs, and what would happen to our margins; also, about our acceptability as a retail brand,” CPMM says.

Sustained efforts over the next few years, however, started showing results. The Company increased its market share from 1.5% to 11.5% in 2017. “It’s been a dream run – from a non-descript division, it has become the largest in the Company; we don’t have any other business that crosses Rs 1,000 crores,” CPMM says.

This has been perhaps the Company’s most important self-reinvention success story in its long history. It was not easy. Step by step, the distribution network was expanded greatly. Major investments were made in plant and machinery, in product development, in technical manpower, after-sales service, IT and advertising. The phenomenal growth was only possible, CPMM adds, because Blue Star had the image of being an “old, trusted brand for over 70 years”. Blue Star’s products, he declares, “can now command a premium of 5-10% in the market. The channel expansion that Blue Star had embarked on in previous years also proved invaluable”.

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#### **COLD STORAGE SOLUTIONS**

**Today, Blue Star is a leading player in preservation of perishables which includes grading and sorting, pre-cooling, packhouses and cold storages. It caters to the preservation needs of horticulture, floriculture, aquaculture, sericulture, dairy and processed food industries.**

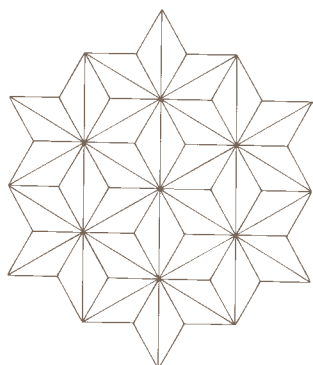
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## INDIA'S FIRST INVERTER SPLIT ACS

In 2017, Blue Star set a new industry benchmark with its launch of India's first inverter split AC which cools to temperatures set in decimal points, offering precise cooling. In 2018, the Company launched a fresh products line-up, which consisted of over 135 models, with 40 of these were on the new technology inverter platform. The stellar array ranged in tonnage from 0.7 TR to 4.5 TR across 2-star, 3-star and 5-star models, as well as 3-star and 5-star inverter models. Eight of the 19 models of 5-star inverter split air conditioners were equipped with a 'smart' Wi-Fi feature, which enabled the user to operate the machine from any place.

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Ajay Sharma, Head - Water Purifiers, addressing the audience at the launch of Blue Star Water Purifiers, 2016. Girish Hingorani is at left.

"The experience that channels have had with Blue Star has been good," says C Haridas, Vice President, Room Air Conditioners. "They know we believe in fair practices and respect us because we can't be pushed around. With residential customers buying from Blue Star for the first time, most were sold by these channels; they have major impact in the market and can influence customers." "E-commerce is another channel that we have to deal with today," he explains. "We are on Amazon, Flipkart and Snapdeal, among others, where we have to compete on price. Less than 3% of our sales come from e-commerce today, and there is a clear strategy - we try to offer models that are not available in the offline market, so as not to disturb the balance with the dealers. Our channel partners are also named on the portals as registered sellers."

Speaking of the future, Haridas says: "India's AC penetration is only 4% - out of every 100 homes, only four have ACs. Even if this doubles to 8%, it will mean that the 50 lakh ACs sold today will become 100 lakhs; there is huge headroom for growth in the business. The sky is the limit."

## THE WATER PURIFIER START-UP

While room air conditioners have become a major pillar of Blue Star's business, the Company is hopeful that water purifiers, its next new product aimed at the residential market, will also be successful. Girish Hingorani, who heads marketing of the start-up, says: "In India, there is so much toxicity in water - there are high levels of lead, rust and arsenic, and Reverse Osmosis (RO) is the only technology that can remove it."

"It was in 2013 that BTN started evaluating various businesses it could expand into," adds Ajay Sharma, Vice President, Water Purifiers. "Criteria included the





VRF IV plus product launch at Kolkata, circa 2011

potential for growth, availability of technology and the ability to leverage the trust that the Blue Star name engendered. The Company soon realised that water purifiers would be the most apt. It's a Rs 4000 crores market, growing at CAGR of 20%." The trusted Blue Star label would matter, since one cannot tell while drinking if the water is safe to consume or not. It was also important that water purifiers be sold in the same outlets where Blue Star's room air conditioners were already available. The Company already had a perception advantage – since Blue Star was known for its water coolers, Girish says, many consumers also believed it was already in the business of purifying the water that it cooled!

Ajay adds, "While several players have tried to enter this business, most have treated it as a mere line extension. We believed that setting up a separate team is important for the success of this business as water is a difficult subject and necessitates a dedicated team. We have already set up a large team of over 100 people, most of whom have been part of the water purifier industry. The Company is committed to making significant investments and wants this business to set a benchmark in terms of the product offerings as well as after-sales service. Blue Star is not a general consumer durable player lending its brand across product categories, but specialises in whichever business it enters. The water purifier industry is currently dominated by specialists, and we intend to be a specialist player in this category as well. The range of products we have launched augurs well with our premium and aspirational brand personality. We aim to reach a market share of 10% in about three years."

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#### VRF IV PLUS

**When Blue Star launched its variable refrigerant flow (VRF IV Plus) fourth-generation units, manufactured at Dadra, it proved that an Indian company can develop a product, equipped with the right technology and robust research and development capabilities, that is best-in-class and can challenge any product globally.**

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**TOP**  
 Portable Air conditioner, Inverter Air conditioner,  
 Air cooler, Air purifier, and window Air conditioner

**MIDDLE**  
 Blue Star's range of water purifiers

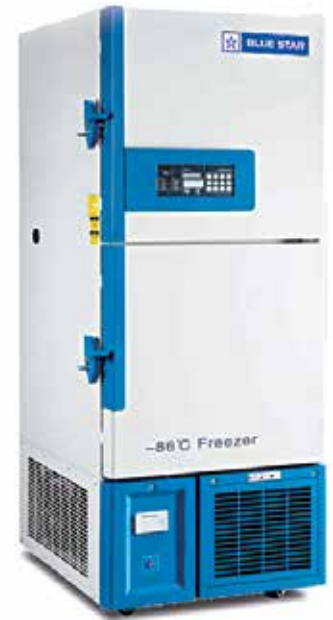
**BOTTOM**  
 Water Cooled Screw Chiller

**OPPOSITE TOP LEFT**  
 VRF V Plus System

**OPPOSITE TOP RIGHT**  
 Double Door Medical Freezer

**OPPOSITE BELOW LEFT**  
 Modular Scroll Chiller

**OPPOSITE BELOW RIGHT**  
 Platinum Series Water Cooler





**TOP**  
The Refrigeration System for Hatson  
Agro Products, Chennai

**BELOW LEFT**  
Banana Ripening Chamber

**BELOW RIGHT**  
Undercounter chiller

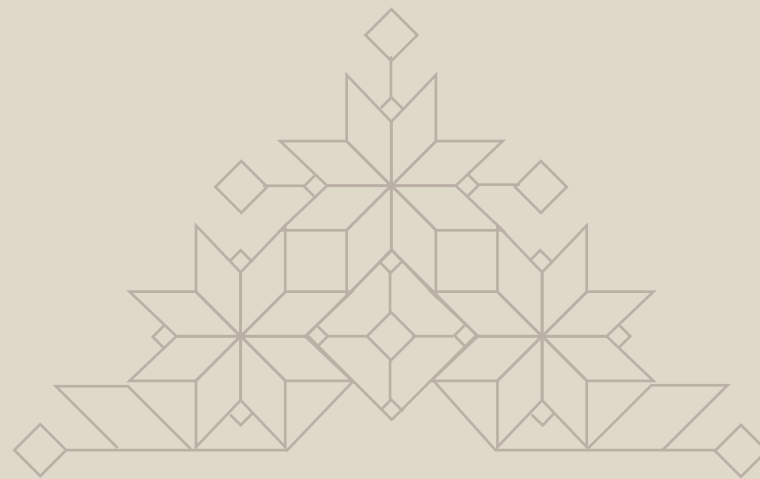
**OPPOSITE TOP LEFT**  
Retail Refrigeration Product

**OPPOSITE TOP RIGHT**  
Bottled Water Dispensers

**OPPOSITE BELOW LEFT**  
Hard-top Deep Freezer

**OPPOSITE BELOW RIGHT**  
Premium Display Freezer



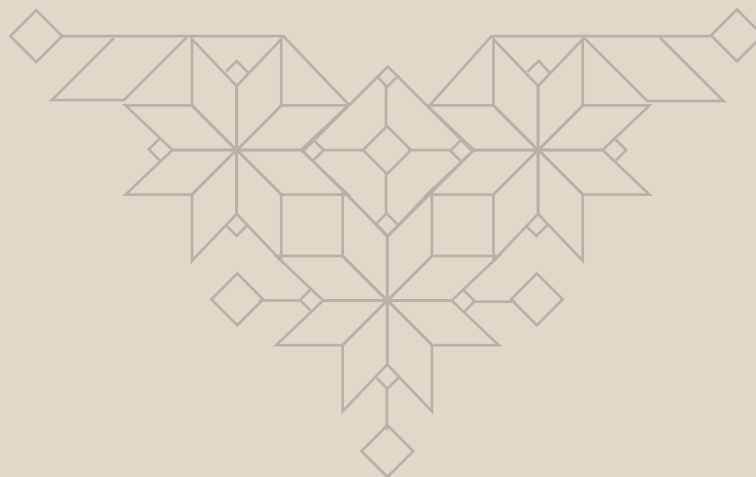


# 13

## Engineering Large Projects



Today Blue Star is recognised globally as India's premier turnkey engineering services systems designer and installer.





- ★ *From being an air conditioning provider, Blue Star has evolved into a full-fledged Mechanical, Electrical, Plumbing and Fire-Fighting (MEP) player, offering integrated systems for buildings and large-scale infrastructure projects.*
- ★ *This turnkey approach ensures single-point responsibility, on-time completion, and high-quality installation of large, complex projects.*
- ★ *Blue Star's deep domain knowledge goes back to the early 1970s, when the Company almost simultaneously air conditioned three new skyscrapers in the emerging business district of Nariman Point in Bombay – Air India Headquarters, Express Towers and Oberoi-Sheraton Hotel.*
- ★ *Today, after facing a major downturn during the boom-and-bust cycle of the commercial construction industry between 2007 and 2017, the Company's MEP business has become an industry benchmark, encompassing many firsts in everything from 3D design to a range of modern on-site execution practices such as pre-fabrication and site automation.*



If there is one quality that captures the 'Blue Star Spirit', it is the Company's ability to evolve, build value, stand firm against crises, and come out stronger. Nothing exemplifies this better than the story of the Electro-Mechanical Projects Business.

From being a central air conditioning provider, Blue Star now offers turnkey solutions for all engineering systems, including Mechanical, Electrical, Plumbing and Fire-fighting (MEP), in buildings. "For commercial buildings," explains SMA, "the engineering services budget is typically 40% on air conditioning, 40% on electricals and 20% on plumbing, sanitation and fire-fighting. Earlier, Blue Star only provided the air conditioning; now, as an integrated MEP player, we are addressing 100% of the opportunity in building engineering services."

Major segments served today include commercial buildings (hospitals, hotels, IT parks, retail malls, mixed use developments), industrial (light manufacturing factories, steel, mines and minerals, process industry) and infrastructure (airports, metros, power transmission and distribution). From air conditioning the Atomic Energy Establishment of BARC in Trombay in the mid-1950s and Shanmukhananda Hall in record time in 1964, to cooling Bombay's (Mumbai's) earliest skyscrapers at Nariman Point in the 1970s; from the capital's landmarks such as the Supreme Court and Rashtrapati Bhavan, to more recently, completing complex MEP projects for Delhi and Bangalore metros and the gleaming Terminal 2 of Mumbai International Airport – Blue Star has done it all.

Along the way, the Division has also faced and overcame a severe crisis after the global economic meltdown in 2009.

Bhabha Atomic Research Centre





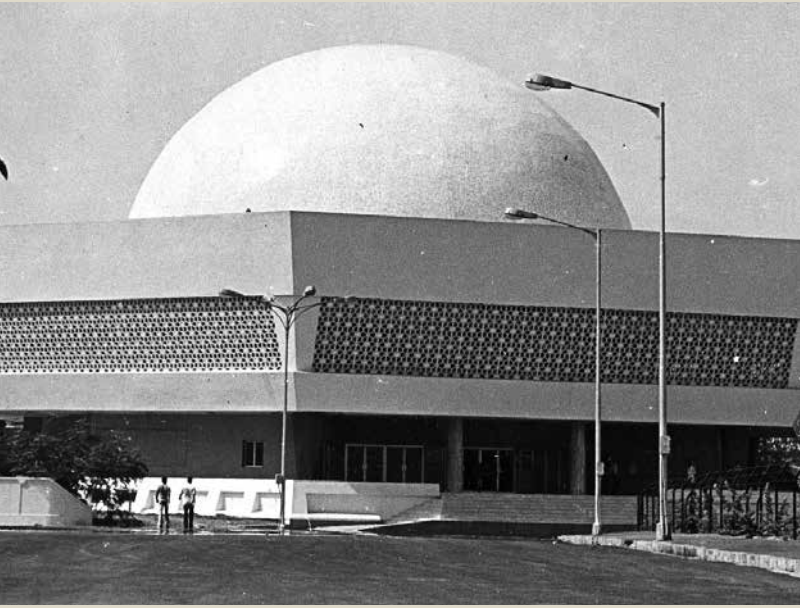
## PRESTIGIOUS PROJECTS

**The Oberoi-Sheraton:** One of Blue Star's early successes in a quickly modernising Bombay was the city's newest, swankiest five-star hotel at the far end of Marine Drive. The Rs 30-crores (\$25 million) 379-foot Oberoi-Sheraton opened in 1973 and Blue Star bagged the order to air-condition the soaring 37-storey complex, said to be the last word in luxury at the time. The Oberoi Group later entrusted its Delhi hotel to Blue Star as well.

**Air India:** Tata Airlines, which J R D Tata founded in 1932, became a public limited company on July 29, 1946, changing its name to Air India. The company was nationalised in 1953. As the airline grew, it decided to make its presence felt in the country's commercial capital. In 1970, it moved its offices to downtown Bombay, to a swanky skyscraper at Nariman Point, and it was Blue Star that bagged the order for air conditioning it. As Blue Star and You, internal house magazine in 1968 reported in an article titled A Maharajah's Salaam, "only the very best will do for a Maharajah". That is why Air India's ubiquitous Maharajah—known the world over for his fastidious insistence on comfort—entrusted to Blue Star the engineering, erection and commissioning of a sophisticated air conditioning system for his new ultra-modern 310-foot skyscraper under construction at Nariman Point, Marine Drive, Bombay..."

**Express Towers:** The Express Towers, a 25-storey building completed in 1972, was the tallest in South Asia for two years after its completion. It was the first major building to be constructed on the reclaimed land of Nariman Point, and was designed by Joseph Allen Stein, a Padma Shri award-winning American architect. It was the only high-rise he ever designed, and even then, in the mid-1960s, he recognised the increasing use of cars, and dedicated a full floor at street level to parking; the tower block itself rose from a terrace garden above a three-floor high podium. A prestigious project such as this one naturally required central air conditioning, and it was Blue Star that clinched the order.

As Blue Star and You pointed out in 1969: "Business organisations and architects all over the country have learned to depend on Blue Star for their air conditioning needs because they not only get a fine installation but pay the most reasonable price for the excellence they seek... Little wonder that Blue Star was chosen to air condition 11 out of the 15 skyscrapers under construction today, including the tallest: the Indian Express Building, and Air India City Terminal at Bombay."



**ABOVE**  
Nehru Planetarium, Mumbai, circa 1970



**RIGHT**  
Satellite launch pad at Satish Dhawan Space Centre at Sriharikota, Andhra Pradesh, circa 2005

**BELOW**  
Sun n Sand Hotel, Juhu, Mumbai, circa 1960

**OPPOSITE**  
The Air India, Express Towers and Oberoi - Sheraton buildings at Nariman Point, Mumbai, air conditioned by Blue Star



“

*Mohan T Advani was an entrepreneur with an unusual vision. He saw the need that existed in the refrigeration and air conditioning field and valiantly set out to fulfil it. I had an opportunity to watch during these years, how, from a very modest start, he managed to carve out for himself, and for Blue Star, a very good share of the business in large air conditioning plants and to acquire a reputation for efficiency and quality.*



KESHUB MAHINDRA, CHAIRMAN EMERITUS,  
MAHINDRA GROUP

”

The Oberoi, New Delhi, one of the several hotels that Blue Star air conditioned, circa 1981



## BUILDING THE BUSINESS

The story of this evolution started in the 1950s, when Blue Star began bidding for central air conditioning contracts against stiff competition from larger players like Voltas and Airconditioning Corporation. Two people played a key role in this evolution – Ram D Malani (RDM) and Hiru M Jhangiani (HMJ) – and they received the full support of MTA. RDM was an engineer from NED Engineering College in Karachi and HMJ and Raj N Seth were the first Indians to graduate from a two-year course in heating, ventilation, air conditioning and refrigeration engineering at the Milwaukee School of Engineering, USA. One of the first jobs they executed was for Ravalgaon Sugar, specialists in boiled sweets. “The packing area needed air conditioning and dehumidification so that the sweets didn’t stick together,” said HMJ. “It was a ticklish job but stimulating, since we had to custom-build everything.”

The great leap forward, however, happened in 1969-72 when Blue Star air conditioned the three earliest prestigious skyscrapers in Nariman Point, says Ashok M Advani. The Company received its largest order ever, up to that time, for an 1,800-ton central air conditioning plant for the Air India headquarters in Bombay at Nariman Point. In HMJ’s words, “It was a proud moment for MTA, and a feather in the cap of the young Company he had created. The order had been approved by JRD Tata, whose empire included Voltas, the undisputed leader in the air conditioning business at the time.” Earlier, JRD had also entrusted the air conditioning of his own home to Blue Star; “JRD knew MTA personally and he knew that MTA was a straightforward man who was good at his job,” said HMJ.

Soon thereafter, Blue Star scored with all the other prestigious projects in the newly emerging business district – the Oberoi-Sheraton Hotel and Express Towers. Orders for Jaslok Hospital at Pedder Road and the Overseas Communication Services (OCS) building (renamed VSNL) near Flora Fountain soon followed. “MTA was personally involved in both the latter projects – behind the scenes, of course – and I used to have long phone conversations every evening or meetings at his home. In spite of his failing health and restricted movement at home, he took tremendous interest in all these projects and personally corresponded with Worthington to help us manufacture the large heat exchangers for the centrifugal chillers in India for the first time,” said HMJ.

AMA, who joined the Company shortly before the three big Nariman Point projects were completed, says: “The godfather was Hiru Jhangiani—that was his life’s work, he was ‘Mr Air Conditioning’. These projects stretched the Company, but Hiru received full support from Ram Malani and B T Advani. That’s what gave us the name and presence in Indian air conditioning. Until then, we were doing small jobs, we didn’t have much clout.” SMA adds: “HMJ personally supervised the execution, virtually living at the site for three years, and to this day we are very proud of them, and of him.”

## ONE-STOP AC&R SHOP

Over the decades, the Projects division consolidated its position as a market leader. By the time of Blue Star's Golden Jubilee, its AC&R Projects Division had become a one-stop shop for 'everything in AC&R'. Its factories at Thane and Bharuch manufactured an extensive range of equipment and finished products – from window and split units, through custom-designed cold rooms, to the largest reciprocating centrifugal and absorption chillers; all with the world's latest technology. Blue Star had the finest systems design capability in the country and an impeccable record for on-time completion. Consequently, it won and executed the most technically demanding AC&R projects such as Khammam Chemical Refinery for Heavy Water, the Visakhapatnam (Vizag) Steel Plant, Metro Railway in Calcutta (the country's first Metro system), All India Institute of Medical Sciences, Reserve Bank of India printing presses, India's first indigenously designed Fast Breeder Reactor from Nuclear Power Corporation of India Limited (NPCIL), as well as multiple airports, metro projects, hospitals and malls.

As the Division evolved between the late 1980s to early 2000, several people made major contributions. While HMJ played a pivotal role, Blue Star owed much to others such as Shyam Narain, Bal K Malhotra, Vijay Inamdar, C N Ramalingam, M N Bhagwat, D Nag Choudhry, R Raghupathy and V Seshadri. Among the several people who made a difference were also Raj N Seth, B B Nag, K V Jog, H N Ganatra and Chander Ramchandani. All these leaders successfully delivered complex, challenging projects profitably, and on time.

There were three others who joined as trainees together in 1969 and who spent their entire careers in Blue Star – A S Prakash Rao, S Sankaran and N Sivasankaran. "They are three of the stalwarts who built ACPD into the market leader," recalls SMA, who had also joined the Company shortly before they had. All three remember their time in the Company with warmth. Prakash Rao says: "Blue Star believed in providing endless opportunities to learn. The managers were trained to be good teachers too. People were large-hearted. The working environment was one of shared goals and happy team work. There were no barriers of rank and designations." The very first project he designed was President Hotel in South Bombay – "a big project for a trainee engineer!", he recalls. "Baldev Viridi, HMJ, and others treated me as an equal," he adds. "I found this quality of humility and openness even in my brief interactions with seniors like RDM, Shyam Narain, BTA, HBA, AMA and SMA." After the ICRISAT project, Prakash Rao was offered the position of Chief Engineer in a Gulf company. "I was not attracted," he remarks. "Working for Blue Star meant more to me."

N Sivasankaran, who retired in 2006 as Vice President – International Projects, returned for two years in 2011 to support Vir S Advani in a crisis situation. He recalls how the Company faced several challenges and often came out



Hiru M Jhangiani, circa 1973

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**The 160 tons of galvanised iron sheets used to provide the ducting for the Oberoi-Sheraton project could cover a sidewalk five feet wide and nine miles long.**



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## A SAGA OF SPEED

In 1964, the Sri Shanmukhananda Fine Arts and Sangeetha Sabha Hall, with a seating capacity of 3,028, was Bombay's – and India's – largest indoor auditorium.

When the All-India Congress Committee (AICC) suddenly decided to hold a three-day session, beginning May 15, 1964, led by PM Pandit Nehru, in the auditorium, the trustees had to arrange for air conditioning in a hurry. Blue Star got the contract – a 275-ton Worthington air conditioning plant in conjunction with an air washer.

With only two weeks to complete the job, Blue Star's men got into action, working round the clock in the heat of the day and through the night. Pending arrival of imported equipment, the air washer had to be commissioned using ice for cooling. Faced with such a challenge, they found creative solutions; one engineer designed a multi-blade axe to cut 300-pound blocks of ice quickly and neatly. Another thought of building a platform, level with the ice delivery truck floor, to facilitate charging the ice into the air washer. For every hour of peak operation, 10 tons of ice was required, and a total of 180 tons was arranged for the three days, with trucks bearing five-ton loads moving in every half an hour. One of the rest rooms had special air conditioning arrangements for a very special visitor – Prime Minister Jawaharlal Nehru. Never before had a job of such magnitude and complexity been attempted in the city and executed so quickly and innovatively! Of course, the ice-based system was replaced in due course by a properly designed and engineered air conditioning system.

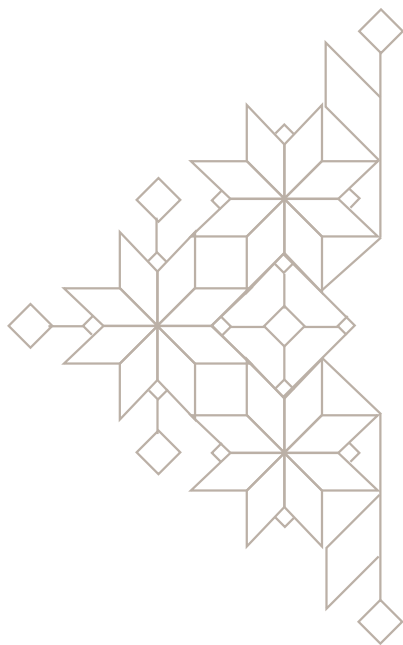
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The audience at the Shanmukhananda Auditorium on the occasion of Blue Star's 25<sup>th</sup> anniversary celebrations, 1968. MTA and his wife Padmi along with BTA and his wife Parpati are seen in the first row



Delhi Secretariat, New Delhi



victorious even when it was pitted against much larger competitors such as Voltas. Blue Star's strength, he says, lay in customising projects to suit clients' needs, superior site mobilisation and workmanship and offering innovative solutions against all odds. He also believes that Blue Star became the market leader in the early '90s because it launched contemporary and key hi-tech products that were power efficient, such as centrifugal chillers, screw chillers and air handling units, all with technical collaboration from York International (now part of Johnson Controls). Other reasons for the Company's extraordinary success, he feels, included the marketing thrust, focus on core strengths such as unmatched engineering capability, customer orientation and highly talented and dedicated technical manpower. He recalls how, in 1989, the Company sold projects against competition at a higher price; Blue Star convinced a client, Bharat Dynamics Ltd (Hyderabad), that the higher initial cost of a large air conditioning plant would offer more value over the long term because the 'Life Cycle Cost' of maintaining it would be lower.

Sivasankaran recalls the time in 1971-72 when Blue Star bagged a major hospital project in Trivandrum. "We had five months to complete the assignment and a new system of laminar-flow air conditioning was adopted, which Blue Star had successfully used at Jaslok Hospital in Bombay. President V V Giri was to inaugurate the hospital."

To their horror, the compressor developed problems at the commissioning stage. "We had one week left to replace it, but delivery of a new compressor took 15-20 days," Sivasankaran says. He came up with a unique solution that involved the temporary use of two packaged air conditioners that had to be specially transported from Chennai, and the cost of doing this meant as much as 10% of the total value of the project. "Hiroo Advani gave me



**TOP**

A S Prakash Rao, one of the three stalwarts who built ACPD into the market leader, at his farewell, circa 1998. He had joined Blue Star as a trainee in 1969 with N Sivasankaran and S Sankaran.

**ABOVE**

N Sivasankaran at the Diamond Jubilee Celebrations at Dadra, 2003

the permission to do this, and we worked through the night struggling to commission the system. The inauguration was at 9 am, and it was only at 6 am that we could tell the hospital authorities that it was working and that they could include the operating room in the President’s tour of the hospital,” he smiles. “Our reputation went up manifold in Trivandrum and when a new director joined the hospital in 1979, we got a repeat order from him!” Sivasankaran adds.

Another instance that Sivasankaran recalls was in 1995, at the St John’s Hospital, Delhi. They were appalled to discover that a 350-ton vapour absorption chiller plant manufactured in collaboration with Mitsubishi delivered only 60% of the cooling that it promised. After repeated attempts to solve the problem, Sivasankaran, who at that time headed the Air Conditioning Projects Division operations for North India, suggested replacing the system with centrifugal and reciprocating chillers, but this meant incurring a high cost – 25% of the order value. The Blue Star management agreed to do this, and while the immediate cost was high, the decision paid long-term dividends in terms of bolstering Blue Star’s reputation as a Company that would do anything to ensure the customer was satisfied.

For these dedicated team players, a job well done was always the prime motivation – even if it meant facing physical danger. S Sankaran, speaking as Vice President, Air Conditioning Projects Division in the 1990s, recalled how a high-pressure pipe burst and liquid ammonia hit his chest; years later the marks were still there. Fortunately, there was a water tank nearby so he jumped into it. Facing such a challenge, he says, was “a very good experience”. For Sankaran, who thought nothing of travelling to the work site 50 – 55 km away from Chennai by bus and bicycle at 4.30 am, it was the seemingly small things that gave him a sense of satisfaction. The happiest day, he said, was when he saw ice from the ice flake plant they had installed. “It was a small, perfect ice flake, like you see in Kashmir,” he said, “like snowfall... The whole thing is ultimately to complete the job as promised, and see the final result.”

**ADAPTING TO A NEW AGE**

By the early 2000’s the market shifted from technically complex industrial projects to quick-completion IT parks and commercial buildings. The AC&R Projects Division adapted well and, in a short time, garnered the lion’s share of business from IT companies including Infosys, Wipro, HCL and Cognizant as well as the early real estate developers, including DLF. Close on the heels of this, the first round of infrastructure projects was launched in the country, including Delhi Metro and airport modernisation under the UPA government. By 2008, Blue Star’s prominence in airport projects was also well established and the Company bagged many airport projects, including Varanasi, Jaipur, Thiruvananthapuram, Mangalore, Dehradun, Amritsar, Ahmedabad, Nagpur, Madurai, Khajuraho and Pune. Later, Mumbai’s prestigious Terminal 2



became another of Blue Star's jewels. Other projects that sent Blue Star's reputation skyrocketing were the Kolkata, Delhi and Bangalore Metros, the Indian Institutes of Technology (IITs) in several cities, and the Indian Institutes of Management (IIMs). Blue Star had become the leading AC&R contractor to the IT, hospital, education, airport and metro and mall sectors. It was against this euphoric background that the Company decided in 2006 to take the next step; as a market leader in AC&R, Blue Star decided to fortify its integrated MEP offering. This involved two challenges. The first was perceptual. As R Aravindan, Executive Vice President, Electro-Mechanical Projects Group recalls, "It meant getting customers to recognise this new turnkey approach without hurting their notions of what Blue Star stood for - being the best in the AC Projects business."

The second challenge was to acquire expertise in areas like electrical, plumbing and fire-fighting systems. "The question was - should we build these skills from scratch, or buy them. In 2008, Blue Star acquired Naseer Electricals and D S Gupta Plumbing in 2010. We thought acquisitions were the right way to address both the perception of our customers as well as the capability gaps," Aravindan explains. The Strategic Business Unit (SBU) was rechristened as the Electro-Mechanical Projects business.



**TOP**

S Sankaran receiving the Senior Manager of the Year award from SMA at the Blue Chip Awards, 1994

**BELOW**

WIPRO Systems, Secunderabad where Blue Star has executed HVAC projects





**TOP, ABOVE AND OPPOSITE TOP**

Ericsson, Infosys, and Microsoft where Blue Star has executed HVAC projects

## THE PERFECT STORM

As luck would have it, right then the global financial crisis struck the Indian commercial real estate industry. Overnight, projects came to a standstill as investors retreated from the market. Blue Star suddenly found itself saddled with not only close to 1,000 slow-moving air conditioning project sites, but also burdened with the additional electrical and plumbing projects that it had inherited from the acquisitions. “Our exposure to the real estate market increased with these ill-timed acquisitions, not allowing us the time for an effective integration,” explains Aravindan. It was also unfortunate that the new acquisitions were proprietor-managed companies, with cultures, systems and processes vastly different from that of Blue Star.

As a consequence of the real estate slowdown and the challenges of integrating two new businesses, the Electro-Mechanical Projects business reported a loss in FY2012, the first time since its inception in the 1960s.

## TURNING CRISIS INTO OPPORTUNITY

Vir S Advani became full-time Director of Electro-Mechanical Projects and took on the challenge of turning it around. The situation was so dire, Vir recalls, that “most companies would have seriously considered shutting down the business”. There was pressure to close down, with the Blue Star Board asking questions and internal management debating whether it was wise to continue. “But some of us believed that the right decision was to fix the business instead of shutting it,” says Vir. “I was determined to turn this around.”

Vir had joined the Company in the year 2000, and never had he seen a crisis like this. “In 2011, I was given a baptism by fire when we had the financial mess in our Projects business,” he says.

“We spent the first year understanding the extent of damage and identifying all the internal weaknesses that had contributed to it; there was more to it than just the commercial real estate meltdown,” he adds. “We took a decision that we would tackle the financial problems while simultaneously addressing the technical and functional capability gaps. This was a contrarian approach that put a lot of pressure on the team, but dealing with the legacy loss-making business while ensuring that new capabilities were brought in is what made all the difference,” explains Vir. “Most importantly, it ensured that the right people continued in the business, as several who couldn’t make the transition to the new ways left the organisation,” reveals Aravindan.

At the time of the crisis, Blue Star’s Projects division had 1,800 running projects around the country. Customers were worried the Company would abandon these but Blue Star decided to properly close every project since the commitments – sometimes seemingly impossible ones – had been made in the Company’s name. “These were B2B customers, repeat buyers. If we had walked out, we would have lost our reputation and it would have impacted our other businesses like service and products,” Vir says, “but today

every customer will tell you that in spite of the challenges, we met all our obligations. Many customers understood the situation and we built goodwill in the market. This is perhaps one of the best examples of the Company and the team demonstrating our core values and beliefs.”

As Blue Star sought solutions, well-wishers like former Executive Director, TGS Babu and Vice President, Rita Kripalani came in from retirement to help. While Vir addressed the gaps in sales, Rita Kripalani worked on engineering controls and design, and TGS Babu stressed the importance of differentiating oneself through execution excellence. This group introduced the 3C Excellence programme – Comprehensive Contracting Capability – to enhance productivity, control budgets and improve quality and site performance. The entire Projects team worked tirelessly for the next four years, cleaning up the legacy issues while experimenting and then implementing a new way of working under the 3C program.

As the situation came under control, the Board appointed the Boston Consulting Group (BCG) in 2014 to do a strategic review. BCG recommended that Blue Star persist with the business while pursuing its efforts of reinventing itself as a leading MEP solution provider. In April 2015, Aravindan was chosen to lead it. “We managed to turn around the South India market, from losing Rs 20 crores, to a positive figure. We have a team that is self-reliant, enterprising and abides by the rules of the game,” he says. He was impressed by the selfless approach of several Blue Starites who contributed to the turnaround between 2011 and 2017. They included K Suresh Kumar, Kapil Mehrotra, Timir K Bhattacharya, Ketan Soni, G Anand Kumar, Venkat Lanka, Rajendra Verma and S N Bose. Others who also made a difference were T K S Kutty, Vipin Mediratta, Hemant Sethi, C Balamurugan, E J Rao, V K Baskar and Ankan Chakraborty. They all worked tirelessly, above and beyond normal call off duty.

A key factor that helped in the turnaround was that Vir personally ensured during those years that he was out in the market at least four days a week,



**BELOW (BOTH)**

At the *Construction Week Awards*, Blue Star’s EMPG team was a winner in the MEP category in 2015, 2017 and 2018 as well as runner-up in 2016. Seen here, Blue Star won the ‘MEP Contractor of the Year 2017’ (below left) whilst SN Bose, Head – Large Projects Delivery, EMPG, (right) was adjudged MEP Person of the Year. The team won the accolade for its work for the Delhi Metro Rail Corporation (DMRC). Blue Star successfully executed the electro-mechanical work (electrical and fire-fighting) for five underground stations and the interconnecting 20-km. tunnels of the Delhi Mass Rapid Transit System Project Phase III, valued at over Rs 150 crores. The scope of the work comprised design verification, detailed mechanical systems, including fire and hydraulic systems of these underground stations. The MEP Person of the Year title was won by Bose for his contribution in the DMRC project execution.







**TOP**

66 kV Switchyard and Control Room at Gujarat International Financial Tec-City (GIFT City) premises, Gandhinagar

**OPPOSITE LEFT**

The fan's static pressure measured by a manometer at Mumbai International Airport

**LEFT**

VR Mall, Chennai, a 19-lakh sq ft space, is an MEP project executed by Blue Star, 2018



**ABOVE**  
Delhi Metro

**BELOW**  
Apollo Hospital, Visakhapatnam, is an MEP project executed by Blue Star



reassuring customers that Blue Star would stick by its commitments and solve the problems. “Today we are the preferred vendor who gets a premium in the market because the capabilities and commitment we demonstrate are far superior to our competition. We were forced to change, but we used the crisis as an opportunity to transform,” says Vir.

Looking back, Vir observes: “These last six years are very important for the future of the Company – a business that had carried us for several years went sick, and the quantum of financial damage was significant for the Company. This could have driven the organisation to clamp down and centrally control everything. Instead, we have introduced robust systems and processes that have allowed us to retain the essence of the Company – that sense of ownership at a junior level which differentiates us in a hyper-competitive market. Even today, engineers are fully empowered to take decisions; this delegation of authority, of people feeling part of this journey, is our secret sauce.”

In March 2017, the Electro-Mechanical Projects division crossed the Rs 1,000 crores mark in sales. Today, Blue Star is considered the undisputed leader in the field of MEP in India. “Going forward, we will retain our leadership position in the Building space and strive for a higher share of business in the Factory and Infrastructure segment,” says Aravindan.

As Suneel Advani points out, through all these problems, beginning with the acquisition of two companies that were so far removed from Blue Star’s own culture, there is one silver lining – the end result of becoming an integrated MEP player has been achieved. “If we had decided to build those skills from scratch, it would have taken forever, or perhaps more likely, we would have abandoned the effort altogether,” he says. This positive mind-set is what makes all the difference in Blue Star.

## GAME-CHANGERS: ROLASTAR AND RAVISTAR

In the mid-1990s, SMA realised that it would be essential to modernise and build efficiencies in order to meet increasing demand. In 1996, this led to the creation of two joint venture ancillary companies that proved to be game-changers for the industry in India. One was Ravistar, with Ravi Khosla, a former Blue Star manager; who negotiated a collaboration with a world-famous British company, Waterloo, with the help of Bal K Malhotra. Through this partnership, Ravistar manufactured stylish, modern grilles and diffusers at Khosla's factory in Noida. "Earlier, these were earlier generally handmade and very crude," says SMA. "Ours was a unique product, but after five years there were many copy-cats." In 2010 the JV partners decided to sell off the unit to a company called 'Systemair'.

The second joint venture brought about a paradigm shift in ducting – an often-overlooked process involving the conduits to deliver and remove air, which could cause major project delays. In 1995, SMA approached Pratap Gidvani, a 52-year-old construction material veteran and a steel trader, based in Canada. He shifted his family to return to India on SMA's suggestion and by April 1996, the factory was up and running in Billimora, Gujarat, with Gidvani as 51% majority partner.

Rolastar, as the manufacturing venture was named, was for seven years India's only high-quality ducting factory, single-handedly modernising duct fabrication and installation on large projects and exponentially enhancing productivity. Earlier, ducting in India involved patrawallas (sheet metal workers) fabricating galvanised iron (GI) sheets on site. Rolastar worked with emailed drawings from clients; the ducting was fabricated using digitally controlled high-precision machines and shipped out the same day. Demand grew enough for new facilities to be built in Gurgaon, Chennai and Bangalore before competition came in a full ten years after the inception of Rolastar's factory-made ducting. "We started with Rs 1 crore business a year, and some 13 years later, it was Rs 110 crores," Gidvani says. In 2008, the UK-based engineering and machinery group Tomkins PLC acquired Rolastar; it is now part of Johnson Controls International.



### TOP

Pratap Gidvani, Blue Star's partner in the Rolastar JV, being felicitated by K Ramachandran, President of ISHRAE, for revolutionising the ducting industry in India

### ABOVE

Ravi Khosla of Ravistar with SMA and N Sivasankaran

### LEFT

Mars, Pune, a 2.35-lakh sq ft factory, is an HVAC project commissioned by Blue Star in 2017

# BLUE STAR DESIGN AND ENGINEERING

## A MARRIAGE OF SOFTWARE AND ENGINEERING



### ABOVE

Rita Kripalani, Vice President-Engineering

### BELOW

3D software rendition of a plant room



In 2000, when Vir was 25 years old, he often travelled with SMA to the United States to boost the software business. Information technology was growing exponentially in India at the time, and it occurred to Vir that there might be a way to integrate the engineering capability of Blue Star with the Company's software expertise, and take a Knowledge Process Outsourcing (KPO) service to the market. Blue Star Design & Engineering (BSDE) was born as a subsidiary of Blue Star, offering design services for air conditioning and MEP systems.

"I had Blue Star's technical capability behind me and I leveraged the infrastructure of Blue Star Infotech Limited in Japan and the United States," recalls Vir. BSDE was incorporated in 2003, and the idea, Vir says, was to take Blue Star's existing capabilities and repackage it to foreign companies. It was meant to be a two-way benefit, helping Blue Star gain access to advanced technologies as well, and incorporate it into the core business. The business began to grow with Prem Kalliath, formerly a Partner with Accenture, who wanted to pursue an entrepreneurial career; and Rita Kripalani, who had had a distinguished career as the Head of Design & Engineering department of AC&R Projects business, as part of the leadership team. The client list was impressive and the projects exciting; one system design that BSDE did was that of the air conditioning system for Wimbledon Centre Court when the retractable roof was closed while it rained; another interesting one was designing the air conditioning system for a luxury cruise liner in France.

Unfortunately, BSDE became a victim of the Lehman Brothers collapse in 2008 and the subsequent global recession. "Our customers were architects and builders and the crash killed real estate in the United States and United Kingdom," says SMA.

Vir recalls how he was in Detroit with his father for a "make-or-break meeting", on the verge of signing a large design contract with an engineering company. "My father told me that while it was an exciting sales opportunity, he was not sure that this would give us the boost we needed to scale the business. This will commit us to another five years; do you want this or is it time to pull the plug?" he asked.

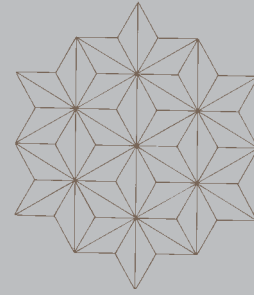
Vir returned to India and took a decision that broke his heart – to close down BSDE. In this decision, AMA, his uncle, played a major role. "He was very supportive, but he had a different angle that I will always appreciate," says Vir. "He told me I should decide if I wanted to give it another five years of my life. 'You can do it,' he said, 'but it will come at a huge cost to the Company because you will not move to the parent organisation for another five years. If I were you, I would think it is more important to move into the core business.'"

For Vir, this was the most difficult decision he had ever made, and it was followed with having to give notice to around 70 BSDE employees. "I was



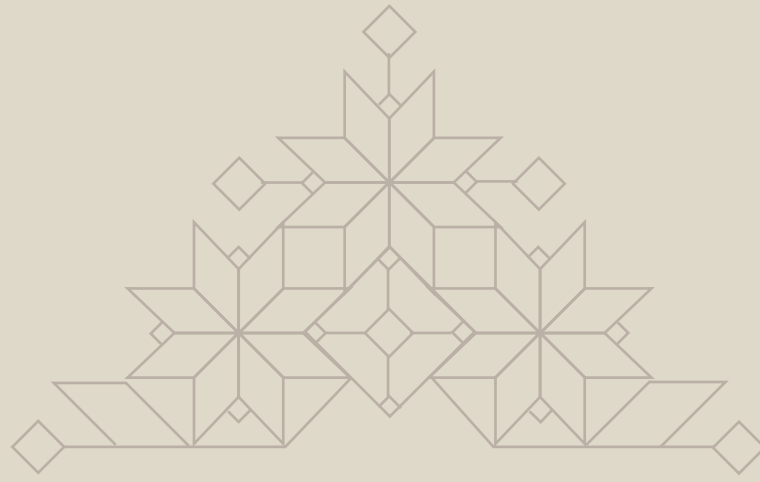
advised to ask a senior person to tell the employees,” he says, “but I met each one myself; it took me 12 hours. That is the sort of day you never forget. I was just 32-33 years old at the time.”

On the positive side, a number of the engineers were transferred to the Electro-Mechanical Projects business and the 3D design capabilities were not only preserved, but have been tightly integrated into its value proposition of superior project delivery. “Blue Star is one of a handful of contractors and perhaps the only MEP contractor in the country to have standardised on 3D design and engineering for 100% of its projects. This would not have been possible without the experience we gained in BSDE working with US, UK and European consultants and contractors,” says Vir.



The retractable roof for Wimbledon Centre Court, designed by BSDE (Photo by Julian Finney/ Getty Images)



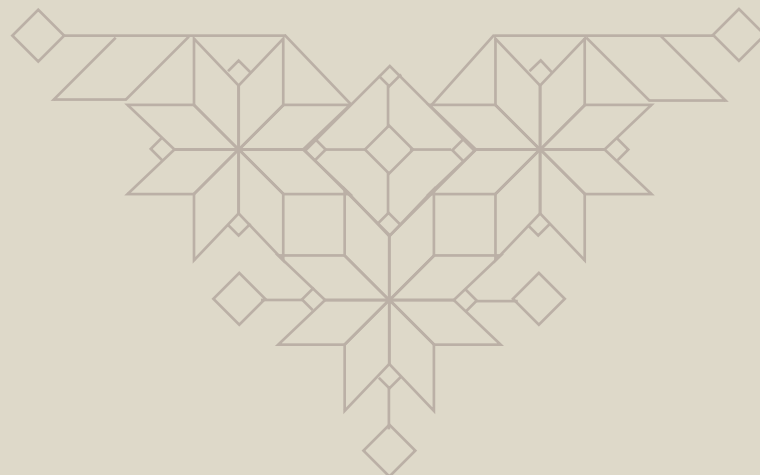


# 14

## Delivering a World-Class Customer Experience



Blue Star's Air conditioning and Refrigeration Service business, a firm bedrock of the Company, facilitates customers in getting the best out of their Blue Star equipment, and goes a long way towards building trust and lasting relationships with them.



- ★ *Blue Star is the largest Air Conditioning & Refrigeration (AC&R) Service provider in India, maintaining 5 million TR of Heating, Ventilation and Air Conditioning (HVAC) equipment.*
- ★ *It has over 550 qualified and trained technical staff in its workforce, and about 2,000 channel partners with 12,000 technicians and support personnel as well.*
- ★ *Facilities include a National Parts Centre and 23 Regional Parts Centres, with USD 5 million worth of spare parts, plus a 24x7 call centre.*
- ★ *Its service portfolio comprises Equipment and Maintenance Services; Commissioning Services; Service Parts; Energy Management and Green Building Services; Air and Water Management Services; Product Upgrades and Enhancements; Predictive Maintenance Services; and Remote Monitoring of Chillers. Blue Star recently forayed into Engineering Facility Management (EFM) which covers a wide range of operations and maintenance services to ensure efficient working of electro-mechanical utilities.*
- ★ *The Service division has ISO 9000:2015 certification with accreditation from TUV India for service operations.*



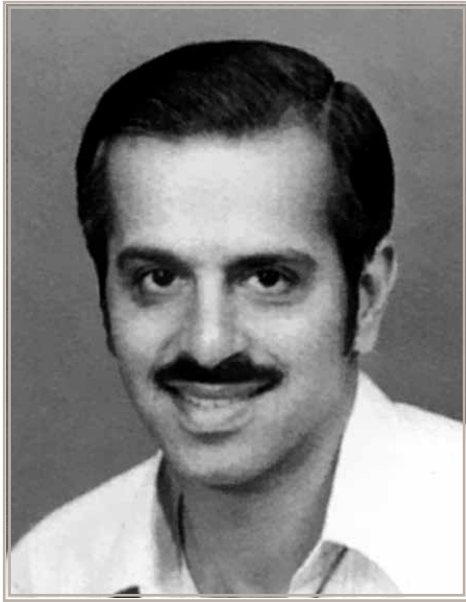
Blue Star's after-sales Service Business is one of the key foundations on which the Company's credibility stands. It adds value to the products and projects that customers have come to trust; ensures enhanced lifespan of the equipment through preventive maintenance by trained engineers; and builds long-term relationships with customers. Far from being a basic after-sales service offering, it provides robust engineering-based solutions for longevity of the product, unique facilities such as IT-enabled remote monitoring of equipment anywhere in the world and predictive failure management.

Today Blue Star's after-sales service is regarded as the benchmark for the industry. It plays a major role in the Company's success. "Service is amongst the most profitable divisions of Blue Star," says V S Ashok, Vice President, Air Conditioning & Refrigeration Service Group, who has spent two-and-a-half decades in the Company across a variety of functions. "We are getting into many new initiatives such as air, water and energy management, green building certification as well as engineering facility management."

MTA was well aware of the importance of efficient service operations for machines. Mehru D Mansukhani, who was then Assistant Vice President, recalls how MTA once called him to his residence to request him to take over the difficult job of the service manager position at Colaba. "This included service of AC&R projects and the entire array of products in the Western Region," Mansukhani recalls. "Given the poor quality of equipment in India

V S Ashok at a service customer meet in Mumbai





in those days, the service department had been making losses for decades and was also hurting Blue Star's image. He said that he would give me a 'free hand'. If I desired, I could report directly to him." Mansukhani developed a set of 12 systems and procedures with clear responsibilities and quality control norms, none of which had existed earlier. The Service Department consisted of a Central Repair Workshop at Colaba and six 'zonal service centres' in Mumbai. Mansukhani went all out to develop friendly relations with the workmen, attended staff get-togethers to enhance bonding, and offered incentives to those who achieved quarterly targets. Gradually, Blue Star's service image improved, and 18 months later, became profitable.

### THE CUSTOMER COMES FIRST

Being in the service business requires a special mindset, where keeping the customer happy always comes first, whatever the odds. In April 1967, MTA sent Hiroo B Advani to upgrade Hyderabad into a branch office. The office was a lovely bungalow, and Hiroo found space for a service centre nearby. "Everyone did everything and no one ever refused to do any job," Hiroo recalled. One night, the compressor of a bottle-cooler they had sold to a Parsee called Eduljee burnt out. "He was in total panic because he was losing beer sales," Hiroo remarked. "I asked him to give us 24 hours and one of our mechanics worked through the night. In the morning when I came to work at 9 am, he was still there, looking bleary-eyed but grinning from ear to ear, saying the machine was ready. Eduljee was absolutely thrilled!" Hiroo also ensured personal involvement. "I used to go across to Warner Hindustan; they were amongst our biggest customers for maintenance. We serviced the plant in the evenings, so after dinner, I'd get into my *kurta-pajama* and drive to the job site to check that everything was under control."

Such dedication has continued even in more recent times. V S Ashok speaks of how, when Kwality Walls frozen desserts was launched in 1992 in India, he and his team would have to step into a cold room that was



**ABOVE**  
Hiroo B Advani

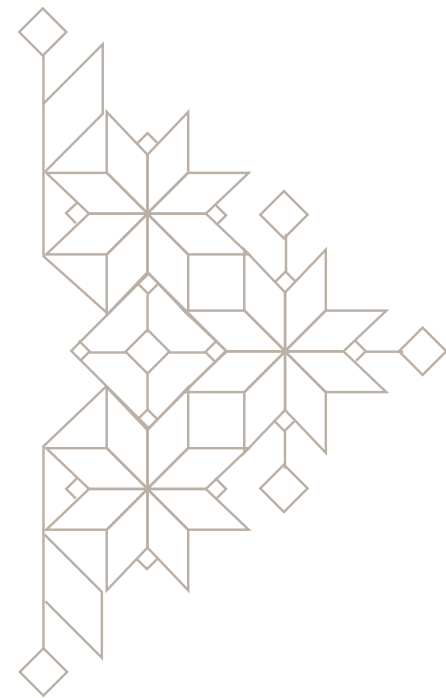
**RIGHT**  
SMA presenting the Senior Manager of the Year award to V S Ashok at Blue Chip Awards, 2008



minus 24°C temperature. “It was a big challenge; we would step in for a few minutes and then come out, and we always had hot water waiting,” he says. There were several times when it took him three hours on his two-wheeler, travelling 70-80 km on dirt roads to service cold rooms for the floriculture industry that was exporting roses and lilies to Netherlands. Once, late on a Saturday night, he received a panic call from St Marks Hotel; there was a technical snag in the cold room, and the hotel had a huge stock of very expensive imported shrimp that would go bad. “We worked through the night till Sunday morning and ensured the machine was up and running in seven to eight hours,” he says.

Recognising that good service would not only produce repeat customers, but can be made profitable in its own right, the Management paid more attention to after-sales service, and the Division was spun off to be a separate profit centre in 1994. This also helped motivate the employees, with new avenues for a distinct career growth path, and recognition from the top management. C N Ramalingam was appointed Vice President of the newly formed division, and, through motivational leadership under the guidance of Suneel M Advani, he transformed the service operation into a creator of customer goodwill for the Company.

When asked how the team overcomes the eternal conflict between cost and profitability and between the repair and replace options, V S Ashok says, “Both customer satisfaction and profitability are equally important to Blue Star. However, whenever we are at crossroads, and have to choose one, we choose customer satisfaction. It is very clear in the minds of all service managers that in the long run business will come from repeat customers or through word of mouth to other customers. It’s the same with repairing or replacing a part; we ask a question each time; what is in the interest of the customers and what will last longer? That answer provides the course of action.”



**TOP**

C N Ramalingam, VP for AC&R service, receiving Vice President of the Year award from AMA at Blue Chip Awards, 1996

**ABOVE**

The Total Customer Satisfaction Programme, inaugurated in 1992, entailed many training programmes to enhance customer relationships





The Blue Star team had the thrill of being involved in exciting business ventures catering to a new generation of youngsters. When Kentucky Fried Chicken (KFC) arrived in India in 1994, for instance, V S Ashok and his team were responsible for commissioning the cold rooms of their first outlet in the country at Brigade Road in Bangalore. Word spread of Blue Star's superior after-sales service, and almost all Quick Service Restaurant (QSR) chains, several from overseas chose Blue Star equipment. These include McDonalds, Dominos, Café Coffee Day, Pizza Hut, Starbucks and Burger King. Right until the mid-1990s, the AC&R Service Division was only marginally profitable. After that, focused management attention and, most importantly, the dramatic improvement in quality and performance of the products from the Dadra Plant substantially improved product reliability and reduced failure rates. Profits multiplied.

#### **FOUR LINES OF BUSINESS**

The AC&R Service Business has four lines of operation - Central Plants Packaged Air conditioners, Room Air conditioners and Refrigeration Products each dealing with a different set of customers and differing requirements. "With room ACs, we deal with retail customers," explains V S Ashok. "The volumes have gone up; we sell five lakh room ACs per year. The refrigeration products, of which we sell three lakh numbers a year, consist of water coolers, deep freezers and bottled water dispensers, which cater to varied customers." In the case of QSRs such as McDonalds, Blue Star offers refrigerated vans for temporary storage of perishables when the cold room is being repaired. In order to enhance customer reach, and resolve their complaints in a quick and efficient manner, Blue Star has also rolled out over 100 'Service on Wheels' vans to transport manpower and material

#### **OPPOSITE**

Blue Star site technicians carry out day-to-day maintenance activities for a pump installed in chilled water HVAC system at Cipla, Kurumbh

#### **ABOVE**

A Blue Star technician working on a split air conditioner









**LEFT**  
VRF Commissioning Vans inaugurated by Vir, 2018

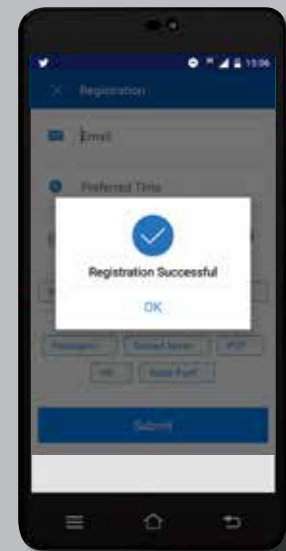
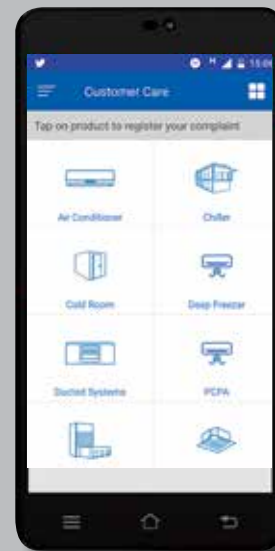
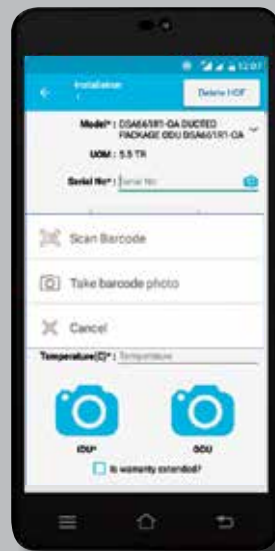
**TOP**  
The AC&R Service Group deploys a refrigerated service van in Mumbai

**ABOVE**  
The team at the inauguration of a 'Service on Wheels' van, 2016



### TECHNICIAN APP

### CUSTOMER APP



The communication of the Service Division needs to have a 360° approach. Blue Star's Service Division connects with its huge army of technicians across the country through training programmes that involve technical and soft skill upgradation. As the Company continues to upgrade its technology, it is of utmost importance that the people on ground, servicing the machines are up-to-date with it. Blue Star is now looking at new ways of delivering this training, through webinars and e-learning. Seen here (left) is the app used by technicians, and (right) is the one-touch customer app, which facilitates a customer interface.



**ABOVE**

The team at the launch of the refrigerated service van

**BELOW**

Training on absorption chillers

to customer sites. For installation of VRF systems, the Company recently launched VRF Commissioning Vans.

With such a large and varied customer base in such a huge country, effective communication is the first requirement. In the early 1990s, there was just a call register, where written records would be maintained. Then, two decades ago, they moved into a Service Operation Management System (SOMS), the first computer-based call logging system. “It will sound pretty antiquated now but for that time it was high-tech,” says V S Ashok. “Now we have interactive call response 24x7 with 200 call agents. Today, the customer has the choice to send an email or SMS to log a complaint. Blue Star has also launched a customer app, with the feature of logging a call with one touch. Along with the varied methods which have made it easy for the customers to reach the Company, the need was seen to reduce manual work for technicians as well. There is an app for efficient paperless service reports. Customers can also purchase annual maintenance contracts online.”

One of the more exciting developments, however, is tucked away in a non-descript room on the first floor of Blue Star’s erstwhile Thane factory, which now houses a remote monitoring facility. “Through Internet of Things (IoT), we have connected close to 500 chillers across the country to this ‘War Room’ on the first floor at Thane,” elaborates V S Ashok. “Sitting here, we can observe whatever the customer can see, in front of the chiller, how they can save energy, and evolving errors at an early stage. It increases the engineers’ productivity; they can be better prepared while making personal visits.”





TOP  
Remote Monitoring Services

ABOVE  
SMA visits the remote monitoring services facility, 2017

OPPOSITE  
Blue Star felicitates Expert Service Associates in Bangkok, 2017



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# **GOLD STANDARD**

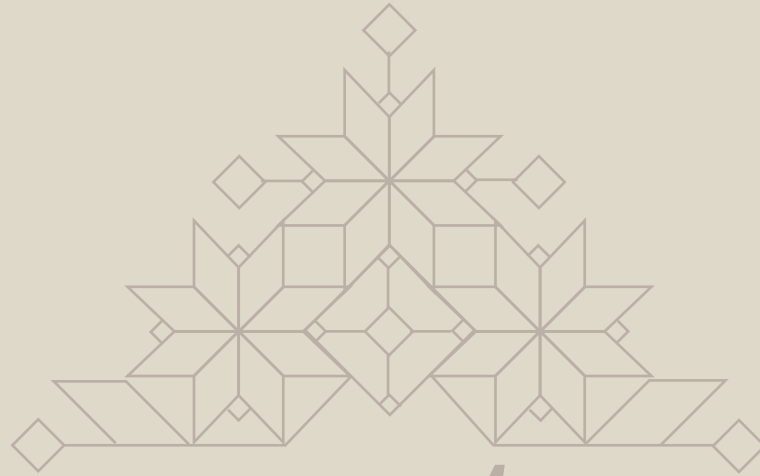
## CUSTOMER SERVICE

Blue Star's ongoing project Gold Standard aims at nothing less than becoming the global standard for AC&R installation and maintenance through Kaizen's product quality improvement at the factory level, and the use of constant technology upgradation, advanced training processes for company and service associates' personnel, contemporary tools, speedy transportation, availability of spare parts, The goal is to continuously improve performance in three key areas:

- Response Times (90% in 3 hours)
- Turn Around Times (90% in 18 hours)
- Customer Delight (75% "Excellent service" assessment by customers)

Stringent targets are reset every year and frequent customer surveys are conducted for measurement and feedback.

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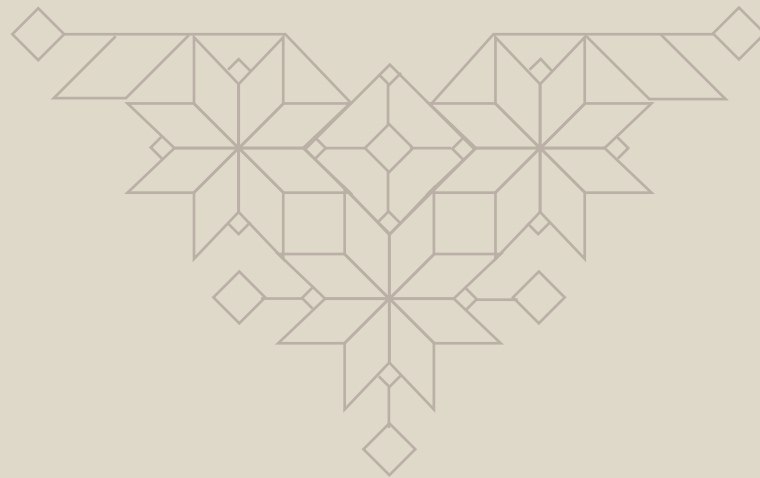


# 15

## A Strong Identity



While Blue Star has always endeavoured to become a brand to reckon with, reaching out to new generations of customers and adding a B2C identity to a dominating pre-existing B2B one, took a mindset shift and a multi-pronged strategy across various forms of communication.



- ★ *As a Business-to-Business (B2B) Company that had built its standing through customer referrals over decades, Blue Star had not felt the need to forge a consumer brand identity in the public perception. However, generations of Indians grew up using Blue Star water coolers in their schools and colleges and in hospitals, and the sheer length of time that Blue Star has had this large installed base had left a brand imprint.*
- ★ *When multinationals with deep pockets began entering India in the late 1990s, Blue Star realised it had to reach out more personally to its diverse customer base.*
- ★ *Over the years, expanding dealerisation, along with targeted efforts at cost-effective advertising and marketing, became key focus areas for the Company.*
- ★ *The challenge was to communicate Blue Star's expertise and reputation as a trusted company effectively to new generations of decision-makers, and Blue Star felt that advertising laced with intelligent humour could prove powerful in differentiating itself.*
- ★ *With evolving taglines such as 'Breathe Easy', 'Cooling Solutions to Help Your Business do Better', 'Get Office-like Cooling at Home' and 'Nobody Cools Better', Blue Star built an image as an aspirational brand to customers across all segments through television, print, outdoor and digital advertising.*
- ★ *The Company also recognised that advertising alone could not build positive perceptions of the brand; it executed the concept of Integrated Marketing Communication, driving the brand identity through multiple channels, including public relations, technical papers, exhibitions, user guides, flagship industry events and policy advocacy.*
- ★ *The retail foray into the homes that began in 2011 with room air conditioners made it imperative to further broaden its brand equity and Blue Star took its brand-building efforts to the next level as a B2C player.*



Advertising, marketing and image-building was a passion of Mohan T Advani's and he excelled at it. Starting with naming his Company and being involved in the Blue Star logo design himself (for there were no brand identity consultancies in the 1940s), he had a sophisticated, instinctive, understanding of the importance of brand image and felt the need to design a logo that could be “emblazoned against the sky”.

Product advertising was a nascent activity even for the few large consumer goods companies existing in India in those days. Despite this, MTA brought in advertising agencies – a fledgling business then – to create advertising campaigns for the Company's products and projects. He put together a small advertising department that reported to him, but after MTA's demise in 1974, his successors did not pursue this passion and instinct of his. They felt that Blue Star was a name most people knew since their school days, when they had quenched their thirst through its water coolers and relished ice candies and milk shakes from its deep freezers. Advertising and product promotion dropped considerably for the next ten years, until Suneel M Advani took charge of marketing and field operations in the 1980s.





**WORTHINGTON  
AIR CONDITIONING  
COMPANY**

Blue Star represents to us one of the vital links in the tremendous economic growth experienced by India during the past few years.

We consider air conditioning an extremely important contributor to this growth. It has not only added to the economy, but greatly contributed to improvement of health.

Our long association with Blue Star has been most gratifying and mutually rewarding.

**Worthington Air Conditioning  
Company, USA**

**Honeywell  
AUTOMATION**

Automation—a key technology in the industrial and economic development of India. Honeywell is proud to be represented in this endeavour by Blue Star Engineering.

**Honeywell Inc., USA**

**PERKIN-ELMER**

Boasting the broadest line of analytical instrumentation in the United States, and through its association with Blue Star Engineering Co., The Perkin-Elmer Corporation has been able to play a significant role in the scientific and economic progress of India. Its instruments, providing scientists the tools to probe into the basic chemistry of life, help meet the challenge of India today and tomorrow. We hope the combination of India, Blue Star, and Perkin-Elmer will continue to be a successful formula and that Blue Star will enjoy another twenty-five years of success.

**The Perkin-Elmer  
Corporation, USA**



Cambridge Filter International is pleased to be represented in India by Blue Star Engineering, and to have participated with them in serving the needs of the atomic energy, pharmaceutical and chemical industries which are so typical of the developing economy of India. We, in the United States of America, look forward to continuing this effort with Blue Star.

**Cambridge Filter  
International Corporation,  
USA**



As pioneers in the development of direct reading spectrographs and as leading suppliers of this type of instrumentation to India, we, at Applied Research Laboratories look forward to playing an increasingly important role in India's developing industrialization and growing quality consciousness. In offering our friends at Blue Star our hearty congratulations on reaching this important milestone, we are sure that the coming years will show their even greater involvement in the supply of instrumentation to India's industries.

**Applied Research  
Laboratories Ltd., UK**



If business machines from the German Democratic Republic help increase efficiency in Indian banks, Government departments and commercial offices, the credit is shared as much by Blue Star as by Büromaschinen Export, GmbH. It is through Blue Star's vast distribution network that our electronic and electrical business machines reach all parts of India. We take great pleasure in wishing them good success on their 25th anniversary.

**Büromaschinen-Export  
GmbH Berlin, GDR**



Thousands of our material testing machines are employed today in India, in industrial plants, in colleges, in polytechnics, in research laboratories—thanks to Blue Star, our sole distributors in India. On their 25th anniversary, we extend our felicitations to Blue Star and look forward to many years of fruitful co-operation.

**Dexi Feinmechanik-Optik  
GmbH, GDR**



We congratulate Blue Star on the completion of 25 years and are proud to be represented by them throughout the country for refrigerators marketed by them under the brand name Leonard.

**Kelvinator of India Limited  
Faridabad**



We commenced manufacture of IE brand rotameters three years ago. We are proud of our association with Blue Star who, as our exclusive distributors, have given the full backing of their reputation and experience in finding a wider market for our products.

**Instrumentation Engineers  
Hyderabad**



The remarkably wide acceptance of our entire range of "Flowell" products—pneumatic control valves and solenoid valves—in the short span of six years, is in large measure due to Blue Star's excellent sales and application engineering capabilities in the field of process control instrumentation. We congratulate Blue Star on their Silver Jubilee and look forward to a continuing association in the service of Indian Industry.

**Ashok Sunil & Co.  
Bombay**



## PARDON US IF WE WAX SENTIMENTAL You see, we are 25 today

Normally, we don't get sentimental. Except when some of our friends pay us the finest compliment there is...remembering us.

The past tugs at our memory and we hark back to September 27, 1943. When, with just three men, we began doing business, reconditioning and selling refrigeration equipment.

We recall, too, the momentous day in 1945 when we switched from reconditioning to manufacture, and were the first in India to produce water coolers. And the exciting days of subsequent growth when we began making ice candy machines and bottle coolers.

That's not all. We wanted to do much more...and did. We realised that the imminent growth of Indian industry would be immense in size and complexity. And felt impelled to contribute to this development significantly. We anticipated Industry's vital needs for sophisticated equipment...planned, diversified and expanded to satisfy them. We strove to help Industry improve production, increase efficiency, reduce costs, eliminate waste.

Today, with a staff of over 1200, we operate out of offices in nine principal cities, and through a widespread network of dealers. An expanding line of products and specialised services useful to industry, education and research, help add momentum to the technological revolution taking place in our country.

When we look back we are awed at how many friends have had a hand in making all this possible. Our employees and dealers, whose competence and co-operation have lent us strength. Our principals, whose quality products and business integrity have helped us add prestige to our name. Our customers, whose support and confidence have helped us reach twenty-five—and stay in business!

*When our valued friends have done so much for us, is it possible for us not to be sentimental? We'd like to be able to do more for them than simply be grateful. We re-dedicate ourselves to an even greater effort to better serve their interests. And of the community at large.*

Looking ahead, we see tremendous advances in technology and science opening up new vistas in space and on earth. Which are perhaps an indication of the profound, even startling, challenge and responsibility the future must bring.

We, in Blue Star, accept the challenge. The responsibility. And with the help of our valued friends we shall achieve greater things.

Who says there's no place for sentiment in business? It binds us all closer.



**BLUE STAR**



BOMBAY • CALCUTTA • DELHI • MADRAS • KANPUR • HYDERABAD • JAMSHEDPUR



Like his father, SMA had always personally believed in the importance of brand-building, and this view was strengthened as the Company transformed into one that had a diversified portfolio of air conditioning products that targeted all segments – from large-scale central air conditioning projects to light commercial consumers, as well as residential buyers. SMA was keenly aware that this evolution meant Blue Star had to radically rethink its branding strategies.

But, as Sam Balsara, Chairman, Madison Advertising and now a Board member of Blue Star points out, “Indian industrialists, especially in the 1960s and ’70s, were extremely modest. They could spend a hundred crores on land, plants and machinery but advertising was a little more dangerous; it just went into the air.”

SMA recalls: “It took a long time for me to convince my colleagues on the need to spend that kind of time and money and energy on advertising and promotion.” A few, like T G S Babu understood the importance, but for most people in Blue Star, Rs 10 crores was money that could be spent on five machine tools that would offer value over 15 years; a newspaper ad, or a TV commercial, would disappear in minutes, they felt.

The urgency of enhancing Blue Star’s image in the public eye was brought to the fore when multinationals came into India in the 1990s after the liberalisation of the Indian economy. SMA recognised that brand-building initiatives and mass advertising were essential to meet the Company’s growth aspirations and confront the competitive onslaught. Blue Star did advertise a little at the time. Balsara recalls that in the late 1980s, with SMA’s support he had created “huge ads with very large and dominating visuals of elephants and the rhinoceros to communicate the ‘largest central air conditioning company’ image”. For a B2B company, he said, “the ads came across as a breath of fresh air and were very different from what B2B (or then called industrial) advertising looked like”.

Much more needed to be done, however. In 1995, R S Priya, currently, Head – Corporate Marketing Services, “timidly” asked SMA at the first Town Hall staff meeting why the Company did not advertise. He told her that the market for central air conditioning worked through word of mouth; any organisation large enough to need such cooling would know Blue Star. The Company believed in letting the work speak for itself, he pointed out. This did not reflect SMA’s own view but stated the majority view within the Company at that time.

In the late 1990s, when Blue Star had to look at a major attitudinal shift in the post-liberalisation era, unsurprisingly it was SMA who drove the change. He recognised that the Company faced the challenge of imprinting its name on a younger set of customers who would drive business over the next thirty years.

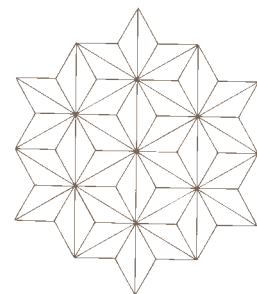


**OPPOSITE**

The full-page advertisement mentioning joint venture partners designed by Hari Mathur, who was a trainer in the ad department, released at the time of the 25<sup>th</sup> anniversary, 1968

**TOP**

Blue Star even made its presence felt at beauty contests. 18-year-old Kavita Bhambhani, Miss India, 1969, was the proud winner of a Leonard refrigerator presented by Blue Star at the pageant. “Oh, thank you for my Leonard,” she enthused. “It looks so lovely and will be so useful too!”





**ABOVE**

A Brand Equity workshop, 1999

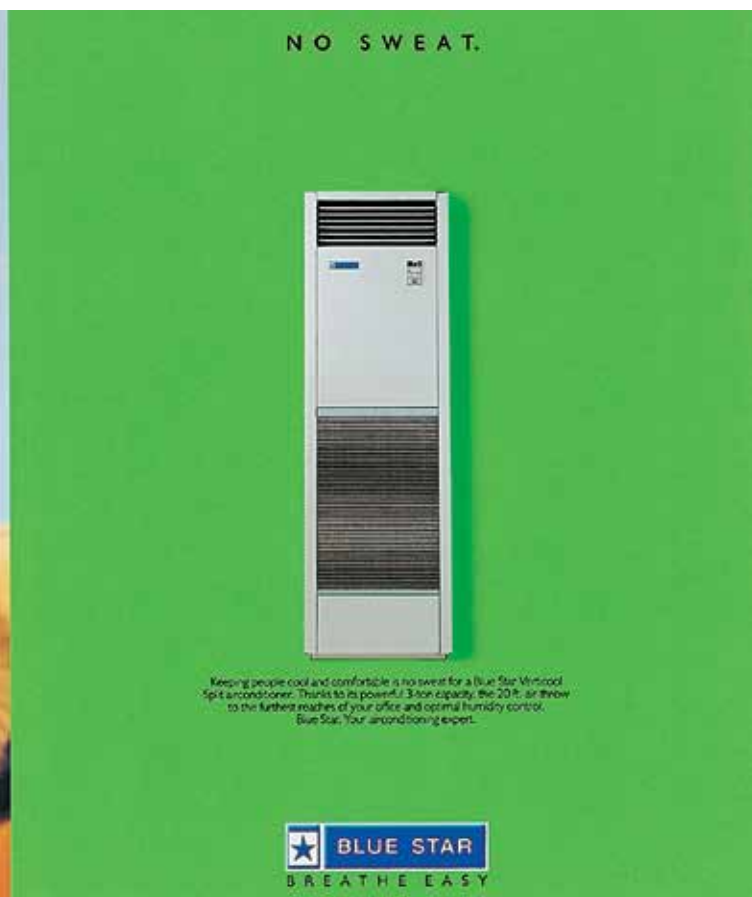
**BELOW**

Advertisement in the Breathe Easy series, by Madison, 2001

SMA, who had spent a long time trying to convince others within the Company of this need, persisted in his efforts. He launched a Blue Star Brand Equity Programme, inviting consultants, organising workshops and highlighting management articles as he was convinced that while Blue Star had a “great product” and “great factories”, it had no brand recognition. “It was a long hard haul,” he recalls. One of the early converts was B Thiagarajan and he, along with SMA, continue to be the architects of Blue Star’s brand equity building programme. In the year 2000, SMA also decided to set up a centralised marketing team. As Girish Hingorani, currently Head of Corporate Communications and Chief Marketing Officer, Water Purifiers Division explains: “Earlier, marketing was decentralised; there was no single coherent brand personality. SMA wanted to integrate advertising and brand-building into a central team that he could oversee. He decided to have BTN in charge and called him to Mumbai from Chennai. BTN, I and Vanita Iyer, who was a fresher set up the Corporate Communications and Marketing Team.” BTN, now Joint MD of the Company, has played a key role in working with SMA to transform Blue Star’s branding strategy over the years.

**THE STRATEGY**

While all these structural changes were taking place, in 1999 SMA decided to engage Momentum Consultants, headed by Dharen Chadha. Momentum conducted a ‘bridge positioning’ exercise, aimed at understanding customer interests, Blue Star’s strengths, the platforms that competitors had already occupied, and what spaces were available for the Company through brand equity workshops for senior executives, followed by a series of market surveys. Blue Star was seen as a highly professional, dependable and reliable company of customer focused professionals.





LEFT  
The Interface campaign for 'Cooling Solutions to Help Your Business do Better', 2002

BELOW  
A product range print ad, 2003

"We had to ensure that this expertise was made relevant," says BTN. The core team, consisting of SMA, TGS Babu and BTN, decided to broaden the Blue Star brand appeal, involving a substantial investment over a three-year period. The main objectives of this plan were to increase visibility and awareness for the window and split air conditioner business in order to address the 'blind' area; to command price premiums in central air conditioning by communicating Blue Star's expertise in air conditioning to project a younger, more contemporary image of the Company and to build a strong equity in commercial refrigeration.

Based on this understanding, Blue Star's first tag line, therefore, was 'Breathe Easy', signalling that the customer was in safe hands. Madison made striking ads, featuring various scenarios.

New campaigns were designed by Blue Star's new advertising agency, Interface. "Niteen Bhagwat, their Executive Director, has played an invaluable role in converting the Company's market research findings into very effective, evocative campaigns that tell all kinds of commercial and corporate customers that Blue Star will provide them with 'cooling solutions to help their business do better,'" states BTN. "The other important contribution made by Niteen Bhagwat and his team has been to persuade us to switch media from print to television. This has had a dramatic impact on our visibility via news channels, weather reports and particularly sponsorships of cricket telecasts."

In fact, adds SMA, "Blue Star's marketing success in recent years owes a debt of gratitude to Sam Balsara and to Niteen Bhagwat of Interface; their strategic marketing thinking has kept the Blue Star brand both relevant and pervasive in the public domain."



# BLUE STAR'S MAJOR ADVERTISING CAMPAIGNS

## BREATHE EASY

1999-2001

Blue Star's first tag line, 'Breathe Easy', featured a range of scenarios to show a varied target audience. While Madison's ads focused on an ice-cream parlour, watching a movie in a theatre and keeping cool in the office, there were also print ads by Contract Advertising. These depicted a little boy savouring ice-cream and also showcased how hospitals – not usually known for being pleasant places – could offer fresh air.

## COOLING SOLUTIONS TO HELP YOUR BUSINESS DO BETTER

2002-2004

"In 2001, as the business was picking up," shares BTN, "TGS Babu had the key insight that there was a major 'blind' area; the light commercial segment that had begun to expand in 2001-02, comprising showrooms, boutiques, restaurants, gyms and other lifestyle options."

Each of these segments had diverse needs, and Blue Star's domain expertise would make all the difference in customer perception. "We told them that we wouldn't just sell a box," says Girish. "In a restaurant, the smell of fish served at lunch should not linger; in a showroom, the customer footfall is at its peak in the evenings; in an office, you can't have hot and cold spots." Priya adds: "The Company also recognised that the light commercial segment was behaving like residential buyers."

With Interface as the agency – 16 years later, it continues to work with Blue Star – the campaign, 'Cooling Solutions to Help Your Business do Better', was launched, with five television commercials (including two added later), featuring malls, furniture stores, a toy store and other retail spaces.



### ABOVE

'Talk to the Experts' print ad, 2005

### RIGHT

Advertisement in the 'Cooling Solutions to Help Your Business do Better' series, by Interface, 2002

### OPPOSITE TOP AND MIDDLE

The camel - eskimo ad in the 'Talk to the Experts' TV campaign, 2005

### OPPOSITE BOTTOM

Advertisement in the 'Get Office-like Cooling at Home' series with an actor Denzil Smith, by Interface, 2014



## TALK TO THE EXPERTS

### 2005-2008

Discussions on the importance of advertising again came up as the construction boom began in 2004, and central air conditioning suddenly became a big business for the Company, with the turnover trebling from Rs 600 crores in that year to Rs 1800 crores by 2007. “This was the golden era of Blue Star in the central air conditioning space,” says Girish. “The Blue Star management talked about focusing on the bread-and-butter business, and asked, ‘Why should we spend Rs 10 crores every year on advertising?’ “But SMA had a vision,” Girish adds, “and as Sam Balsara had pointed out, brand equity can’t be built in private, you have to build it amongst the public.”

On a platform of being ‘Experts in Cooling’, it then ran a series of TV commercials, featuring diverse situations – a camel and an Eskimo in the same office, which had very hot and very cold spots instead of uniform cooling; a ‘thief’ coming out of a duct, accompanied by the query, ‘Does your AC rob you of electricity bills?’; another one that asked the commercial sector, ‘Is lack of refrigeration killing your vegetables?’

Each of these ads ended with the advice, ‘Talk to the Experts’, with a visual that was reminiscent of the popular film *Men in Black*.

In 2008, Blue Star also invested in the Indian Premier League (IPL). “We were an early entrant,” says Girish, “and we aimed to keep the brand international.” IPL continues to be an important media option for Blue Star; it has the advantages of a wide audience, both male and female, different age groups, and it also coincides with the summer season, when air conditioner sales typically shoot up. In fact, when Hansa Research carried out an independent study in 2016, it discovered that Blue Star was among the top three recalled brands on IPL.

## INTROSPECTION TIME

### 2008-2010

The global recession of 2008 impacted Blue Star’s central air conditioning business, and the Company did not advertise for a while. Instead, it looked at ways to grow the business, did some introspection and realised that with the capex controls in corporate India, and the growing aspirations of the Indian middle-class, it was time to start thinking of Blue Star as a residential player as well. Blue Star also realised that while it had the image of being a leader in large spaces, the room air conditioners, while being considered equally good, had only 1.5% market share at the time.

## GET OFFICE-LIKE COOLING AT HOME

### 2011-2014

In 2011, when Blue Star was the 23rd room air conditioner brand to enter the residential market, the Company realised that while any other player could talk about advantages like fresh air or energy efficiency, Blue Star could leverage its unique pedigree; over 70 years the Company had built a reputation for



Cool in the office. Cool at home.



With seven decades of experience in cooling offices, Blue Star brings the same expertise to your home. Its latest range of star rated and inverter split ACs assures superior technology, exceptional cooling and significant power savings. Bring home the Expert. Bring home Blue Star.



DOWN PAYMENT  
₹14,000

Rest in easy EMI.



0% Finance



I Feel



Advanced  
Air Filtration



Long Distance  
Piping Flexibility

 **BLUE STAR**  
BREATHE EASY

**Get office-like cooling at home.**

**BLUE STAR**  
BREATHE EASY

With over six decades of experience in cooling offices, Blue Star brings the same expertise to your home. Its latest range of star rated Split ACs assures superior technology, exceptional cooling and significant power savings. Bring home the Expert. Bring home Blue Star.

0% finance

EMI options. Terms and conditions apply.

www.bluestarindia.com/officelikecooling

**ABOVE**

Advertisement in the 'Get Office-like Cooling at Home' series by Interface, 2013

**BELOW**

A print ad with the Precision Cooling proposition from the 'Nobody Cools Better' series, 2017

**AN AC SO PRECISE, IT COOLS IN DECIMALS.**

**BLUE STAR**  
NOBODY COOLS BETTER

23.5°C

INDIA'S FIRST PRECISION INVERTER

52°C Cool up to 52°C

23.5°C Precision Cooling Technology

0%\* till 30th day from payment

Free Standard Installation

Pay Cool Back on Credit Card\*

Up to 10000 Exchange Offer\*

www.bluestarindia.com/precisioncooling

being an air conditioning specialist. “The compelling need was to establish an image in room air conditioners,” says BTN. “However, the budgets required for two parallel campaigns were not available. This challenge was overcome in a particularly creative manner through ‘Get Office-like Cooling at Home’, since a common perception was that air conditioning in the office was far more effective than homes.”

R S Priya says that the research they conducted at the time revealed that Blue Star was seen as a modern, premium, aspirational brand, which meant that even in the B2C market, it had to retain this image, choosing upmarket media spaces targeted at decision-makers.

The ‘Get Office-like Cooling at Home’ ads featured the ‘bad boy’ workaholic who stayed late in office only for the air conditioning comfort it offered, and a chic housewife who turned up with her husband’s dabba at lunch time just so she could savour the cool atmosphere in the workplace. In 2014, Blue Star came up with an ad that featured a serious-looking executive – the actor Denzil Smith – looking gloomy on his way home and then breaking into dance as soon as he experienced the blast of cool air that greeted him there. Accompanied by the pop song Daddy Cool by Boney M, the commercial was a smash hit.

**NOBODY COOLS BETTER**

**2015- till date**

When Blue Star’s business began to grow in Tier III, IV and V towns where modern office spaces did not resonate with customers, the Company realised

it needed a different proposition, and ‘Nobody Cools Better’ came into being, continuing to leverage the “air conditioning experts” image of the Company. In 2015, for instance, there was a party ad where guests camouflaged themselves so as to avoid having to leave when it ended, because they wanted to relish the coolness a little longer. ‘Who’d want to leave when you have Blue Star cooling at home?’ the audio-visual asked.

Another ad in 2016 featured bears – men in bear suits – and a man dressed like an Arab to indicate that there was something wrong with the AC; it was either too cold or too hot. ‘Get Blue Star precision cooling,’ the ad said. The 2017 ad for decimal-point cooling had a striking feature that showed a couple quarrelling – indicated through aggressive shadow play using hand movements on the screen.

Through all the ads that Blue Star released over these years, there was one common thread – humour. As Priya points out: “If it’s real, it’s boring. You have to entertain the customer and integrate your brand message very smartly with the entertainment.” In BTN’s words, the ads had to be clutter-breaking, and convey that while it was an experienced brand, it was youthful.

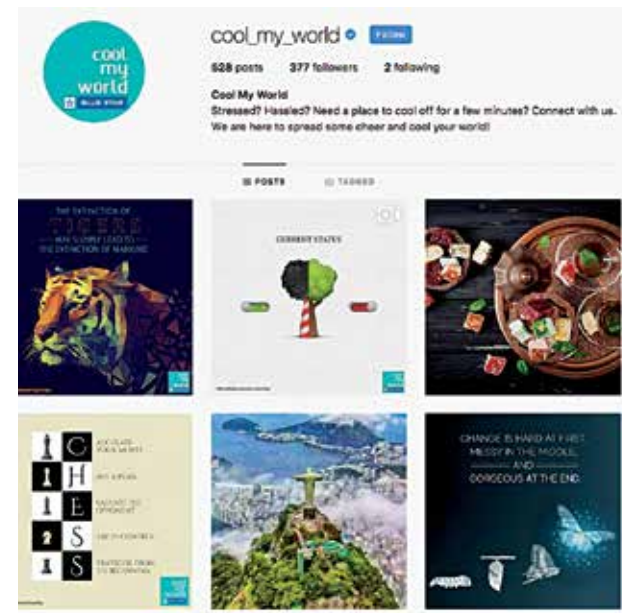
## DIGITAL SPACES

The Company also made its presence felt on digital platforms, through ads on Google, Amazon, Flipkart and elsewhere. Blue Star has established a significant digital presence on platforms such as Facebook, Twitter and Instagram vide its thematic ‘Cool My World’ property as well as with corporate pages on Twitter (customer care), YouTube and LinkedIn. The Company also engages with specialists in the industry to handle its online reputation in order to sustain and propel its brand image digitally. With sustained investments in digital promotions across its product categories, the brand advertises on several innovative platforms, in addition to investing in properties that span text, display and video formats.

## 360° BRAND-BUILDING

While large budgets were allocated to advertising, and proved well worth the investment, Blue Star also realised that ads alone would not be enough. As BTN says “Brand Equity is not advertising; it comprises many things – the way your products are positioned, how sophisticated your literature is, how your people behave in the marketplace, the events and seminars in which you participate, investor relations, public relations... all these give you the brand equity.” Brand-building, he adds, is a 360° approach, and goes beyond advertising to ensure that the value proposition to the customer is also reflected in the technology and after-sales service.

Blue Star’s Integrated Marketing Communication, therefore, involved driving the same brand identity through multiple channels such as ads, leaflets, press communication and other public relations (PR) activities, technical papers and internal communication. “As part of the internal communication,” BTN says, “we built the Corporate Identity Manual in 2003. Along with that, packaging designs and manuals also needed updating.”



Blue Star’s Instagram page

## BUILT ON TRUST

While the corporate tag line of the Company was ‘Breathe Easy’ for several years, which signified peace of mind, in its Platinum Jubilee year, the Company began exploring a new tagline in order to keep pace with the changing times. Numerous options were evaluated including ‘Change Your World’ but given the fact that ‘Trust’ is fundamental to its existence and is the building block of Blue Star’s robust foundation and growth, enabling it to sustain its leadership position, the Company chose the corporate tag line of ‘Built on Trust’.

**DID YOU KNOW THAT SMOKE, DUST AND CAR EXHAUST FROM THE STREET COME INTO YOUR HOUSE AND THEN STAY BACK?**

The air outside blows fumes and dust into your house. And once inside, they are trapped by the four walls. Which is why the air in your house is probably 10 times more polluted than the air outside. Over time, the air becomes a deadly cocktail of trillions of bacteria and viruses, dust mites, construction dust, cleaning agent fumes and many other pollutants. Happily for you, there is the new Blue Star Air Purifier. Its SensAir technology removes 99.7% of these pollutants\* to make the air in your house clean and healthy.

**BLUE STAR AIR PURIFIERS** with **SensAir TECHNOLOGY**



www.bluestarindia.com | To know more, SMS SENS AIR to 54242 | For a free demo, SMS FREEDEMO to 54242

**BLUE STAR**

**CROSS DRIFT TECHNOLOGY**



Air was banned during the making of the film.

**"Mummy trusts Blue Star. Like I trust mummy."**  
Presenting Blue Star Water Purifiers.



Blue Star believes you shouldn't ever have to worry about the water you give your loved ones. That's why we bring you a range of stylish and advanced water purifiers, for your home.



Puriva Filtrix Sense Magneti Edge



**BLUE STAR**  
WATER PURIFIERS  
CROSS PURITY

For more info, call 1800 200 1177 | WhatsApp WATER to 98181 | www.bluestarindia.com

TOP

An air purifier ad released in 2017

ABOVE LEFT

Windus Air Cooler TV commercial, 2018

ABOVE RIGHT

Print ad of Blue Star Water Purifiers, 2017



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## INTERNAL MAGAZINES

The Company's first magazine aimed at fostering closer ties between Blue Star and its stakeholders, was 'Blue Star and You.' In the inaugural issue in 1962, MTA stated, "I would like this magazine to serve as a 'multi-channel communication' for the common exchange of information and experience. Through its columns we can meet one another, discuss our problems and participate in the common life of the Blue Star family."

The Company revamped and relaunched the house magazine as 'Communer', which featured important happenings across Blue Star. In 2008, keeping in times with the electronic world, 'What's Cool?' was launched to abreast employees on the latest developments as well as notable orders, which is being emailed every month to all employees for the last decade without skipping even a single month.

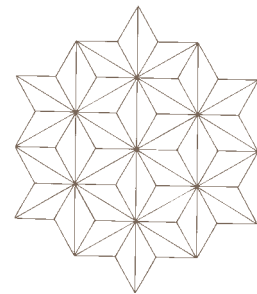


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Blue Star's efforts at brand-building over the years have been recognised at the highest levels. In 2015, it was named as a 'Consumer and Industrial Superbrand' by Superbrands, a global agency which selects strong and powerful brands from across the world. Other recognitions have come from *The Economic Times* and *Business World* rankings as well.

**Guides and Other Literature:** As Blue Star acknowledged the importance of Company literature, TGS Babu recalls how, in the mid-1990s, the Company promoted its ducted systems through catalogues, sales presentation CDs and charts to explain the new scroll technology. "Even proposal folders and envelopes formed part of the mix, as all these conveyed the Blue Star corporate identity," he explains.

The Company also published landmark customer advisory guides, The Blue Star Guide to Comfort Air Conditioning, The Blue Star Guide to Power Savings in Air Conditioning, The Blue Star Guide to Educational Air Conditioning, and The Blue Star Guide to Healthcare Air Conditioning. The power savings guide was particularly successful; BTN says that Outlook





**TOP AND ABOVE MIDDLE**

Kailash Satyarthi, Nobel Peace Laureate and Founder of Kailash Satyarthi's Children's Foundation, lighting the lamp at the 'Excellence in Education' conclave, where Blue Star launched 'The Blue Star Guide to Educational Institute Air Conditioning'. Seen here are R Aravindan, C P Mukundan Menon and B Thiagarajan with Architect Karan Grover.

**ABOVE**

Montek Singh Ahluwalia presents the Business Superbrand award 2011 to C P Mukundan Menon

magazine carried a complimentary copy in one of its editions, resulting in two lakh copies being circulated around the country at one go, creating tremendous visibility for the brand.

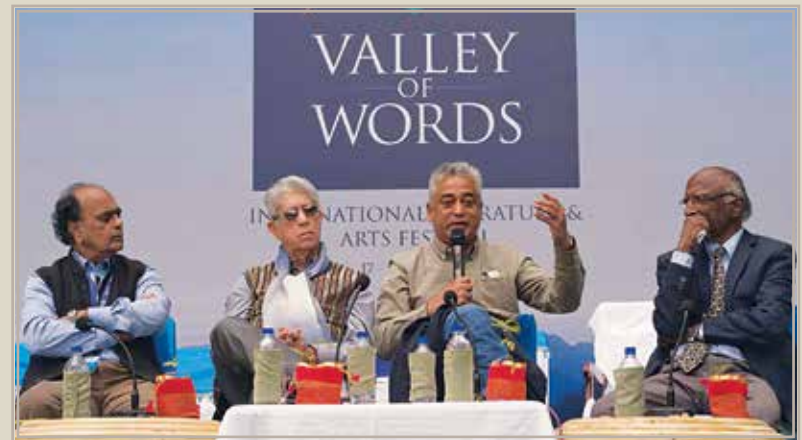
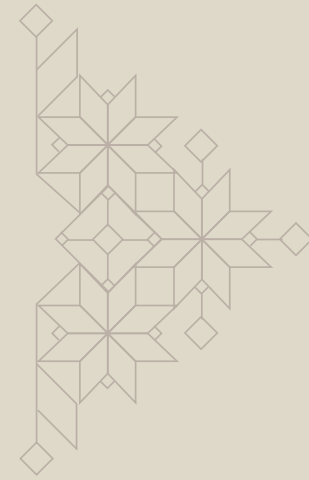
**Policy Advocacy and Industry Presence:** Key executives of Blue Star, beginning with MTA, have always had a strong presence, both at flagship industry events and on various government forums. MTA was President of the Refrigeration & Air Conditioning Trades Association (RATA) in 1961-'62, and his brother B T Advani frequently spoke about the importance of air conditioning as a necessity, and not a luxury, citing its applications in food preservation and medicine.

SMA, BTN and Vir S Advani have been active members of various industry forums, and members of the CII National Council. SMA continues to encourage Blue Starities to participate and contribute to the industry associations. SMA and BTN are past Presidents of RAMA, and many Blue Starities are active members. J M Bhambure plays an important role in policy advocacy, highlighting energy efficiency and refrigerants, among other things. SMA has been an advocate of the Green Buildings movement in India for years, and was instrumental in Blue Star becoming one of the founding Members of the Indian Green Building Council. (IGBC); BTN and V S Ashok are its Executive Committee members. Wilson Jebaraj, Senior General Manager, Commercial Refrigeration and Srinivas Reddy, Senior General Manager, Corporate Planning are also part of the National Cold Chain Task Force. BTN has been a past Chairman of this Task Force, and is Co-Chairman of the National Agricultural Council.

**Public Relations:** As market leader in the field of air conditioning and refrigeration, Blue Star is frequently called upon by media to comment on industry issues. The Company has high visibility both in the print and television space. "As a good corporate citizen and as a Company with good governance, we are good communicators," says BTN, who has been Blue Star's spokesperson for years, and whose phone rang incessantly the day GST was announced. "We believe in credible and transparent communication to our stakeholders. We are perceived to be providing the right feedback, and we maintain our relationship with the press."

Today, as Blue Star celebrates the strong brand it has created over the last 75 years, Priya is delighted that the Company has gained such high visibility through its various initiatives. The lady who once asked SMA why the Company did so little to promote the brand now says: "From then to today it has been a wonderful journey, and we've traversed it nicely. We did not let go of our past, and we did not recreate any identity. We leveraged our strengths which is the beauty of our communication."





**TOP**

B Thiagarajan accepts the Economic Times 'Best Corporate Brands' Award from ad guru Prahlad Kakkar and actor, Aftab Shivdasani

**ABOVE LEFT**

Blue Star participates in AAHAR, 2017

**ABOVE RIGHT**

Blue Star sponsors the Valley of Words, Dehradun Literature Festival, 2017. SMA seen at centre left.

**RIGHT**

Blue Star participates in World Food India, November 2017

**"I THINK** by now every thinking person in the country should have realised that the successful completion of the vast developmental programmes the Nation has undertaken, involving vast expenditures of foreign exchange, depends upon our ability to earn foreign exchange in the first place. The Government very rightly expects every industry to do its bit in the all-out export drive. Our industry, I am sure, is not going to fail. It must earn at least enough to pay for its own imports of raw materials and components; in other words, it must at least earn its own keep. If we are to survive, we must improve finish, quality and performance to international standards, increase productivity and reduce costs to become competitive in international markets," wisely remarks Mr. Mohan T. Advani.

Born in Hyderabad (Sind) in 1912 and educated at Karachi (Sind), Mohan T. Advani is the founder of the Blue Star

## MR. MOHAN T. ADVANI

Group of Companies. Soon after his graduation, he went to England for training with Frigidaire Organization. On his return in 1935, Mr. Advani joined the Frigidaire distributor in India as Sales Manager. In 1943, he started his own proprietary concern under the name of Blue Star Engineering Company at Bombay. Very soon, he established Offices at Madras and Calcutta and by 1948, Blue Star was established as a leading concern in the Refrigeration—Air Conditioning field. In 1949, Mr. Advani reorganized the firm into separate private limited companies. He initiated methods to ensure that the evergrowing business of the Group progressed on sound lines.

Mohan Advani has travelled widely and has developed business connections with some of the foremost manufacturers in the world such as Worthington,

Honeywell, Perkin-Elmer and Varian in the U.S.A., the Schneider Group and Merlin & Gerin in France and Dia Elektrotechnik, Devi Feinmechanik-Optik and Buromaschinen Export in the G. D. R. A man of vigour and foresight, the entire Blue Star Organization bears the stamp of his amiable personality and charm. He has set a high standard of "Service to Customer" and is most exacting where customer satisfaction is concerned.

Mr. Advani is the President of the Refrigeration and Air Conditioning Trades Association Ltd., Bombay and a member of the Development Council for Light Electrical Industries and its Subcommittee for export promotion. He is a keen advocate of export promotion and spares no effort in impressing upon the entire air conditioning and refrigeration industry in India the importance



Mr. Mohan T. Advani.

and urgency of developing exports to neighbouring countries.

## Handles Honeywell Products In Bombay



ASHOK ADVANI (Operations Analysis) with his father, Mohan and Reid Horner (International Division Liaison) look over the Computer set-up on Mohan's visit to MICRO SWITCH January 10. Mohan Advani is chairman of the Blue Star Engineering Company, Bombay, India, distributors of Honeywell products.

### Business India

THE MAGAZINE OF THE CORPORATE WORLD  
Volume 11 No. 201  
October 2009

- MID-CAP STOCK PICKS
- THE LINUX OPTION
- GOOD GOING AT FINOLEX
- MARKETING TO YOUTH

# TRUE BLUE

At 60, Blue Star Ltd — a family concern in more senses than one — is adapting to the times.

INTRODUCING

The New Indian Express  
Wednesday, January 19, 2011 Chennai

## Blue Star enters residential AC market

ENS Economic Bureau  
Chennai, January 18

TO tap the expanding consumer durable market, Blue Star, India's largest central air-conditioning company, has entered the residential segment with a bang what with the offering of a slew of window and split models.

The company is all set to launch its range of air-conditioners for the residential market this summer through its strong 700 dealership network, all for

scaling up its presence across tier II and tier III cities in the country. The company is aiming to sell over 1.40 lakh units in the first year of launch.

Addressing the media here on Tuesday, R Thiagarajan, President, Airconditioning and Refrigeration Products Group, Blue Star, said that the company had taken the conscious decision of entering the residential segment, all because of the penetration of airconditioners in India to the extent of being doubled over

the next three years.

The company, which had clocked a turnover of Rs 2336 crore in 2009-2010, is targeting a growth of 15 per cent by the end of the current financial year and 30 per cent by next fiscal end.

"Our commercial AC business will be closing with a turnover of ₹ 460 crore by March 2011 and ₹50 crore by March 2012 in which ₹250 crore is expected to come from the residential AC segment alone," he remarked.



MUMBAI | THURSDAY | JUNE 7, 2018

## Blue Star to make splash in water purifiers

Ashish K Thapar  
a\_star@dnaindia.net

Mumbai: Air-conditioning major Blue Star has upped the ante on its water purifier business and has set an ambitious target of 10% market share by 2012.

According to a company executive, its current market share is 1% being a very new entrant with sales of over 20,000 units in the first year of launching operations to wards the end of 2010.

R Thiagarajan, joint managing director of Blue Star



R Thiagarajan

Ltd, said, the company has made good progress in this segment and is making significant investments in this

space. "We are targeting to reach a market share of around 10% in about three years. The immediate plan is to consolidate presence in this segment with an enhanced range of products and deeper distribution reach in fiscal 2012," he said.

The company is also test marketing water purifiers of the institutional and commercial segment, and will soon introduce them in the market.

"The smaller plastic bottles are likely to be topped and only one litre bottles

will be allowed. I understand packaged water players are fighting for 700 ml bottles as well. Offices will thus move to purified water and that's the market we want to tap into with our institutional/commercial products. These products are not in the 10% market share that we are targeting for this business," said Thiagarajan.

Pumped at around Rs 4200 crore, the residential water purifier industry in India is growing at a compounded annual growth rate (CAGR) of 13% to 20%.

PHOTO: SHRIJITH SINGH FOR THE DRA; PHOTOGRAPHY: SHRIJITH SINGH FOR THE DRA; PHOTOGRAPHY: SHRIJITH SINGH FOR THE DRA

# Business India

THE MAGAZINE OF THE CORPORATE WORLD

July 14-25, 2018

- WESTLIFE DEVELOPMENT
- IHH HEALTHCARE
- LINDSTROM INDIA
- CURRENT ACCOUNT DEFICIT

Vir S Advani MD, Sumeet M Advani Chairman, B Thiagarajan MD

## BLUE STAR @75

The company is reinventing itself for the journey ahead

DEFENCE ARMOURING INDIA

SAFETY SECURING WORKPLACES

EVENT MT EXCELLENCE SUMMIT, VADODARA

BLUE STAR MD SATISH JAMDAR'S BREEZY CHANGES HAVE PROPELLED THE COMPANY TO THE TOP

# Playing it cool

dna

MUMBAI . WEDNESDAY . 14 MARCH 2018

## 'Small towns are warming up to ACs in a big way'

In its platinum jubilee year, air conditioner manufacturer (AC) and commercial refrigeration company, Blue Star will be unveiling a slew of breakthrough products. Joint managing director of the company B Thiagarajan, in conversation with Ashish K Tiwari, speaks about the overall industry scenario, company's business, growth plans and more. **Could you give us a sense of how the last couple of years have been?**

The industry size for air conditioning products in India is around 2.5 million units and market penetration is still at 3%. In value terms, the market size this year is Rs 12,000 crore but that number is a GST-adjusted figure. The compounded annual growth rate for the market has been maintained at around 10% after providing for the energy label change. Generally, people are getting used to ACs in a car, cinema theatre, restaurants, offices. Rising mercury levels, especially during summer months, are now pushing people to have ACs even at home. Bigger homes have multiple AC units, contributing to the growth of this durable.

Power consumption and cost associated with using ACs have come down significantly with almost 95% re-

duction, particularly when it comes to inverter ACs. Interestingly, Tier-III, IV and V towns are also warming up to ACs. That is why you are growing even in a demonetisation year and goods and services tax (GST) transition year. In fact, around 52% of Blue Star's room AC sales are from smaller towns since consumers in these markets are aspirational and prefer premium brands.

This year, the market should be growing by 11% or so and Blue Star will end up at around 18%. In the coming year, we expect at least 20% growth in the summer season while full year will be between 15% and 20%. We entered the retail segment in 2011 and had a market share of 2.5%. Our aim is to grow from a market share of 11.5% to 13.5% next year.

**Tell us about the recent product in-**

roductions.

We launched 100 products to meet every price point depending on the feature being offered. These include 40 new models of highly energy-efficient three-star and five-star inverter split air conditioners that are designed to deliver extraordinary benefits. These will be sold via 4,000 outlets in 500 locations. Presently, we have 100 exclusive product stores in the country and we plan to increase it to 200 by the end of FY18. We have increased advertising and promotion (A&P) spend to Rs 35 crore in the forthcoming summer season as against Rs 45 crore in FY17. We also intend to enhance digital marketing efforts across social media platforms.

**Why are players focusing on inverter ACs?**

Inverter ACs have certainly become a major player in the market. Of the total number of ACs 25% is inverter AC and this number will grow to around 35% this year. By 2020, inverter ACs will be over 60% of the total AC market. In fact, most international markets have totally moved to inverter ACs. The India target of 60% by 2020 is a good goal.

**Does being in a fast-growing category become very challenging?**

Competitive intensity is high in every other consumer category. And since the market is growing, new players are bound to enter. That's not so much of a problem, it is challenging. Well, if you are in this business then you have to cope with it. A lot also depends on how you're positioning your self in the market. We clearly have a very distinct market positioning and do not compete with new market entrants. We have been in the top-end and we want to be there. Our goal is not to share some of the market. We have to be a pre-

mium player delivering value with a reasonable market share. Our goal eventually is to reach 15% market share by 2021.

**There has been a price increase of 8% in 6 months. There are many factors. Prices of copper, steel, refrigerants have gone up. Secondly, energy label change has happened as well as a five-star AC becoming three-star from January 1, 2018. Some adjustments have been done to position the products. Compared with December 2017, prices would have gone up by 5% to 6%. However, there were also some benefits owing to the goods and services tax (GST) roll-out so we have stayed neutral and did not reduce or increase prices apart from for this differential) 5% to 6% across different models. And if the summer demand is good we will be able to hold this margin.**

**Why is the consumption growth happening?**

Consumer finance schemes have certainly played a catalyst. We offer 0% finance with attractive EMI options via tie-ups with leading banks and finance firms. Over 25% sales are through such consumer finance options and are helping this number will increase drastically in the coming years.

mint

MUMBAI . FRIDAY . 23 FEBRUARY 2018

## Change Your World!

Blue Star continues to be the most reputed AC&R service provider in India, and has enhanced its position in the market place as a superior value-added service and solutions provider. As its Platinum Jubilee year rolls, the Board of Directors proudly looks back and positively looks ahead.

Sumeet Advani, Chairman of Blue Star (center) with Vir S Advani, Managing Director (right) and B Thiagarajan, Joint Managing Director (left).

Since 1943, Blue Star has been a pioneer in the AC&R industry. Over the years, the company has grown from a small-scale business to a global leader. The company's commitment to innovation and quality has led to the development of advanced technologies and products that have revolutionized the industry. The company's focus on research and development has enabled it to stay ahead of the competition and maintain its position as a market leader. The company's success is a testament to its dedication to excellence and its commitment to its customers.

The company's growth has been driven by its focus on innovation and quality. The company has invested heavily in research and development, leading to the development of advanced technologies and products that have revolutionized the industry. The company's focus on research and development has enabled it to stay ahead of the competition and maintain its position as a market leader. The company's success is a testament to its dedication to excellence and its commitment to its customers.

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# The Evolving Logo

While Blue Star may have allowed conscious branding efforts to take a back seat for several years, its focus on image-building actually goes back to the earliest days. In the early 1940s, when marketing and advertising were practically unheard of in India, MTA had the foresight to give his company a name designed for neon signs.

It is remarkable that MTA, 75 years ago, instinctively chose the colour blue in naming his company, which market research reveals is the most popular colour by far, the world over.

As Blue Star and You (Vol 6, No. 3) pointed out in September 1968, Blue Star's logo with the frosty top (Fig. 1) symbolised what was then the main business – air conditioning and refrigeration. As new departments came into being, the signature was recast to keep pace with the rapid developments in the organisation (Fig. 2). Soon afterwards, the need for modernisation led to a typographic change (Fig. 3). When the Company completed two decades of growth in 1963, the logo was again brought up-to-date (Fig. 4). At the time of the Silver Jubilee, the logo was changed again for something that felt more aesthetically pleasing, proclaiming that whatever bore Blue Star's signature was above average (Fig. 5).

In the Platinum Jubilee year, Blue Star's logo has gone through another transformation. Unveiling the new design on April 27, 2018, to mark the formal commencement of the Platinum Jubilee celebrations, SMA said: "The logo connotes progress and evolution; it not only reflects our achievements over the last 75 years but is also forward looking. We have always been progressive and ambitious in our approach; even at the time when Blue Star was being christened, the rationale behind the name was, aspiring to achieve a lot and reaching for the stars."

The new logo reflects an organisation that is firmly rooted to the ground, while aiming to reach for the stars; it provides the brand with a refreshing, modern personality that projects continuity, reliability, and strength, while providing solidity and stability. The arrowhead within stands for the Company's progressive, upward thinking, and its desire to dream big.



The marathoner – representing youthful exuberance and forward momentum – represents all the Blue Star men and women who make the Company the strong, reliable, confident force that it is today



Figure 1

1943



Figure 2

1956



Figure 3

1962



Figure 4

1963



Figure 5

1992



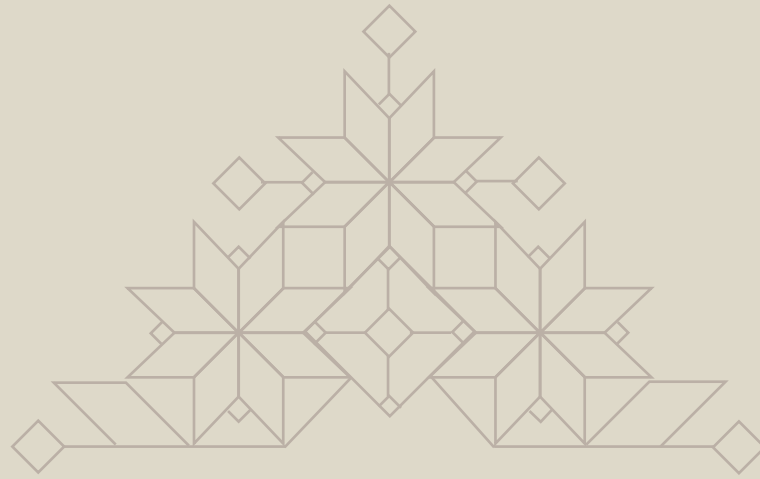
Figure 6

1999



Figure 7

2017

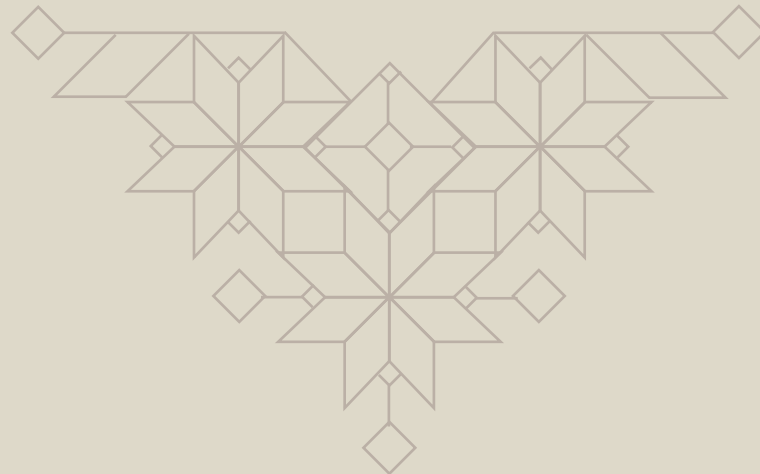


# 16

## A Global Outlook



Blue Star's outward-looking and export-oriented approach that took root during Mohan T Advani's time is a promising growth driver, and is witnessing increased momentum, as the Company celebrates its 75<sup>th</sup> year.





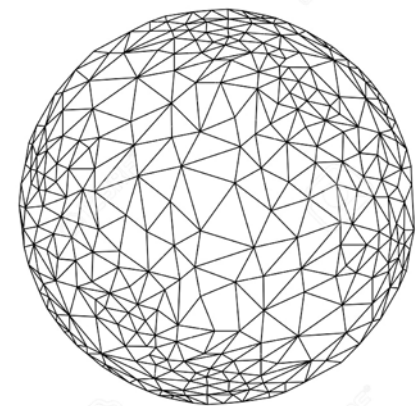
- ★ *From its earliest days, Blue Star believed in looking beyond Indian borders, and has brought the best of the world to the country.*
- ★ *Blue Star pioneered the export of water coolers to Kuwait in the 1950s, and since then, the international business has always formed an important part of the Company's business strategy.*
- ★ *The current generation of Blue Star leaders have intensified this thrust, aggressively reaching out to expand the overseas footprint.*
- ★ *The Company has consolidated its presence in the international arena by setting up a 100% subsidiary, Blue Star International FZCO, in Dubai in 2017. Currently, products are exported to 19 countries across the Middle East, Africa, SAARC and ASEAN regions, and the Company is making significant investments in R&D, marketing and distribution to establish itself as a credible player in these markets.*
- ★ *Joint ventures such as Blue Star M & E Engineering Sdn Bhd in Malaysia, Blue Star Qatar WLL and Blue Star Oman Electro-Mechanical Company LLC strengthen the Company's global plans.*



**A**t a time when international air travel was still in its infancy, Mohan T Advani's ability to think beyond the narrow confines of an insular India made all the difference to his fledgling organisation. Just a few years post the inception of Blue Star in 1943, and the end of World War II, his spirit of adventure and remarkable world view took him to destinations as varied as America, England, Hong Kong and the Middle East, opening his eyes to the best the globe had to offer, as he searched for business partners, products and technology.

In those early days there was very little manufacturing in India, and technology and products had to be imported. This was the opportunity that MTA recognised, and proceeded to capitalise on in a series of trips to the USA. What resulted was the import of the latest AC&R equipment for the Indian market, and technical advisors who trained Blue Star's technical personnel. It also led to the Professional Electronics and Industrial Systems Division in the 1950s. Most importantly, it created a global mindset in Blue Star's people, beginning with MTA's brother Gobind T Advani (GTA), making his first foray into Kuwait in 1956, a decision that eventually led to the name 'Blue Star' becoming a generic term for water coolers in the sheikhdom.

When the Company went public in 1969, MTA commented at the first-ever Annual General Meeting (AGM) that exporting a sophisticated line of cooling products was "neither easy nor profitable". He added, "But we believe that it is in the national interest to maximise foreign exchange earnings."



The Company was undoubtedly meeting this challenge when it received the Engineering Export Promotion Council award from the Government of India, for its outstanding export performance the same year. It had to meet the criterion of exporting a minimum of 10% of its production. Blue Star's exports, in the face of fierce competition from manufacturers in the USA, Europe and Japan, exceeded that target by 5%!

From 1975 to 1983, Blue Star partnered in a joint venture with Al-Shirawi Air Conditioning Company in Dubai in the central air conditioning contracting business. Restrictive ownership laws in Dubai prevented Blue Star from building on that foray, and it pulled out of the JV. Another foray was made into the United Arab Emirates (UAE) market for the projects business from the late 1980s up to the mid-1990s. Joint ventures were formed with local partners in Malaysia in 1993 and in Qatar in 2007. Meanwhile, product exports to the UAE and other Middle Eastern markets continued to grow.

At the time of Blue Star's Golden Jubilee in 1993, the Company was present in several Middle Eastern markets, when many Indian companies had begun reeling back even in their own home territory from the international competition that liberalisation had unleashed.

As Suneel M Advani told the *Economic Times* on the occasion, "Our Exports Division had its genesis as far back as 1956, with the export of 10 water coolers to Kuwait. We continue to export water coolers and a growing range of cooling equipment to many countries in the Middle East. Through the years, the Division has built a reputation for engineering and construction. Its project management expertise extends over a wide spectrum – air conditioning and refrigeration (AC&R), heating, ventilation, plumbing, building automation systems and instrumentation. Blue Star has executed projects in Kenya, Nigeria and Libya in Africa through Syria, Iraq, Muscat and United Arab Emirates in the Middle East, to Indonesia, Thailand and Malaysia in the far east. The Division is now involved in entirely new markets in Mauritius and Russia."

Although the Company has had an overseas presence for several decades, it was only in 2014 that the International business became a strategic thrust area. Given the mature manufacturing prowess, the evolving R&D capabilities and a strategic need to reduce dependence on the Indian market, the export business was chosen as a growth driver. At the time, the Company was exporting water coolers and room air conditioners to the Gulf and executing Mechanical, Electrical and Plumbing (MEP) projects in Malaysia and Qatar. The new strategy called for expanding the portfolio of products and growing the geographic presence. It was expected to be a long and expensive journey

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**GLOBALISATION, BLUE STAR STYLE!**  
Nanik R Vaswani, who stepped in as President and Vice Chairman of Blue Star for a couple of years between 1979 and 1981, recalls,  
"During my tenure, Blue Star had many multinational associations. When our foreign associates visited us, we would, of course, offer the traditional Indian hospitality, preferably at home. I'll never forget one such occasion when it so transpired that several of our foreign associates were visiting us at the same time. The party at our house was truly a wonder! In one room you had nationalities ranging from Americans to French, East Germans and Japanese – a true mini-UN, but with a difference. It was truly exhilarating to see such diverse people getting over barriers and appreciating each other as individuals. Blue Star truly undertook the concept of 'globalisation' long before it became fashionable!"

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**RIGHT**

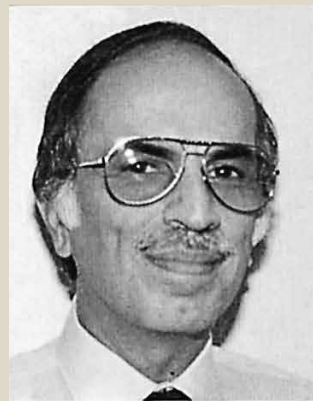
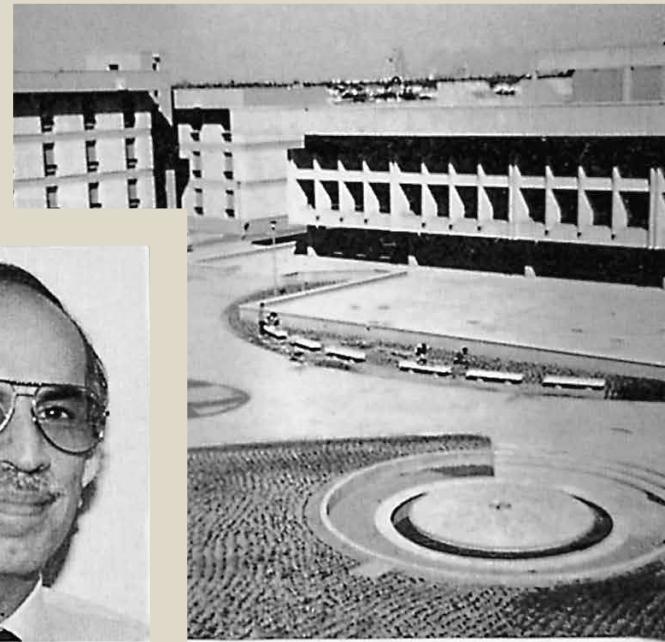
Azhar Hashim and Suneel M Advani signing a Joint Venture agreement forming the Arab Malaysian Blue Star Joint Venture in Malaysia



**BELOW**

Yusuf Alghanim's showroom in Kuwait, displaying Blue Star Water Coolers at the entrance. The distribution agreement, which began in the 1950s, continued until the 1980s, when Blue Star licensed Yusuf Alghanim to manufacture its water coolers in Kuwait.





**TOP ROW (Left to Right)**

SMA, Bal K Malhotra and H N Ganatra at a press conference announcing the Dubai Branch Office, 1993  
 AMA, SMA and H Ganatra with Roastamani brothers of Central Trading Company, Dubai, 1993

Blue Star signs a dealership agreement with Al Emadi Group, 2017

Vir S Advani with Dawood Bin Ozair, CEO, Blue Star International FZCO, at the signing of the Blue Star and Al-Futtaim distribution agreement, 2016

**ABOVE**

Chander Ramchandani – Vice President, International Division, executed major projects in Baghdad University, Iraq Railways and the Syrian Presidential Palace, Damascus in 1980



as it called for competing with a set of players different from their home markets, but one that Blue Star was confident of traversing.

The Company moved quickly to set up distribution in the SAARC region, adding partners in Sri Lanka, Nepal, Bangladesh, Bhutan and the Maldives. This was followed by an entry into Africa through distributors in Kenya, Sudan and Tanzania and a toehold in the ASEAN region with a distributor in Vietnam and Singapore. Given the inherent strength of the Company in central air conditioning products, distributors were added for applied systems in the UAE, Qatar, Oman, Bahrain and Iran. Most recently, the Company has entered Nigeria and Saudi Arabia.

In 2015, Blue Star strengthened its international MEP footprint through a joint venture, acquiring a 51% stake in Oman Electro-Mechanical Contracting Co LLC (OEMC).

The prestigious *MEP Middle East Magazine* took note of Blue Star's expanding presence. In January 2016 (Vol. 11, Issue 1), it reported in an article titled *Blue Rising*: "Blue Star, a major player in India's MEP engineering, air conditioning and refrigeration market, has big plans for the Middle East. Having been present in its home market for over seven decades, the Company was at Dubai's Big 5 last November to investigate expanding in the region." The Big 5 exhibition in Dubai was a platform for Blue Star to introduce applied systems products in addition to the unitary products it already sold in Bahrain, Kuwait, Oman, Qatar and the UAE.

The magazine also quoted then Executive Director, Vir as saying: "The next phase of our de-risking is to geographically diversify the Company, which is why we are looking very seriously to move into the Middle East and Africa



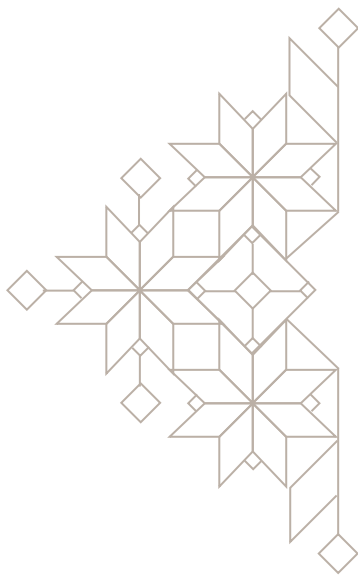
SMA, Vir and other Blue Star delegates at the Blue Star stall at the Big 5 exhibition, Dubai, 2015

and parts of Asia. The Middle East for us is a natural extension of India as a market.” In the same article, SMA spoke of how Iran and Saudi Arabia were on the radar as longer-term ambitions.

### **INTERNATIONAL BUSINESS TODAY**

The International Business Group, comprising Global Projects and Global Product Sales, is a high-focus area for the Company as it continues to expand its footprint. The Global Projects business is responsible for international air conditioning projects, MEP projects and Operations & Maintenance (O&M) services for residential, commercial and infrastructure buildings overseas. The business is operated through local companies in Malaysia, Qatar, Oman and the UAE.

The Global Product Sales business is responsible for export of air conditioning and commercial refrigeration products and systems. The portfolio includes Unitary Products (window air conditioners, split air conditioners, inverter split air conditioners, cassette air conditioners and vertical split units), Refrigeration Products (water coolers, deep freezers and





bottled water dispensers) and Applied Systems (chillers, air handling units, fan coil units, VRF systems, ducted air conditioners, modular cold rooms and water tank chillers). All the products are manufactured at the Company's ISO 9001: 2000 certified facilities in India and undergo stringent tests on reliability and performance to meet international standards. The business is operated through distributors in 19 countries today.

Having expanded quickly in a short period of time, the Company decided to consolidate its international business under a fully owned subsidiary in Dubai, Blue Star International FZCO, with Dawood Bin Ozair as its Chief Executive Officer in 2017. "You cannot run a successful international business from India, which is why we decided to establish a company and hire a CEO in Dubai," says Vir. A mechanical engineer, Dawood has joined Blue Star after a distinguished 36-year career in Al Futtaim, the well-known Dubai-based conglomerate. As Senior Managing Director there, he oversaw the business of major global brands in both the B2B and B2C arena in the Middle East (including Blue Star's products). In a short time, Dawood has set clear priorities to strengthen the sales team, expand the channels, introduce new

Press Meet held in Riyadh, to announce Blue Star FZCO's partnership with Sands International as well as to unveil the Company's comprehensive range of products in the Saudi Arabian Market. Seen here, Vir and Dawood Bin Ozair, with the team.



★ BLUE STAR

★ BLUE STAR

Product Information

Full Power Controller







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## INTERNATIONAL SUBSIDIARIES AND JOINT VENTURE COMPANIES

- **Blue Star International FZCO:** A 100% subsidiary of Blue Star Limited, this entity is the International Holding Company for the overseas business. It was set up in the Dubai Airport Free Zone in 2017.
- **Blue Star M & E Engineering Sdn Bhd:** A joint venture between Arab-Malaysian Development Bhd and Blue Star, Blue Star M & E Engineering Sdn Bhd carries on the business of mechanical, electrical and plumbing contracting in Malaysia. It was set up in 1993.
- **Blue Star Qatar WLL:** Principally engaged in the business of designing, engineering, installation and maintenance of Mechanical, Electrical and Plumbing & Fire-Fighting MEP systems in Qatar for residential, commercial and industrial purposes. It was set up in 2007.
- **Blue Star Oman Electro-Mechanical Company LLC:** A joint venture between W J Towell & Co LLC and Blue Star, Blue Star Oman Electro-Mechanical Company LLC is engaged in mechanical, electrical and plumbing contracting services in Oman. It was established in 2015.
- **Blue Star Solutions and Systems LLC:** Principally engaged in the business of product sales, installation projects and maintenance of air conditioning and refrigeration equipment in the UAE. It was set up in 2018.

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VRF IV, Cold Room and other Blue Star products on display at the product launch in Qatar, 2017





## INTERNATIONAL PROJECTS

### TOP LEFT

New Western District Hospital, Dukhan, Qatar

### TOP CENTRE

New Doha International Airport

### TOP RIGHT

Mydin Hypermarket, Malaysia

### LEFT

The Grand Hyatt, Kuala Lumpur

### MIDDLE LEFT

Bukit Jalil City Mall, Malaysia

### BOTTOM LEFT

Qatar Petroleum Ras Laffan Refinery

### BOTTOM CENTRE

The Westin, Kuala Lumpur

### BOTTOM RIGHT

The Starling Mall, Damansara Kuala Lumpur



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SMA and Vir garland MTA's portrait as Dawood Bin Ozair looks on at the inauguration of the Blue Star International FZCO office in Dubai, 2018



products and build the Blue Star brand in key markets. Blue Star Systems and Solutions LLC has been formed in 2018 to directly address the UAE market with a full range of offerings including Heating, Ventilation, Air Conditioning and Refrigeration (HVAC&R) product sales, installation and maintenance. “With these plans, I have every reason to be optimistic about the future of the international business,” says Dawood confidently.

As Blue Star celebrates its Platinum Jubilee, Vir has set his sights over the next five years on moving beyond the surrounding regions and into the advanced markets of North America and Europe. He hopes to eventually start manufacturing overseas and supplying products locally. Vir believes that in the near-term, “20% of our business must come from outside the country”. An India-only business model is risky, he says. “It is important to have multiple irons in the fire.”

SMA, Vir and Dawood with the staff of Blue Star International FZCO



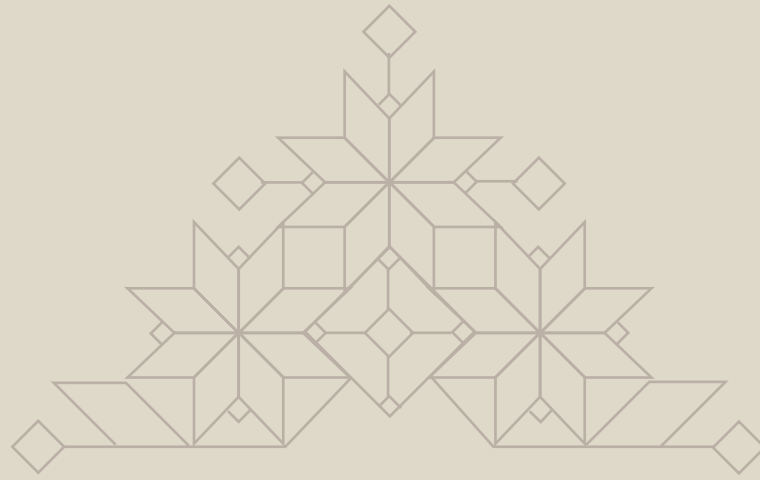


# INTERNATIONAL PRESENCE





Disclaimer: The World Map depicted in this book is for illustrative purposes only and do not imply the expression of any opinion on the part of Blue Star concerning the legal status of any country or territory or concerning the delimitation of its frontiers or boundaries.

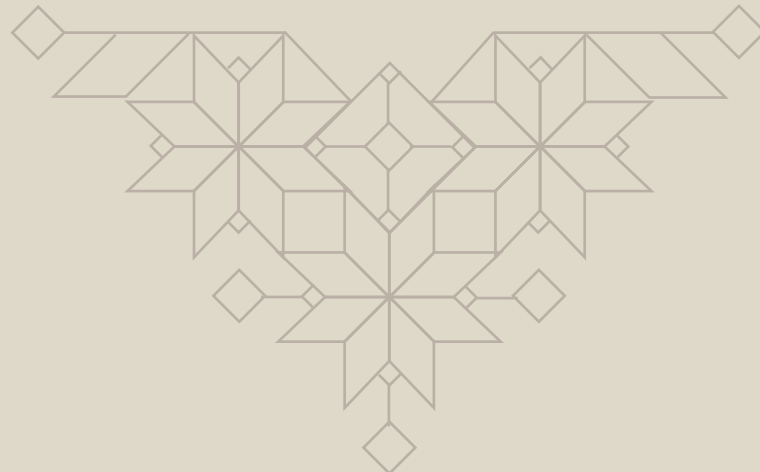


17

# PEIS - Technological Solutions for a New World



Blue Star's Professional Electronics and Industrial Systems business,  
which builds on a 60-year legacy, is a core business that focuses  
on high-technology solutions, ranging from banking security to testing  
of satellite communications.





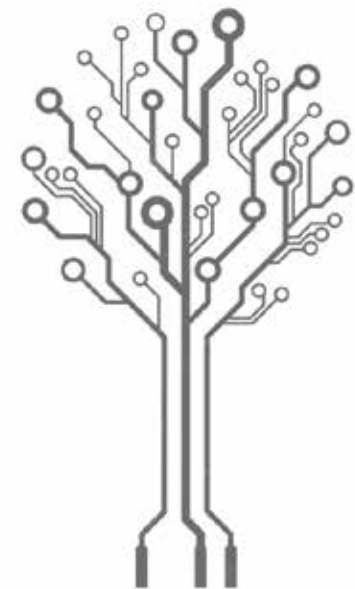
- ★ *Blue Star's Professional Electronics and Industrial Systems business goes back more than six decades and has always proved profitable for the Company.*
- ★ *In 1957, a tie-up with Perkin Elmer marked the Company's foray into electronics and was followed soon afterward by the German Democratic Republic (GDR) Business Machines agency.*
- ★ *Some of these collaborations, such as the ones with Hitachi and Hewlett-Packard, laid the foundation of the Company's expansion into other areas.*
- ★ *Today, the PEIS business has been reinvented to offer system integrated solutions rather than just products.*
- ★ *In 2015, it was transferred to a wholly-owned subsidiary, Blue Star Engineering and Electronics Limited (Blue Star E&E).*
- ★ *This B2B business, which is based on rapid technological changes, is built to be entrepreneurial and to quickly respond to changing market needs.*



Though Blue Star is mostly associated with air conditioning and refrigeration, its electronics and industrial systems business goes back more than six-decades, and has been profitable for every one of those years.

The year 1953 saw a major recession in India, and the 10-year-old Blue Star was badly hit. Over-dependence on the air conditioning and refrigeration business, which was being seen by the socialist government as a luxury to be taxed heavily, made Mohan T Advani look for ways to de-risk the future of the Company. He went off to the USA to look for new opportunities in early 1954 and came back with a coup – distributorship of all Honeywell products and systems in India. In 1957, a tie-up with Perkin Elmer marked the Company's foray into electronics followed by Varian and scientific Atlanta, and shortly afterwards, the German Democratic Republic (GDR) Business Machines agency commenced. Blue Star rapidly acquired exclusive distributorships for manufacturers of international standing. This latter association formed the base of the Machinery Division, handling a wide range of Testing Machines and Machine Tools. Thus began the Professional Electronics and Industrial Systems business.

The 1969 collaboration with Hitachi, Japan, known for its scientific instruments, led to the addition of the Hitachi Medical Corporation distributorship in 1979, which became the heart of the Medical Electronics Department in the 1990s. Perhaps Blue Star's most important hi-tech distributorship, with Hewlett-Packard (HP) in 1970, which lasted for over two decades, laid the foundation of the Company's expansion into other areas of electronics. "Dad got that after chasing it for five to seven years," recalls SMA.





**TOP**  
T Yoshida, with AMA and P S Ramnath at the signing of the Yokogawa Blue Star Joint Venture agreement, circa 1987

**RIGHT**  
Celebrating the 25-year association with Perkin-Elmer, 1982

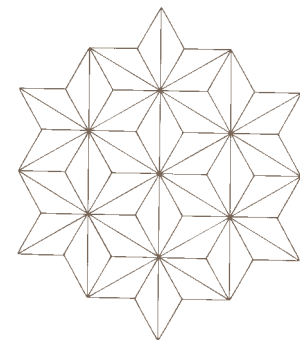




“The HP distributorship for the complete range of HP electronics products not only enhanced our analytical instruments portfolio but also formed the foundation of our expansion into medical electronics, test and measurement equipment as well as electronic components. The HP business then grew to become the largest part of our electronics business, and eventually led to a joint venture between Blue Star and Hewlett-Packard.” SMA played a key role in this evolution; he had to take over the business with the sudden demise of Indur Israni, Vice President of the Electronics Division in 1981. When SMA was elevated to President and Vice Chairman in 1984, he handed over charge to Mehru D Mansukhani, who, in turn, handed over charge to Arun Khorana in 1999.

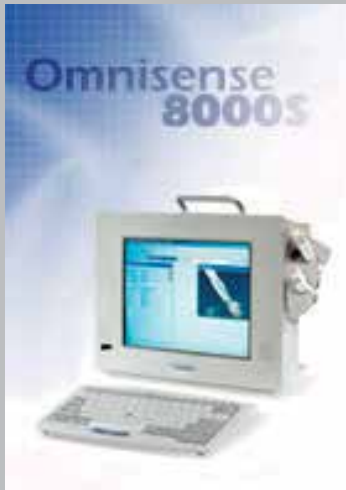
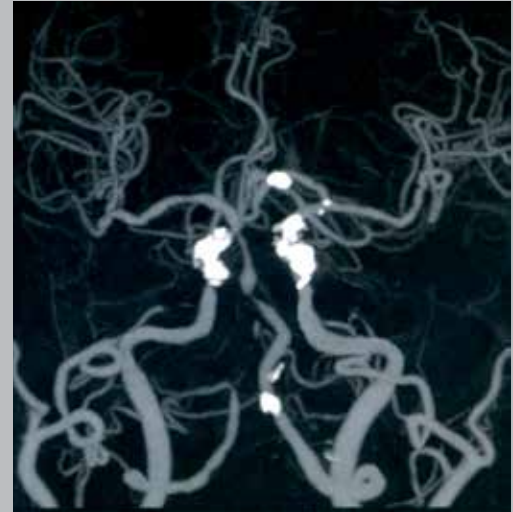
Back in the 1980s, when EPABX manufacturing was de-licensed, Blue Star plunged into it with technology from France’s Jeumont Schneider and built a new factory at Gandhinagar in Gujarat for electronics manufacture. The portfolio was widened to include key telephones, personal computers and gas chromatographs. In 1984, Blue Star also had a distributorship with Motorola for data communication products, which started doing so well that Motorola was eager to sign a manufacturing joint venture with Blue Star. HP desired to set up a manufacturing joint venture whilst Yokogawa too broached the idea of a JV.

Mehru D Mansukhani, AMA, SMA and executives from Jeumont-Schneider, France, signing a manufacturing technology agreement, circa 1992



**HITACHI**  
Inspire the Next

Change is possible.  
Experience the difference




TOP LEFT  
Hitachi Echelon MRI Machines


TOP RIGHT AND ABOVE  
Clinical Images

BELOW LEFT  
Bone Densitometer


BELOW RIGHT  
Blue Star Ultrasound Systems

**THALES**




**The Datacryptor®  
Family**  
 Next Generation Encryption

**Marconi**  
Instruments



**Microwave Datamate**

ABOVE LEFT  
Thales e-Security system

ABOVE RIGHT  
Microwave Database

BELOW LEFT  
Olympus Industrial Scanners

BELOW RIGHT  
Creaform Optical CMM 3D Scanner





**ABOVE**

Aluminium Pressure Die-Casting Inspection System

**OPPOSITE TOP**

Custom Built Plant Growth Chamber

**OPPOSITE BELOW**

Arun Khorana receiving Senior Manager of the Year award from SMA at the Blue Star Awards, 1999

Vir says, “Our electronics and projects business dominated the Company for over 25 years; tie-ups with Perkin-Elmer, Scientific Atlanta, Motorola and Hewlett-Packard are a significant part of our history, whilst the HP connection created the software division. The electronics business has always been seen as a core business of the Company.”

**SELLING SOLUTIONS**

When India liberalised the economy in the 1990s and multinationals were permitted to operate in India directly, “our business could have evaporated,” says Vir. “Import distribution was something many companies did until then, competing with our PEIS Division. Most of these companies disappeared, but we managed to sustain our business,” he says. “It wasn’t easy; our electronics business is based on partnerships with principals but now they could operate in India directly. So, our Motorola JV ended in 1991 whilst the JV with HP ceased in 1995”. For over 50 years, Blue Star’s import, distribution and maintenance of professional electronics and industrial equipment and systems had been a significant area of business, with several lines of activity including Healthcare Systems, Data Security Solutions, Non-Destructive Testing (NDT) products, NDT systems, Testing Machines, Communication systems, Analytical Instruments, Industrial products and systems, and Test and Measuring Instruments.

Arun Khorana, who had worked since 1981 in Bangalore as Regional Manager for Analytical Instrumentation, and later in the Yokogawa-Blue Star joint venture, took over as Vice President of the Electronics Division in 1999 from M D Mansukhani who retired then. “It was a huge challenge because the main role of the division had been the typical principal-distributor relationship, selling and servicing stand-alone equipment,” he said. “We had to recreate our business model, and I thought furiously of ways to reinvent, especially since the product portfolio kept changing.” Khorana and his team decided that rather than be completely dependent on any one principal, they would create their own intellectual capital assets. “So, in a planned and systematic manner, we started devising value-added niche applications by modifying some products, adding accessories with local sourcing to others. In time, profits almost doubled and then tripled.”

Blue Star also made personnel changes, identifying people with self-confidence and a positive attitude. “Our success had a lot to do with the culture of the Company, which was very entrepreneurial and encouraging of experimentation, granting us considerable freedom to operate,” says Khorana, who retired in 2009 and continued to be involved until 2014.

Looking back on this period, Vir recalls: “At the end of the 1990s, we had two choices – either to shut down and move on, or to reinvent the business. Arun Khorana decided to reinvent, moving from large marquee names like Agilent (a Hewlett-Packard entity) and Motorola, and decided that we should represent cutting-edge technology companies in high-value, niche areas.



For a high-value, complex product, the Indian customer still needs hand-holding and local support. And because the product serves a niche, the overseas principal cannot always afford to set up a direct presence, and is happy to work through a technical sales and service organisation like ours for customer interface and after-sales support. We continue to keep finding products that fit the bill in this era of technology.”

Vir explains, “the second element in the reinvention of PEIS was that we converted a product marketing business into a systems business by becoming a systems integrator offering complex, custom-designed and engineered solutions for industry, defence production, railways and others. A piece of equipment from our Principals forms the heart of our solution and we design and build a solution around it. A good example of this is the Non-Destructive Testing Systems business. Non-Destructive material testing is a niche segment with high proprietary technology. Manufacturing





**ABOVE**  
Ultrasonic Railway Axle Inspection System

**OPPOSITE**  
Aluminium Pressure Die-Casting System

companies buy these solutions and install them on the shop floor for Quality Assurance/ Quality Control (QA/QC) requirements. Blue Star represents Olympus, the consumer camera company, which is among the world leaders in industrial material testing. We used to import and sell complete systems in the old days; over the last 10 years we have moved to importing only the core testing technology modules, while designing and manufacturing the rest of the system in India. The imported content has dropped from 100% to 50%, which has aided in bringing down the complete cost of ownership for the customer. We call this ‘solutioning.’”

Vir summarises, “Going forward, we will keep expanding the high value, niche products basket as well as identify opportunities in order to augment the solutions portfolio.”

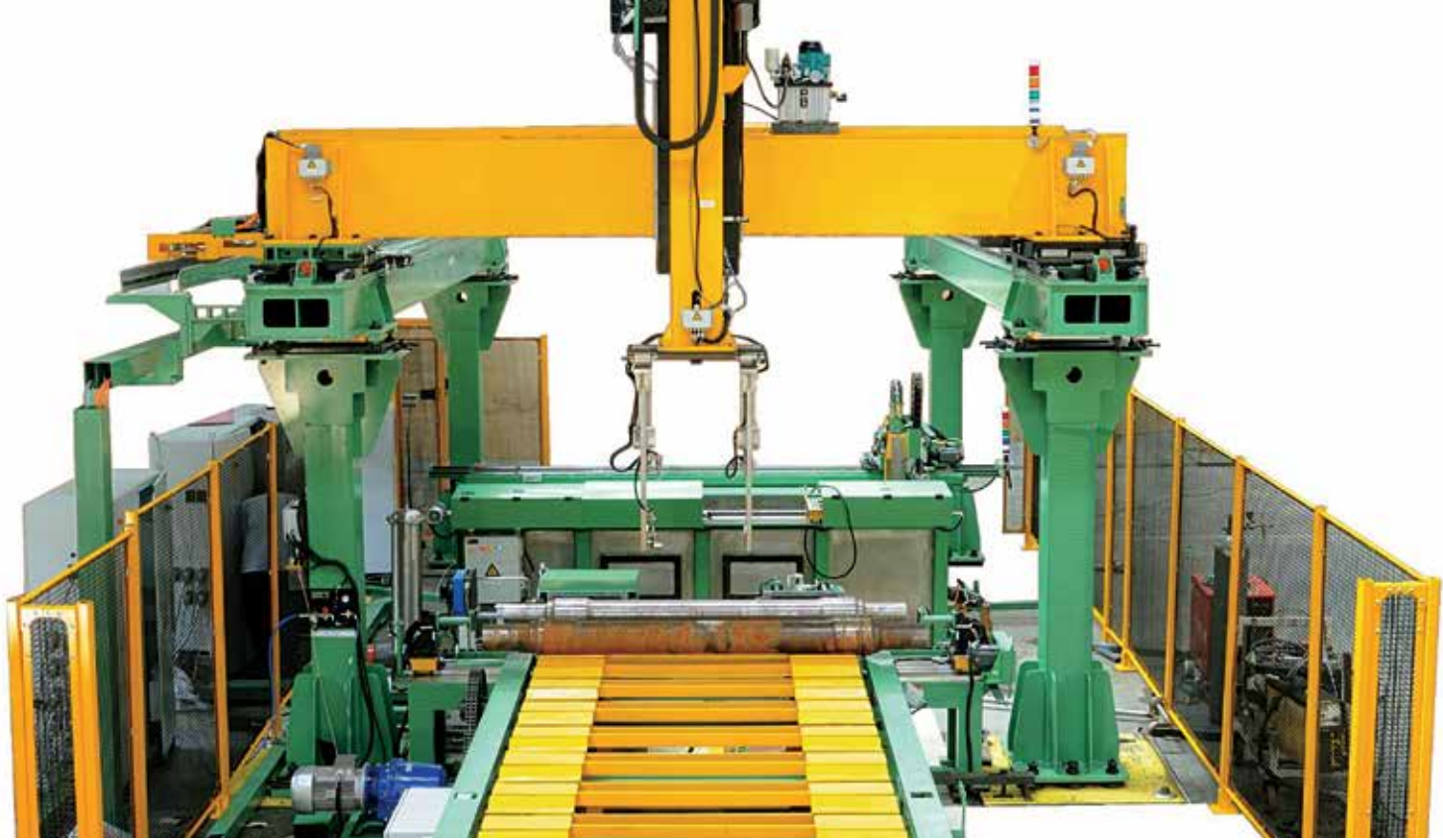
### A SEPARATE IDENTITY

As the AC&R business grew, Blue Star felt the need to house the PEIS business in a separate entity. “Everything in Blue Star – decisions, capital allocation, HR was geared for HVAC&R and MEP,” says Vir. “But PEIS was a different set of engineers addressing a diverse market and needed their own identity.”

The PEIS business was converted into a wholly-owned subsidiary, Blue Star Engineering and Electronics Limited (Blue Star E&E), in 2015, with Prem Kalliath as Chief Executive Officer. The Company has retained the Blue Star logo, which generates the credibility and goodwill, but the related 150 employees speak a different language addressing varied segments of industry. As Prem explains it, “In the banking industry, the administration head will know Blue Star for air conditioning which is a great door opener, but the Chief Information/Security Officer will recognise the brand for



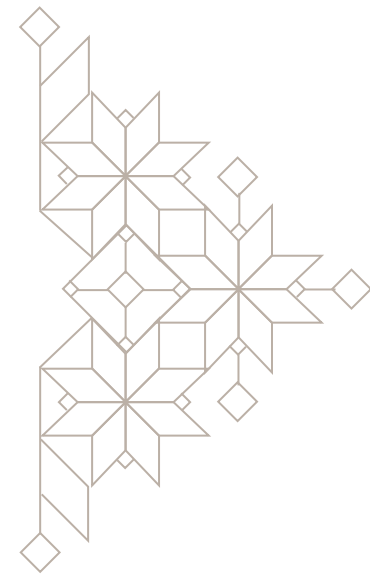




banking security. Hospitals know Blue Star for MEP, but the radiology department and diagnostic centres will also know that Blue Star E&E represents Hitachi and has a presence in MRI, CT and Ultrasound equipment.” With technology changing rapidly, this B2B business is built to be entrepreneurial and to quickly respond to changing market needs. “For example, if we don’t keep up with the changes in encryption of banking transactions, our data security solutions business will become irrelevant,” says Prem. “Even our oldest running relationship, Hitachi Medical, is undergoing a transformation as we have identified the import of refurbished medical diagnostic equipment as a promising opportunity, especially for Tier 2, 3 and 4 markets in the country.”

He adds: “Going forward, we are identifying a few more next-generation technologies that will come to India including factory robotics, robotic surgery and digital payment solutions. It’s a continuously changing portfolio and a very exciting business to be in. And since it uses practically no capital, it has very high returns. Also, it is a knowledge business that involves technology. The Company also views it as an opportunity to seed new businesses and explore the possibility of joint ventures again.

There is one more reason why PEIS matters so much to Blue Star. On a lighter note, Vir says: “This is the only business in the Company that has been managed by every family member who has worked in this Company – my grandfather, B T Advani, my father, my uncle and I. So there’s a big emotional angle, and it gets attention because if it doesn’t do well, all the Advanis get agitated!”



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## BLUE STAR E&E: FIVE LONG-TERM PRINCIPALS

### HITACHI, JAPAN

Hitachi, a USD 82 billion Japanese conglomerate, is one of the largest manufacturers of high-end professional medical equipment such as MRI, CT, X-ray and Ultrasonic Diagnostic Systems. In association with Hitachi for over last 35 years, Blue Star E&E has installed more than 400 MRI and CT Systems across India.

### THALES E-SECURITY, UK

Thales e-Security is the leader in advanced data security solutions and services, delivering trust wherever information is created, shared or stored. It enables organisations to meet various regulatory compliances; through encryption, advanced key management, tokenisation, privileged user control and highest standards of certification for high assurance solutions. Blue Star E&E has been associated with Racal UK System for data communication products and data security solutions since 1995, which was later acquired by Thales. In its long association with the company, Blue Star E&E has provided more than 700 Hardware Security Modules (HSMs) to various Banking, Financial Services and Insurance (BFSI) organisations.

### OLYMPUS SCIENTIFIC SOLUTIONS AMERICAS INC, USA

Olympus Scientific Solutions Americas is a leading manufacturer of innovative testing, measuring and imaging instruments using technologies such as ultrasound, phased array, eddy current and remote visual inspection. Blue Star E&E has sold thousands of products across various industries and has been associated with RDTech Canada, since 2002, which was taken over by Olympus.

### YXLON INTERNATIONAL, GERMANY

YXLON International designs and produces radioscopic and CT inspection systems for a broad variety of industrial applications in sectors ranging from aviation and aerospace to automotive and electronics.

Blue Star E&E has supplied more than 200 X-ray products and more than 150 X-ray systems in association with Yxlon, earlier known as Philips Industrial X-Ray System since 1995.

### CONVIRON, CANADA

Established in 1964, Conviron is a world leader in the design, manufacture and installation of controlled environment systems such as plant growth chambers and high performance research greenhouses.

Apart from chambers for agricultural biotechnology and other life-science disciplines, it also offers custom-engineered environmental rooms (E-Rooms) for applications such as material testing, environmental simulation, stability testing, high-value storage, biosafety level containment and other specialty applications. During the 35 years of association with Conviron, Blue Star E&E has installed more than 300 chambers.



**TOP**

(Left-Right) P V Jose, General Manager, Ashok Bhat, Senior General Manager, Noritomo Koike, Managing Director, Hitachi Medical Systems, Singapore, Prem Kalliath, CEO, Blue Star Engineering and Electronics Limited, Anil John, Board Director and General Manager, Hitachi Medical Systems, Singapore and Atul Kulkarni, General Manager in Mumbai, 2018

**ABOVE LEFT**

K S Lakshmanan, Senior General Manager (centre) at the Non-Destructive Evaluation, 2017

**ABOVE RIGHT**

Blue Star E&E team with Cindy Provin, CEO Thales e-Security and Peter Carlisle, VP-Sales EMEA Thales e-Security at RSA conference in USA, 2018



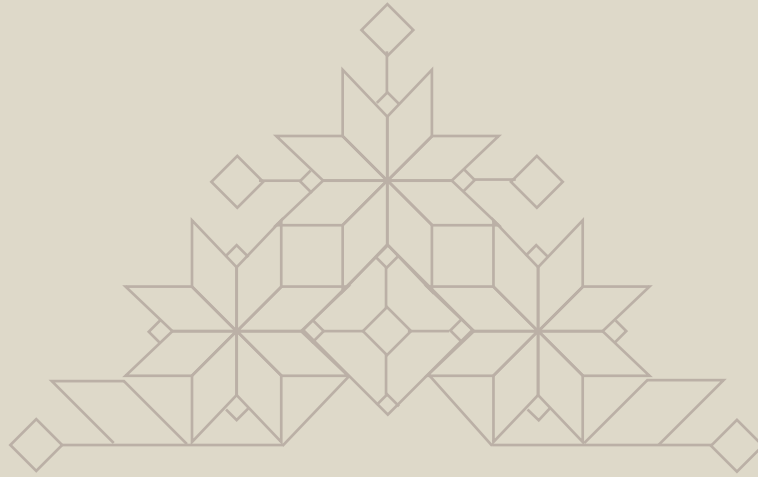
Mumbai International Airport, is an HVAC and Plumbing project executed by Blue Star



# Flying High

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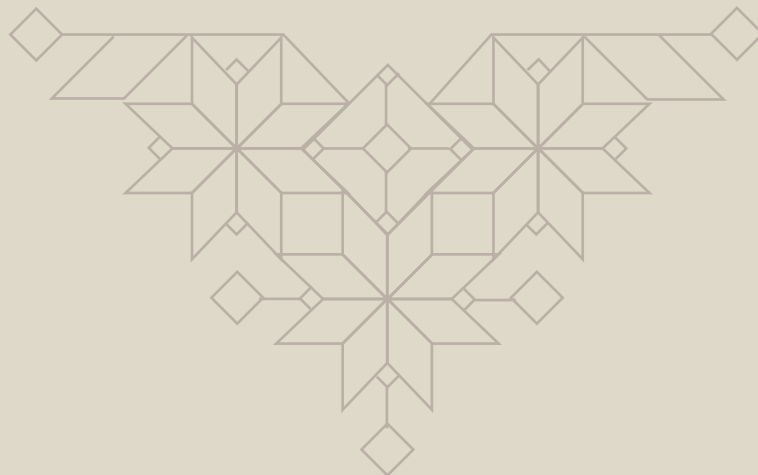


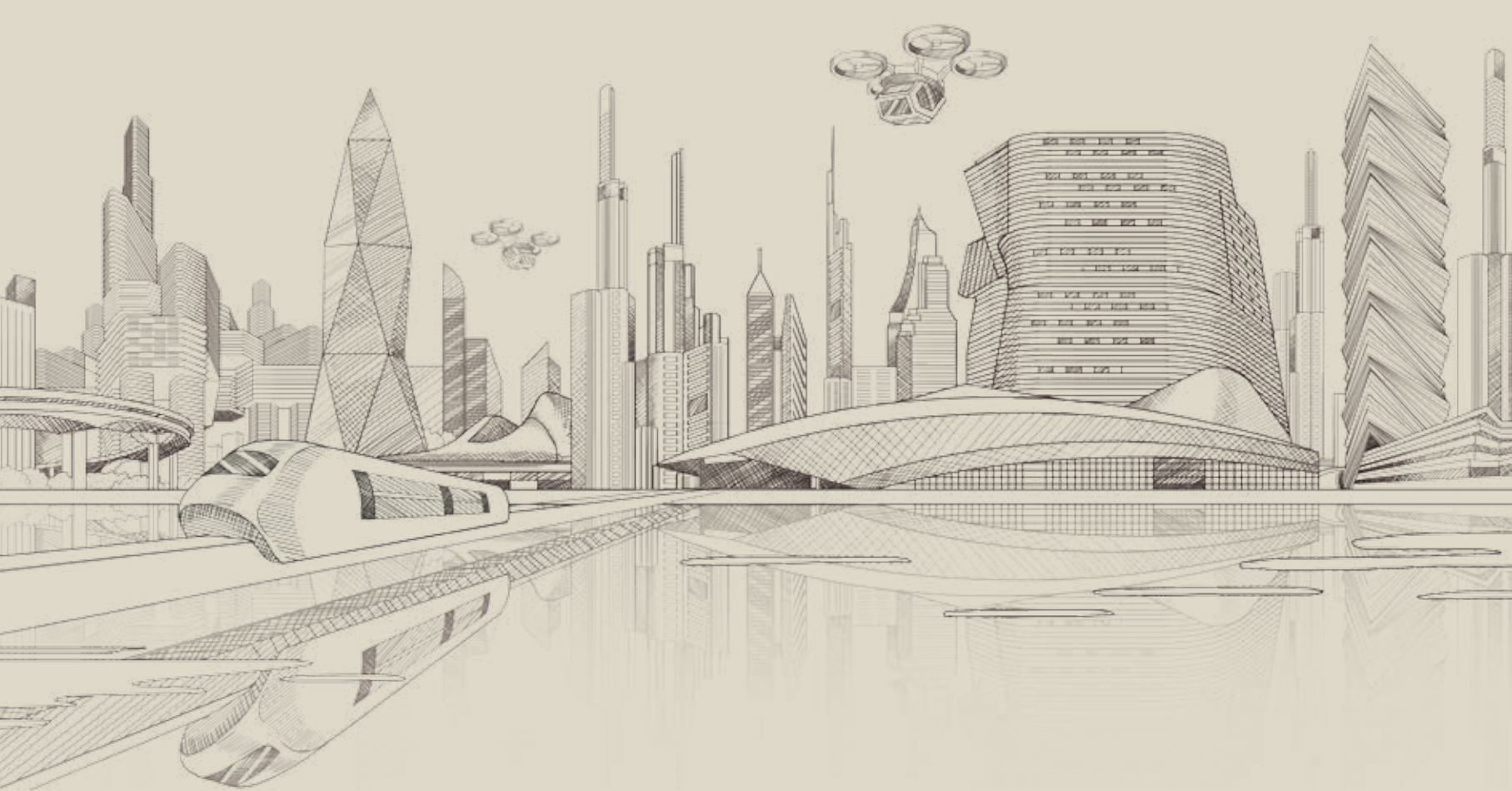
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# The Centennial Beckons

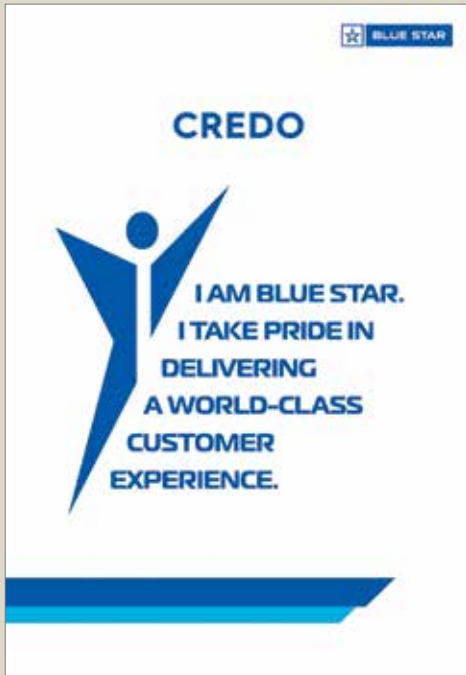


As Blue Star celebrates its 75<sup>th</sup> year with a strategic plan to strengthen the Company at all levels, it has good reason to be optimistic about the future.





- ★ *With a network of 32 offices, five modern manufacturing facilities, 2,800 employees, 3,000 channel partners, 1,000 retailers and 800 service associates, plus a presence in over 5,000 retail outlets across 800 towns, Blue Star fulfills the cooling requirements of a large number of corporate, commercial and residential customers in India.*
- ★ *It offers expertise in mechanical, electrical, plumbing and fire-fighting services (MEP), and its integrated business model of being a manufacturer, contractor and after-sales service provider enables it to offer end-to-end solutions.*
- ★ *Blue Star has had major international collaborations right from the early years of its existence. The Company currently has joint ventures in Qatar, Malaysia and Oman to undertake MEP projects. Blue Star International FZCO, in the Dubai Airport Free Zone, is a 100% subsidiary that manages the joint ventures. Currently, Blue Star exports to 19 countries in the Middle East, Africa, SAARC and ASEAN regions.*
- ★ *The Company's recent foray into water and air purifiers and air coolers has given it a fortified presence in a competitive marketplace.*
- ★ *However, Blue Star recognises that there is no place for complacency, and that it must build on the successes of its previous leaders – the Founder of the Company, Mohan T Advani and his partners, B T Advani and Ram D Malani, and the second generation at the helm, Ashok M Advani and Suneel M Advani.*
- ★ *The third-generation at the top – Vir S Advani as Managing Director and B Thiagarajan as Joint Managing Director are steering the organisation into a high-performing, growth-oriented entity, with strategic plans for the future. The Blue Star@75 plan, built on well-defined pillars such as GEAR (Growth, Excellence, Acceleration and Relationship) and Engage-Energise-Excel (3E) Leadership Development and Succession Planning roadmap, has now been updated to Blue Star@77, to keep the momentum going.*
- ★ *From investing in R&D, manufacturing facilities and international markets to responding sensitively to human resource issues such as employee engagement, training and gender diversity, every aspect that needs it at this time is receiving the attention that it deserves.*



“My dream,” says Suneel M Advani, “is that in 10 or 15 years, Blue Star will be recognised as a technology exporter.” This is just one of the many dreams he has for the Company and there is no reason why they cannot all come true. For a 75-year-old Company that has weathered numerous storms and always come out the better for it, Blue Star shows absolutely no signs of slowing down. If anything, it is completely charged with renewed energy, and the will to make things happen. This is an organisation where ambition is tempered with caution; where dreams are bolstered by hard-nosed investment decisions; and where moving into the future always involves one eye on the values and ethics that its Founder, Mohan T Advani had set in stone.

“What can we learn from the founding team of Blue Star?” asks Managing Director, Vir S Advani. “Certainly that cost-conscious management, commitment, fair and equitable treatment of employees, coupled with sheer guts, an iron will to succeed, and a bit of good luck now and then, will almost guarantee success.” Vir and Joint Managing Director, B Thiagarajan (BTN) have prepared a well-conceived Strategic Plan, Blue Star@77. The three-year (2019-21) roadmap, which was formulated in 2017, set out a new Corporate Vision, Credo, an updated set of Guiding Values and Beliefs, a new strategic direction and aggressive financial objectives.



Special cover with a cancelled stamp issued by the Department of Post, Government of India on the occasion of 75<sup>th</sup> anniversary of Blue Star



“

*What is my vision for Blue Star as it enters its next quarter century on its journey toward its centennial in 2043?*

*Here's my wish list:*

*I would like Blue Star to be admired as an ethical, professional institution; leaders in meaningful businesses that enhance the quality of life and protect the environment; a major contributor to food preservation, air and water purification, and human productivity; a globally recognised brand known for superior manufacturing and innovative engineering; an exporter of AC&R technology and know-how; the Gold Standard for customer satisfaction; and the employer of choice for young people.*



SUNEEL M ADVANI,  
CHAIRMAN OF THE BOARD, BLUE STAR LIMITED,  
ON THE OCCASION OF THE 70<sup>TH</sup> ANNUAL GENERAL MEETING,  
AUGUST 8, 2018

”





# VISION

**TO DREAM, TO STRIVE,  
TO CARE, AND ABOVE ALL,  
TO BE THE BEST IN  
EVERYTHING WE DO.**



Vir S Advani (right) and B Thiagarajan (left)

“  
*Let your heads be  
in the clouds and  
your feet firmly  
on the ground*”

—◆—  
SUNEEL M ADVANI

”

“The strategic plan behind the numbers is much more than the usual spreadsheet exercise,” says BTN. “It recognises that for the Company to accelerate growth and profit, we must have a clear business strategy. The most important business objective is to retain the leadership position in our core domestic markets – HVAC&R Products, MEP Projects and AC&R Services. Achieving this requires sustained investment and action to strengthen R&D capability; drive excellence and productivity in manufacturing, contracting and service; build the Blue Star brand; and deliver a world-class experience.

“The new era that the Company has entered demands a mindset that is in tune with faster growth, strong business performance and a desire to keep improving in all areas,” he adds.

Chairman Emeritus, Ashok M Advani’s confidence in the new leadership to meet this challenge stems from the fact that Vir, at the age of 43, brings “a youthful perspective and a fresh mindset to the job”, while BTN, with over 30 years of varied AC&R experience, brings “maturity and a bold analytical mind that is willing to challenge the status quo”. With their complementary skills and strengths, the two have one thing in common – they share the Blue Star Vision, Credo and Values.

# Blue Star@77



## SOME KEY OBJECTIVES OF BLUE STAR@77

- Drive a strong focus on Revenue growth, Profitability improvement and Productivity enhancement
- Retain and grow our leadership in core Domestic Businesses (HVAC&R products, MEP projects, and AC&R service)
- Aggressively grow the adjacencies (air coolers, air purifiers, professional kitchen refrigeration, medical refrigeration, engineering facility management, factory E&M projects) by investing adequately
- Incubate new lines of business in Professional Electronics & Industrial Systems to revive growth
- Make the International and Water Purifiers businesses profitable in FY21
- Drive higher value-addition through backward integration, procurement, supply chain efficiency and margin improvement initiatives
- Implement a new manufacturing footprint with significant capital investments
- Enhance productivity through automation of processes and digital technologies
- Implement a TQM programme with an objective to apply for the Deming award for at least two lines of business
- Improve brand salience through sustained investments with a specific focus on Tier-3, 4, 5 markets
- Build human capital via higher employee engagement, leadership development and succession planning

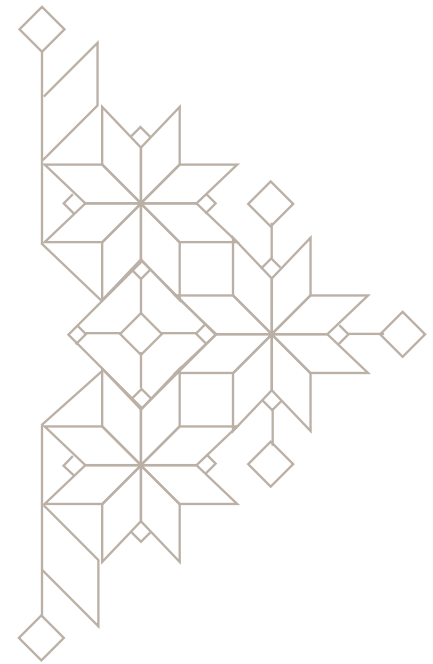
## GETTING INTO GEAR

As Blue Star invests in strengthening its core businesses, entering new product categories through related diversification, and extending its international footprint, it has built its change agenda on four key pillars – Growth, Excellence, Acceleration and Relationship.

**Growth:** One strategic objective is to identify more related diversification opportunities in both B2B and B2C markets, and the Corporate Planning Department has been reinforced to support this initiative. “There is a pressing need to de-risk our business from inherent risks like climate-dependency and construction cycles,” says Vir. “With India becoming the fifth largest HVAC market in the world, multinational competition, both traditional and disruptors, will continue aggressively to enter across our value chain and we must be prepared to counter them. Adoption of innovative, digital technologies across businesses is the need of the hour.

“We have an option to stay in our existing business and grow at 15%-18% a year,” he adds. “But it is not enough. We need to grow at 26% and double every three years. We have to grow the core and seed new businesses for our B2B customers.” Vir also believes that, going forward, the consumer businesses have an opportunity to grow significantly. Consumer sales accounted for over Rs 1,960 crores out of total Rs 4,600 crores revenue in FY18. “The Blue Star brand is still an underleveraged asset of the Company,” Vir remarks, adding that it invokes great trust and confidence in the minds of consumers.

**Excellence:** “We have three flagship excellence programmes,” explains BTN, “Manufacturing, Service and Projects”. While excellence has been an ongoing goal – a fact recognised by several industry awards and recognitions – new benchmarks have been set to ensure that Blue Star always remains world-class.





- ★ **MEP Projects:** In the Projects division, the ‘Comprehensive Contracting Capability’ initiative, 3C in short, was modelled on the theme of enhancing productivity, improving quality and reducing site dissonance through six distinct programmes that targeted project management capabilities, engineering processes, site management practices and advanced work methods including prefabrication, among other things.
- ★ **Manufacturing:** Blue Star’s Manufacturing Division has received several accolades over the years. Now, the Division is gaining momentum with skilling of operators and increased automation to help scale the business and improve quality. The installation of COBOTs (Collaborative Robots) at the Wada plant, designed to physically interact with humans in a shared workspace, is the most recent in the series of cutting-edge manufacturing processes that Blue Star has adopted over the years, including robotic welding, lean manufacturing, poka yoke and six sigma.
- ★ **Service:** The Service Division, with 10,000 engineers in 2015 and technicians on the ground every day, initiated its Gold Standard programme, with Phase 1 involving soft skill training for 4,000 technicians, an engineering excellence programme and the smooth transition to a new call centre. The Phase 2 programme spells out that 75% of customers should rate Blue Star’s service as the best in the industry through an external survey, while a call desk survey should indicate that 75% of customers should rate the service above 8 on a 10-point scale.

**Acceleration:** “In the five years of the Projects crisis, everything had slowed down. Many people had stopped taking decisions, preferring to kick it up one or two levels. We want to reverse this and bring back a culture of informed but quick decision-making, even if some mistakes are made,” says Vir. The Projects crisis offered a huge learning curve for the Company, and while a whistle-blower policy was introduced at the time, Blue Star’s belief in delegation and the empowerment of its people remains fundamentally unchanged. “Engineers are empowered to take financial decisions,” says Vir, “and the sense of ownership at a junior level differentiates us in a market where multinational competition attacks us from all sides.”

**Relationships:** Vir believes that relationship-building is a crucial element, both within the organisation, and outside. Acknowledging that he is reserved – unlike his father and grandfather – and has had to work at this, Vir says: “In 2000, I was 25 years old, in Marketing and Sales. I worked with my father [SMA], and realised he was always good with customer interactions and had an amazing ability to build trust and gain their confidence. That was a big learning for me very early on. If you’re going to run a business, you better spend as much time in the field as you can. Even today, I spend at least two days every week outside the office, and insist on meeting customers every

week. We need to cut down on internal review meetings, to make more time for external relationship building.” He also believes that “self-inflicted silos” within the organisation must be broken.

In an age where many employees rely on email to get things done, BTN observes that bonds within the organisation can be built only through dialogue and conversation. “Then decision-making is easier, relationships are built and more give-and-take occurs. There will be deeper understanding as to why a certain decision was taken. If you have a conversation, you will not have conflicts; even if you don’t agree, you will know why,” he says.

As for decision-making, BTN says: “One principle that AMA practised rigorously was very important; if two divisions are fighting and there is a conflict of interest, do not take sides. Just ask one question – what is in the best interest of Blue Star?”

## PEOPLE MATTER

As BTN asks: “Do we have what it takes to attain our aggressive goals? In the final analysis, success or failure is critically dependent on the performance of our employees. This brings out the importance of the Human Resources (HR) function. This area has not received enough attention in the past.”

Fortunately, this is one critical element that has changed. P V Rao (PVR), who heads the HR department, “The first agenda of the Management was to make HR a partner to the businesses, taking care of their end-to-end needs, rather than limiting it to recruitment.”

As BTN points out, Blue Star intends to develop and retain young talent from reputed colleges and universities; offer accelerated career growth opportunities, leadership development, variable pay schemes, promote gender diversity and enhance levels of engagement and trust within the Company. “Success in this endeavour will demand a high standard of involvement from everyone,” he says. “The plan offers attractive rewards and career growth to those who successfully adapt to the new work culture but it may also involve some pain to those who are unable to handle the emerging challenges.”

One of the Company’s major goals under the strategic plan is to be the preferred employer among Engineering and Consumer Durables companies in India, with a target to reach better than industry norms in Total Compensation at the junior and middle management level. A structured leadership development programme and a job rotation policy to ensure greater exposure leading to higher growth avenues have also been introduced. As the average age of employees is 35, consistent with this digital and social media era, HR functions such as leave, training applications and reimbursements are e-enabled through a mobile application.





Within a month of Vir and BTN taking charge in 2016, Blue Star collaborated with an American company, 'Great Place to Work', to conduct an employee engagement survey. Though it was purely voluntary, as many as 91% of the staff participated; this is more than the usual participation rate in such surveys.

The study found that eight areas in particular needed improvement, including performance management system (PMS) transparency, learning and development, job security, work-life balance, gender perceptions, rewards and recognition, systems and processes, and speed of decision-making. Blue Star introduced programmes to address each of these issues, and they have been well received. Several positive responses also emerged. "There is pride in being associated with Blue Star, people feel the Company has a vision, and there is confidence in leadership," says PVR.

Blue Star has introduced concepts that are contemporary for an engineering company, like flexi-timing, the 'work from home' option and compensatory days off for those in the Projects and Service divisions, who are required to work on weekends.

The Employee Engagement Survey helped to identify eight opportunity areas to make Blue Star a Great Place to Work, and immediate action has been taken on all.

Though training has always been a priority, there is now a shift in focus from man-days and number of programmes to recognising the skills acquired, with role-based programmes for capability development, and e-learning for greater convenience of learners.

"The E3 - Engage, Energise, Excel- programme is an agenda for people transformation," says PVR. "Leadership development will go all the way down to first-time managers, training them to become middle managers; taking middle and senior managers to the next leadership band, and helping those at the top - the Business Heads and Function Heads to reinvent themselves for businesses that are undergoing change."

Blue Star recognises that it needs greater gender diversity across businesses and has announced a target of 13.5% of women employees by FY21. As AMA remarks, "It is particularly gratifying that one of the first executive decisions Vir and BTN have taken is to recognise the need to quickly address the gender imbalance that has crept upon us." Blue Star has also conducted gender diversity and inclusion workshops for male managers, and workshops for women employees to help them realise their potential.

## **CONFIDENCE IN THE FUTURE**

While the Company is working consistently towards the Blue Star@77 goals, Vir is confident that it will meet the objectives. "We see Blue Star in the future as a technology solutions provider that is relevant in the B2B space as well as in the consumer market. While India will continue to be our





For Auld Lang Syne, SMA and AMA ring the closing gong at BSE on September 27, 2018 to mark Blue Star's Platinum Jubilee celebrations. Seen here are Vir Advani, B Thiagarajan, Kaiya Arora, Director of Postal Services (Mumbai Region), India Post along with Ashish Kumar Chauhan, MD & CEO of BSE.

largest market we will increase our footprint overseas. We plan to be both a world-class manufacturer and a leading solutions provider. Our core businesses will continue to explore adjacent markets while we will evaluate related diversifications at the Company level. The future looks very exciting for Blue Star!" Vir adds.

Vir observes: "As India grows from a \$2.5 trillion to a \$5 trillion economy, there is going to be tremendous growth in infrastructure spending as well as middle-class consumption. We have a set of products and solutions that are becoming a necessity rather than a luxury. Middle-class customers want at least one air conditioner, and every commercial space needs engineered MEP solutions and facility management. Consumption of packaged foods and fresh fruits and vegetables should grow exponentially and need refrigeration. Challenges such as clean air and water will remain in the country for a long time. The opportunities are in front of us, and if we make the right investments in technology and brand-building programmes, the only thing holding us back will be management capability and intent."

Of course, it is management capability and intent that is driving all these other programmes that power the Blue Star@77 roadmap, and there is no doubt that the 75-year-old brand will gain added lustre as it moves towards its centenary.



# In Top Gear



As Blue Star celebrates its Platinum Jubilee and strides with aplomb towards its Centenary, we are cognisant of the fact that there is much to do with hardly any time to rest! I dream of a Company that is recognised amongst the top 100 in the country with a substantial global presence, having the international business contributing 25% of the revenue. We already hold the enviable reputation of being market leaders in air conditioning, commercial refrigeration and MEP contracting, with a significant presence in other businesses such as professional electronics and water purification. Now, it is the time for the rest of the world to know us as such.

As we continue the journey that Mohan Advani began, and which stalwarts like Ashok Advani and Suneel Advani ably took forward, I feel deeply privileged to be in my position. This brings with it an enormous responsibility and I will continuously strive to prove worthy of it, as together, we will drive Blue Star to greater heights. Through all the opportunities and challenges, I am inspired by Winston Churchill's words: "Success is not final; failure is not fatal. It is the courage to continue that counts."

Blue Star has traversed the ups and downs of several cycles, emerging strong and proving its resilience every time; through the stifling licensing era and the gale force of liberalisation, and thereafter facing the onslaught of global competition. Today's challenges are no less daunting; we must deal with trade barriers, regulatory processes, the mammoth digital upsurge, as well as the surmounting pressures of sustainability and climate change, to name a few. But frankly, we see the coming ten years as perhaps the most exciting as we enter the golden age of air conditioning in India, with all our core businesses at an inflection point of accelerating growth as the economy gallops from \$2.5 trillion to \$5 trillion in size by 2025.

The organisation's success over the years stems from its willingness and ability to recognise both hurdles and opportunities and respond swiftly to them. For us, innovative solutions, coupled with speed and timeliness, have made all the difference. Through all this, the core values and beliefs which define Blue Star remain unaltered; we have never compromised on these, nor will we ever do so.

As we prepare to scale to even greater heights with our strategic plan "Blue Star@77" which is balanced on the four robust pillars of GEAR, our foundation of 'Built on Trust' continues to stand strong. This is the central theme that makes the Company what it is today. Powered by GEAR, we are Growing faster than the market, and yet distinctly from the competition. Excellence programmes across the Company are Accelerating our growth, and through all this, we are enhancing our Relationships across the board—strengthening bonds with customers, employees, dealers, business associates, shareholders and all other stakeholders.



Management guru, Philip Kotler once said, “There are three kinds of companies. Those that make things happen, those that watch things happen and those that don’t know what happened.” I am proud to say that Blue Star is of the first kind. The challenge before us in today’s uncertain and competitive business environment, is to not just to make things happen, but also to make them happen faster.

We know exactly what we have to do now, and are moving towards our collective goals with confidence and self belief. As we honour all the people who have made this Company what it is – from MTA and his first loyal management team to all the people who make the Blue Star of today – there is no question of slowing down. Ever.

*Vir Advani*

**VIR S ADVANI**

# Milestones

Mohan Tolasing Advani (MTA), fourth of six children, is born to Gulibai and Tolasing Advani in Hyderabad (Sind) on November 11, 1912. His father, a respected lawyer, shifts with the family to Karachi, where MTA graduates with a B A in Economics. He is certain that he does not wish to join the prestigious Indian Civil Services, much to the chagrin of his father.

1912

On September 27, 1943, aged 30, MTA establishes Blue Star Engineering Company as a proprietary firm in Bombay. He has two employees, C H Krishnan (CHK), and an office boy, Dattu, plus a bank balance of Rs 2,000. In the midst of the Second World War, this is an astoundingly brave decision.

1943

1934

The Chinoys, owners of Bombay Garage and family friends of the Advanis, are looking for a youngster they can send to London for a year's technical training in refrigeration. MTA is the lucky one; he sets sail on October 20, 1934, to discover a field that is still fairly unknown in India. MTA returns to Bombay Garage as Sales Manager, and is one of the few Indians to have trained in commercial refrigeration and air conditioning, with Frigidare a company whose name is synonymous worldwide with refrigerators.



1944

The Company shifts to Forbes Street, with a dozen employees.



The Bharuch factory is built by AMA for AC&R products.

1980

RDM retires. AMA becomes Chairman and SMA, Vice Chairman. York technology collaboration begins for AC&R products.

1984

Gandhinagar factory constructed for electronics equipment. Joint venture with Yokogawa begins for process instrumentation manufacture.

1987

JV with Hewlett-Packard (HP).  
JV with Motorola for electronics products.  
India's largest AC&R project undertaken at Hindustan Photo Films, Ootacamund.

1989

1983

SEEPZ software export unit is established by SMA in partnership with HP.

1986

Total income crosses Rs 100 crores.

1988

Manufacturing collaboration with Mitsubishi for vapour absorption machines.  
Blue Star becomes India's largest central air conditioning company.

1992

Total income crosses Rs 200 crores.





Blue Star becomes a lifeline for Sindhi refugees, at the time of Partition. MTA steadily builds a robust team of professionals. Worthington, the US leader in air conditioning, selects Blue Star as its India partner. Blue Star pioneers manufacture of ice candy machines and bottle coolers. Central air conditioning system design and execution begins.

1947

The largest Blue Star central air conditioning installation with a 180TR capacity is installed at Shangrila Biscuit Factory.

1950

East German (GDR) Testing Machines distributorship begins. Blue Star successfully air conditions Industry House, headquarters of the Birla Group in Bombay.

1955

1946

Ram Malani (RDM) joins. Blue Star opens its first branch in Chennai under CHK. MTA leaves for the USA to obtain selling agencies for air conditioning and refrigeration (AC&R) equipment. Melchoir Armstrong Dessau is the first of many foreign business alliances. By now, the first team of managers is in place, comprising MTA, CHK, Ram Malani (RDM), J Fritschy, and Atu Shivdasani.

1949

B T Advani (BTA) joins the Company.



1954

MTA visits Minneapolis, and distributorship for all Honeywell products in India begins.

Alliance with Bechtel commences in Abu Dhabi and India. Formation of Arab Malaysian Blue Star JV in Malaysia for central air conditioning projects. Blue Star celebrates its Golden Jubilee and the square outside Kasturi Buildings is named Mohan T Advani Chowk.

1993



Dadra Plant, built by SMA and Satish Jamdar in collaboration with Rheem of the US for AC&R products starts operations.

1997

Blue Star exits from Industrial Projects business.

1999

Total Income crosses Rs 500 crores. Export of air conditioning products begins.

2001

1995

Blue Star exits from HP India JV.

1998

Major thrust on dealerisation and brand building begins.

2000

International Software business spun off to form Blue Star Infotech Limited.

2003

Diamond Jubilee. Blue Star exits Yokogawa JV.





Total income crosses Rs 1 crore.

1960

Total employment crosses 1,000. By now it is well established as a company that attracts and nurtures talent.

1964

Ashok M Advani (AMA) and Suneel M Advani (SMA)—the next-generation leaders—return from the United States and join the Company in junior positions. Blue Star is listed on the stock exchanges. The factory moves from Colaba to Thane.

1969

1957

Perkin-Elmer tie-up marks the start of the electronics agency business. GDR Business Machines Agency also commences. First exports of water coolers to the Middle East.

1962

GDR Machine Tools distributorship begins.

1968

Blue Star celebrates its Silver Jubilee.



New factory for split air conditioners is set up in Himachal Pradesh.

2005

The Company builds a factory on a 35 acre land in Wada, Thane District.

2007

Acquires DS Gupta Plumbing, Blue Star becomes a full fledged MEP player.

2010



Birth Centennial of Founder, MTA, November 11, 2012.

2012

2006

Total income crosses Rs 1,000 crores. 5 for 1 stock split, making face value of each share Rs 2.

2008

Blue Star enters the '200 Best under a Billion' list for the Asia Pacific region by US magazine, *Forbes*. Acquires Naseer Electricals.

2011

Blue Star enters the residential air conditioner segment.

2013

The Company celebrates its 70<sup>th</sup> anniversary.



Blue Star air conditions Bombay's newest skyscrapers at Nariman Point – the prestigious Air India Building, Express Towers and Oberoi Hotel. Total income crosses Rs 10 crores and employment exceeds 2,000.

1970 – 72

The Middle East thrust begins. Blue Star sets up a JV with Al Shirawi in Dubai. Blue Star also executes central air conditioning projects in Syria, Iraq and Saudi Arabia. The Hitachi Medical distribution business begins.

1977



BTA retires and RDM becomes Chairman.

1979

1970

Hewlett-Packard (HP) distributorship commences. MTA, who is personally involved, has a heart attack, and never fully recovers from it.

1974

MTA passes away, and BTA becomes Chairman. Blue Star licenses Yusuf Alghanim and Co, to manufacture water coolers in Kuwait.

1978

The Industrial Systems Division is set up.

PEIS business transferred to a wholly owned subsidiary named Blue Star Engineering & Electronics. Total Income crosses Rs 3,000 crores. Blue Star enters into a JV with W J Towell & Co LLC to form Blue Star Oman Electro-Mechanical Company LLC for MEP contracting business.

2015

Total Income crosses Rs 4,000 crores. The Company sets up a wholly owned subsidiary, Blue Star International FZCO, in Dubai Airport Freezone, UAE. For the first time, in April 2017, Blue Star crosses \$1 billion in market capitalisation value. Blue Star is granted its first patent, for a unique vacuum breaker assembly developed by the R&D team.

2017



2016

Vir S Advani takes charge as Managing Director, with B Thiagarajan as Joint Managing Director. Product portfolio expanded to offer water purifiers, air purifiers and air coolers. Blue Star Infotech is sold off to Infogain Pvt Ltd. The Company forays into professional kitchen refrigeration and healthcare refrigeration. AMA retires from the Board, to become Chairman Emeritus and SMA takes charge as Chairman.

2018

Blue Star launches its modernised logo which provides the brand with a refreshing youthful personality. Accompanying it is the new tagline of 'Built on Trust'. Blue Star begins celebrations of its 75<sup>th</sup> year of successful operations.







YOUR TRUST IS THE REASON  
WE'RE 75 TODAY.



# About the Author



Menka Shivdasani's varied four-decade-long career as a journalist and columnist includes stints with leading Indian and International publications, including *Business India*, *Observer*, *Mid-day*, *The Times of India Group*, *Hindu Businessline* and *The South China Morning Post* in Hong Kong. She has also co-authored/ edited 14 books. Three of these were released by the then Prime Minister Atal Bihari Vajpayee.

An internationally recognised poet, Menka is the author of four collections of poetry. She is also co-translator of an anthology of Sindhi Partition poetry, *Freedom and Fissures*, published by Sahitya Akademi. She has edited two anthologies of contemporary Indian poetry for the American e-zine, [www.bigbridge.org](http://www.bigbridge.org). and an anthology of women's writing published by Sound and Picture Archives for Research on Women.

Menka is Director of The Source, an editorial consultancy in Mumbai.



